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**FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF POLITICS AND PUBLIC MANAGEMENT**

**AN ASSESSMENT OF CORPORATE GOVERNANCE IN
URBAN LOCAL AUTHORITIES: CASE OF CITY OF
MUTARE**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT
OF THE
REQUIREMENTS OF THE HONOURS DEGREE IN
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MANAGEMENT**

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DEPARTMENT OF POLITICS AND PUBLIC MANAGEMENT



DECLARATION FORM

I the undersigned do hereby proclaim that this dissertation is a product of my own hands and the research findings and investigations have not been offered anywhere else to serve any purpose. Other related sources of information that the researcher has made use of has been fully acknowledged by means of referencing

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Date

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APPROVAL FORM

The signatories verify that they have read and recommended to the Midlands State University for acceptance of a dissertation entitled: **“AN ASSESSMENT OF CORPORATE GOVERNANCE IN URBAN LOCAL AUTHORITIES: CASE OF CITY OF MUTARE”**

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DEDICATION

To my father Mr A Chiweshe, loving and caring mother Mrs R Chiweshe, my sister, brother and daughter love you all. Above all I would like to thank God for everything he has done for me.

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ABSTRACT

Corporate governance is blend of law, regulation and appropriate voluntary private sector practices which enables the organization to attract financial and human capital to perform efficiently. Generally corporate governance involves a set of relationship amongst the company's management, its board of directors, its shareholders, its auditors and other stake holders. Corporate governance is the process carried out by a board of directors and its related committee on behalf of and for the benefit of the organizations shareholders and the other stake holders, to provide direction, authority and oversights to management, this is according Youssef (2007). In the narrow sense, corporate governance in local authorities is the system which provides a framework to direct and control their functions. It is primarily concerned with decision making within and at the highest levels of an organization. Good corporate governance and the guidance that comes with it provides an organization with clear accountabilities. It is clear that there is a research gap in this area of study and that further research needs to be carried out, in order to assess corporate governance in Zimbabwean urban local authorities but mainly focusing on Mutare City Council. A simple random sampling of the targeted population was employed. The researcher used questionnaires to collect the data and also made use of secondary sources and literature for comparison and improvement of analysis. The collected data was altered to identify differences and establish uniformity and then assembled to facilitate entry of the responses into the computer. Also the quantitative data was analysed using a statistical package for social sciences (SPSS) and excel spreadsheets. The quantitative findings was presented in form of tables and percentages to enable easy translation by the readers accompanied by the essential explanations and narrations. From the study it was established that corporate governance principles such as responsiveness, accountability, fairness and transparency (RAFT) contribute positively to Mutare City Council. Mutare City Council must review the current operational corporate governance principles in the organisation from time to time, and make sure that they are well known to all shareholders and stakeholders.

CHAPTER 1

1.0 Introduction

This study is an assessment of corporate governance in urban local authorities. The research is aimed at concluding if corporate governance is being practised fully or not by Zimbabwean urban local authorities. The study is organized into subsections each of which deals with some specific aspects of the study these include the background of the study, statement of the problem, objectives of the study and research questions, literature review, theoretical framework .This research again includes the significance of the study, delimitations and limitations of the study, methodology.

1.1 Background of the study

Mutare is considered the third biggest city land, a way to the eastern border separating Zimbabwe and Mozambique on the eastern part. Mutare was proclaimed a municipality in 1914 and became a city on the 1st of October 1971 after more than three times of trying to find a suitable place to locate the city. It then became a municipality after a petition was written by the Rate payers Association (RPA), thus on the 11th of June 1914 the British Government issued a notice under number 214 of 114 which officially established the township of Umtali to be the third Municipality in the then Rhodesia (Zimbabwe).The first municipal elections were resultantly held on the 5th of August 1914.Following the suggestions by the council that it be raised to the city status during the deliberations made on the 21st of December 1970,an ensuing public meeting of the ratepayers held on 13th of January endorsed the resolution which culminated in the town assuming City Status on 1 October 1971 via a bill passed by parliament to that effect. On the occasion of Zimbabwe attaining her independence in 1980,the City was officially renamed Mutare and on the 29th of November1994 through the Ministry of local Government and Urban development, Mutare was awarded the status of a grade one city equal to Harare and Bulawayo. At the top of Mutare City Council is the Ceremonial Mayor and Councilors who are elected into office through a general election and expected to serve a five year term in office according to section of the Urban Councils Act (Chapter 29.15).There are 19 Councilors at Mutare City Council, 0thirteen (13) MDC Councilors and six (6) ZANU PF. It is comprised of (3) females and (16) male councilors. These Councilors are the equivalent of the Board of Directors in private corporates, responsible for policy formulation and the oversight role to the

implementation of such policies. There are six sub committees responsible for particular areas of Council operations.

In Zimbabwe during the colonial era, corporate governance was considered to be at its best. However, three decades after independence, most cities in Zimbabwe are struggling to deliver good corporate governance despite having in place eloquent and detailed visions and missions that guide their operations. The Urban Councils Act is critical in urban management particularly in its specifications on the operational structures of Local Authorities. The Urban Council Act (Chapter 29:15) stipulates that the Chamber Secretary Department is responsible for both central administration and secretarial services in order to make sure that all committees of Council are properly constituted and business is conducted in compliance with the legislation and corporate governance principles. Lack of independence in decision making processes by elected and employed officials, participation of stakeholders, transparency and accountability has been under criticism from the public despite Council Acts of provisions for the public access of council information (section 88) to council meetings (section 87).

Each local authority operates through a governance framework. It is an interrelated system that brings together an underlying set of legislative requirements, governance principles and management processes. Traditionally, local government has conformed in whole or in part and in many different ways to the principles of good governance and has had a sound base on which to build. There has been a strong regulatory framework inexistence and robust arrangements for monitoring and review. Corporate governance as a system that provides a frame work for Local authorities to direct and control their functions in relation to the community they are serving, has got some three basic principles which are openness, integrity and accountability. The fundamental principles of corporate governance need to be reflected in the different aspects of local authority's functions. These functions include community focus, performance management, structures and processes, risk management and internal control, standard of conduct to mention just a few. However Mutare City Council is facing some challenges to ensure good corporate governance through its failure to communicate and engage with relevant members of the Mutare community to encourage active participation, failure to demonstrate proper accountability for the local authority's performance and effectiveness in delivery of services and the use of its resources and failing to demonstrate integrity in the decision making process amongst other challenges. Kunaka, et al (2001), stipulates that corruption is when someone is in a position of authority and uses

public resources for personal gain. This is caused by lack of transparency on the procedures carried by different departments of the City Council. This lack of transparency proves that there is lack of good corporate governance as Mutare City Council is challenged by residents for giving residents and other stakeholder's inadequate information.

1.2 Statement of the problem

The research is an assessment of corporate governance in urban local authorities. The principles of corporate governance include but are not limited to the following: Ubuntu, Accountability, Responsibility, Transparency, and Fairness. Mutare City Council one of its core values is good corporate governance and its mission is to provide quality service to all stakeholders in a transparent manner at competitive cost. In reality this is not happening as corporate governance in Mutare has become compromised and questionable due to various challenges which can be attributed to a combination of socio-economic problems within the country and in the council directly. As a result, this research seeks to add on to the ongoing research to bring out more on how local authorities can revive and enhance good corporate governance.

1.3 Research objectives

The research aimed to accomplish the following

1. Outline the principles of cooperate governance.
2. Determine the causes of poor, inadequate or lack of good corporate governance by City of Mutare.
3. To assess the impact of poor corporate governance on the employees of Mutare City Council.
4. To make recommendations on how corporate governance may be improved.

1.4 Research question4s

The study was guided by the following main research questions:

1. What are cooperate governance principles that are operational at Mutare City Council?
2. What are the causes of poor, inadequate or lack of corporate governance by City of Mutare?

3. What is the impact of poor corporate governance on the employees of Mutare City Council?
4. What measures, programs or policies can be put in place to improve corporate governance by City of Mutare?

1.5 Justification of the study

The research will help in contributing to the ongoing research by other researchers and show how lack of good corporate governance has affected Mutare City Council. The findings of this study is developing some kind of new knowledge to the existing literature on the local authority corporate governance in Zimbabwe. This research will also enable other fellow students and enthusiasts in the study of corporate governance to acquire more knowledge on the subject matter. Furthermore, the conclusions and recommendations observational on the research findings will be helpful for decision making bodies to understand different challenges faced with local authorities' to ensure good corporate governance in Zimbabwe. Finally, this study will open up some new directions leading future researches for further studies in the same area. Approbations from this study if well promulgated and embraced by City of Mutare and its stakeholders will bring change by:

- Assisting decision making in relation to Corporate governance
- Adopting policies/strategies that improve corporate governance
- Increase stakeholders' participation in finding solutions to council's problems
- Making local government more open to citizen problems, concerns and issues
- Promote good governance

1.6 Limitation of the study

1. Concealment within the targeted population therefore, certain information which is highly needed was withheld.
2. Some of the research answers were relatively subjective in nature depending on one's position in the local authority. Stakeholders who receive better services responded positively about the local authority while those who do not receive proper services responded negatively about the local authority.

1.7 Delimitation of the study

The research is restrained to City of Mutare and its 19 wards. This study is limited to an assessment of good corporate governance challenges facing City of Mutare as a case study. Information was collected from City of Mutare management, councilors and other employees.

1.8 Definition of key terms and abbreviations

- Local authority: refers to the provision and maintenance of public services and infrastructure at local levels utilising funds generated from the local community, in addition to grants and loans from central Government, and other sources. In essence, local government refers to the establishment of participatory and democratically elected structures that can identify with the needs of the people at grassroots level and ensure the translation of those needs into the actual programmes and projects and maintenance of essential services.
- Corporate governance: In the narrow sense, corporate governance involves a set of relationship amongst the company's management, its board of directors, its shareholders, its auditors and other stake holders. Corporate governance is the process carried out by a board of directors and its related committee on behalf of and for the benefit of the company's shareholders and the other stake holders, to provide direction, authority and oversights to management, thus according to Youssef (2007).
- M.C.C: Mutare City Council.
- C.G: Corporate governance.

1.9 Ethical thoughtfulness

The researcher made sure that all participants take part strictly on voluntary basis. Every participant was encouraged to freely offer data on the basis that the confidentiality was warranted.

Informed co-operation

The researcher asked for consent from the respondents first before carrying on with the research.

Seclusion

The researcher honoured the respondent's right to privacy to protect the respondents and retain the importance of the research. As the respondents have their right to privacy.

Confidentiality

The researcher was mandated to promote the confidentiality of the respondents. The names of the respondents as well as their personal information who took partake in the study was not revealed.

Clearness

The research was transparent for the respondents to freely participate in the research.

1.10. Research structure

The research is comprised of five chapters. Chapter one gives rise to the problem and its setting, the introduction, background to the study, statement of the problem, research objectives, and research questions, justification of the study and limitations of the research.

Chapter two includes literature review and also theoretical frame. The chapter explores deeper on corporate governance and views of different scholars are reviewed.

The third chapter is on methodology, throwing light upon on the methods used to extract information, it presents the research design, the study location and the target population, data analysis and procedures.

Chapter four is on data analysis, data presentation and interpretation.

The fifth chapter contains the summary of the study, conclusion and recommendations.

Chapter summary

This chapter presents the introduction and background of the study. It also foreground the nature of the problem, significance of the study. There is justification of the study, concept in questions. It also includes ethical considerations, assumptions', delimitation and limitations.

CHAPTER 2

2.0 Literature review

2.1 Introduction

This chapter re-examine knowledge of facts and literature that has been explored by other authors and researchers assessing corporate governance in local authorities.

2.2 Local authority

Local Authority denotes to the provision and maintenance of public services and infrastructure at local levels utilising funds generated from the local community, in addition to grants and loans from central Government, and other sources. In essence, local government refers to the establishment of participatory and democratically elected structures that can identify with the needs of the people at grassroots level and ensure the translation of those needs into the actual programmes and projects and maintenance of essential services. Where a system of local government is efficient and effective, transparency and accountability are central to the decision-making process and the system is able to provide and maintain quality service and infrastructure. Zimbabwe has two main types of local authorities, the Rural District Councils in rural areas, and the Urban Councils in the urban areas. The institutional framework for local government in the country can be better understood in terms of three universes; the Centre, the Urban universe and the Rural universe, with the latter two orbiting around the centre.

The United Nations identifies local government as a political sub-division of a nation or in a federal system, a state which is constituted by a law and has substantial control of local affairs including the power to impose taxes or to exert labour for prescribed purposes. The governing body of such an entity is elected or otherwise locally selected.

Maddick (1963), defines local government as a sub-unit of government controlled by a local council which is authorised by the central government to pass ordinances having a local application, levy taxes or exact labour and within limit specified by the central government, vary centrally decided policy it locally.

The Reform document (Nigeria 1976), suggested that local government is government at local level exercised by representative council, established by law to exercise specific power within define areas.

Gomme (1987), local government is that part of the whole government of a nation or state which is administered by authorities subordinate to state authority, but elected independently of control by the state authority, by qualified persons resident or having property in certain localities which have been formed by communities having a common interest and common history.

Meyer (1978), is of the view that local government is a local democratic governing unity within the unitary democratic system of a country, which are subordinate members of the government vested with prescribed, controlled governmental powers and sources of income to render specific local services and develop, control and regulate the geographic, social and economic environment of defined local area.

2.3 Generally Local Government is comprised of the following characteristics:

1. Local government is a subordinate system of government.
2. It has both legal and constitutional power to perform certain legislative, administrative and quasi-judicial function.
3. Has the power to make policies, prepare budgets and a measure of control over its own staff.
4. Its council could be elected or selected.
5. It has a legal personality thus it can sue or be sued.
6. It exercise authority over a given territory or population.

2.4 Governance

Governance is defined by Bowen (2004) as the rule of the rulers, typically within a given set of rules. This means that, governance is the process which conferred on rulers by authority. Therefore, governance requires an identification of the rulers and the rules, as well as devising various processes by which they are selected, defined, and linked together and with the society generally.

Daines and Klaussner (2008) are of the view that good governance for instance, in various places, has been linked with democracy and good civil rights, with transparency, with the rule of law, and with efficient public services. Good governance has been also described as a more than mechanisms and proposes. It rather is associated with specific outcomes such as sense of assuring that everyone, irrespective of social or economic status, has a voice in

governing and receives just, fair and equitable treatment. UNDP (2008) defines good governance as, “among other things, participatory, transparent and accountable. It is also effective and equitable as well as promotes the rule of law.

UNESCAP (2013) outlines eight major principles of good governance. These principles are;

1) Active participation

Involvement by all either in direct ways or through legitimate intermediate institutions or representatives is the base of good governance.

2) Rule of law

Good governance prescribe for fair legal frameworks that are implemented fairly. It also demands full protective covering of human rights, especially those of minorities.

3) Responsiveness

Good governance opts that organisations try to serve all stakeholders within a reasonable timeframe.

4) Transparency

Transparency means that resolutions taken and their inculcation are done in a way that follows rules and regulations. It also means that information is freely useable and straightaway accessible to those who will be affected by such decisions and their enforcement.

5) Consensus Oriented

There are several actors and as many view points in a given society. Good governance demands that there must be mediation of the different interests in society to reach a broad consensus in society on what is in the best interest of the whole community and how this can be achieved.

6) Equity and inclusiveness

Organisation’s maintenance rest upon guaranteeing that all its association feel that they have a part in it and do not perceive excluded from the mainstream of society.

7) Effectiveness and efficiency

Good governance means that the organisation yield results that meet the needs of society while making the best use of resources at their administration. The concept of efficiency in the context of good governance also covers the nourishment of natural resources and the protection of the environment.

8) Accountability

Accountability is also an important key requirement of good governance. Not only governmental institutions but also the private sector and civil society organizations must be accountable to the public and to their institutional stakeholders. Who is accountable to who differs depending on whether resolutions taken are internal or external to an institution. Commonly an institution is in duty bound to those who will be affected by its resolutions or performance.

The leading principle for good governance is to ensure that abuse of public trust is minimized, the regards of minorities are taken into account and that the voices of the most assailable in society are heard in decision-making. It is also answerable to the present and future needs of society, UNESCAP (2013).

2.5 Corporate governance

Different authors have defined the term corporate governance. Sifuna, (2012) defines corporate governance as "a system of law and sound approaches by which corporations are directed and controlled focusing on the internal and external corporate structures with the intention of monitoring the actions of management and directors and thereby mitigating agency risks which may stem from the misdeeds of corporate officers."

Corporate governance involves regulatory and market mechanisms, and the roles and relationships between a company's management, its board, its shareholders and other stakeholders, and the goals for which the corporation is governed thus according to Tricker, (2009) and OECD, (2004). The term "Corporate" refers to a body or institution, and the use of the term "Corporate" refers to a body or institution, and the use of the term corporate in "corporate governance" can be extended beyond companies and business corporations in the private sector. Corporate governance has, therefore, a broader application and should also form the base of financial management in the public sector. We therefore agree that the overall management of an institution under corporate governance is not restricted to private sector but is also applicable to the public sector entities.

According to Goergen, (2012), corporate governance is concerned with mitigation of the conflicts of interests between stakeholders. Corporate governance provides ways of mitigating or preventing these conflicts of interests which include the processes, customs, policies, laws, and institutions which have an impact on the way a company is controlled. Cadbury Committee, (1992) and Financial Times (2011), provide that, corporate governance has an important theme which is the nature and extent of accountability of people in the corporate business.

According to OECD (2004), corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. Youssef (2007), suggest that corporate governance is the process carried out by the board of directors, and its related committees, On behalf of and for the benefit of the company's Shareholders and the other Stakeholders, to provide direction, authority, and oversight to management, It means how to make the balance between the board members and their benefits and the benefits of the shareholders and the other stakeholders". A closer analysis shows that this shows that effective corporate governance requires a clear understanding of the respective roles of the board, management and shareholders; their relationships with each other; and their relationships with other corporate stakeholders.

2.6 Principles of corporate governance

i. Rights and equitable treatment of shareholders

According to OECD (2004), organizations should respect the rights of shareholders and help shareholders to exercise those rights. This entails that institutions should help shareholders to exercise their rights by openly and effectively communicating information and also encouraging shareholders to participate in general meetings.

ii. Interests of other stakeholders

Organisations should be aware that they have legal, contractual, social, and market driven obligations to non-shareholder stakeholders, including employees, investors, creditors, suppliers, local communities, customers, and policy makers.

iii. Role and responsibilities of the board

The board requires sufficient proper skills and intellect to review and challenge management performance. It also needs adequate size and appropriate levels of independence and commitment.

iv. Integrity and ethical behaviour

Integrity and ethical behaviour should be of paramount importance during the selection of corporate officers and board members. Organizations should develop a code of conduct for their directors and all other employees that promotes ethical and responsible decision making.

v. Disclosure and transparency

Organizations should open up and make publicly known the roles and responsibilities of board and management to provide stakeholders with a level of accountability. They should also implement procedures to independently verify and safeguard the integrity of the company's financial reporting. Disclosure of material matters concerning the organization should be timely and balanced to ensure that all investors have access to clear, relevant information.

2.7 Theoretical framework

2.8 The agency theory

According to Hamid (2011), the agency relationship is seen as a contractual link between the shareholders (the principals) that provide capital to the company and the management (agent) who runs the company. The principals engage the agent to perform some services on their behalf and would normally delegate some decision making authority. However, as the number of shareholders and the complexity of operations grew, management, who had the expertise and essential knowledge to operate the company, increasingly gained effective control and put them in a position where they were prone to pursue their own interest. Under the Agency Principal theory, as argued by Hart (1995), there is trade-off between incentives and risk sharing where managers are motivated to work hard through high powered incentives while also protected from risk through low powered incentives such as compensation that is insensitive to a firm's performance. The shareholders need assurance that the management will run the company in a manner that serves and protects their interest, while management has their own personal interest.

Letza (2008), states that since the agency theory argue that people are motivated by their own self-interest, managers will aim to maximise the firm's value only if it is in line with their own best interests. This can effectively lead to a conflict of interest which in turn leads to agency cost for the company. The agency costs are described as the sum of bonding costs, monitoring costs and a residual loss from decision making (Jensen and Meckling, 1976). Reducing agency costs increases a firm's value (Hart, 1995). Should conflict of interest arise, ownership structures can facilitate decisions that were not included in the original principal agent contract through the allocation of residual rights of control in the same interest as the shareholders.

Three problems could arise from this theory which are the effort problem, asserts' use problem and differential preference risk problem. According to Hamid (2011), the effort problem concerns whether or managers apply proper effort in managing corporations so as to maximize shareholders wealth. Problems arise because principals are not able to determine if the managers are performing their work appropriately. Managers may not exert the same high effort levels required for the organisation value maximization as they would if they owned the organisation.

For this theory to effectively work at Mutare city council, there is need to align the interest of the agent with those of the principal .These mechanisms include incentive schemes for managers which reward them financially for maximising shareholders interest .Such schemes typically include strategies whereby senior executives acquire shares ,conceivably at a bargain price ,thus aligning financial interest of execution with those of shareholders. This is in line with the Expectancy Theory of Motivation which gives a clarification of why people pick one behavioural choice over others. The essential thought behind this is that individuals will be inspired in light of the fact that they trust that their choice or decisions (Redmond, 2010). Expectancy theory in support to the Agency Theory suggests that motivation at the workplace is reliant upon the apparent relationship amongst performance and outcomes and people adjust their behaviour in light of figuring of foreseen results.

2.9 The stewardship theory

A steward is defined as someone who protects and takes care of the needs of others. Unlike Agency theory, stewardship theory assume that managers are stewards whose behaviours are aligned with the objectives of their principles. Stewards theories argue that the managers or executive of an organisation are stewards of the owner's and both groups share common

goals (Davis, Schoorman, and Donaldson,1997).Therefore the board should not be too controlling ,as agency theories would suggest . According to Hamid (2011), the theory argues and looks at a different form of motivation for managers drawn from organizational theory. Managers are viewed as loyal to the company and interested in archiving high performance The dominant motive which directs managers to accomplish their job ,is the desire to perform excellently specifically ,managers are conceived as being motivated by a need to achieve ,to gain intrinsic satisfaction through successfully performing inherently challenging work ,to exercise responsibility and authority, and thereby to gain recognition from peers and bosses ,therefore are non-financial motivators for managers. It must also be noted that this theory seeks to create a situation whereby power and authority are concentrated in a single person, thus there is no room for uncertainty as to who has authority or responsibility over a particular matter.

According to Flynn (2010), having a single leader creates one channel to communicate business needs to the shareholders and the shareholders needs to the business. Stewardship governance requires the leader to be trustworthy and willing to put personal gains aside for the good of the organisation.

However, this can only work if the leader has got a good personality because human beings by nature seeks to advance their own interest. A solid sense of stewardship improves the organisations morale when the workers feel they are part of something bigger.

2.10 Resource dependency theory

Resource dependency theory is the study of how the external resources of organisations affect the behaviour of the organization. According to Pfeffer and Gerald (1970), Resource dependence theory (RDT) is underpinned with the idea that resources are key to organisational success and that access and control over resources is basis of power. Resources are often controlled by organisations not in the control of the organisation needing them, meaning that strategies must be carefully considered in order to maintain open access to resources.

Resource Dependency Theory can be summarized as follows:

- Organisations depend on resources
- These resources ultimately originate from an organisations environment
- Legally independent organizations can therefore depend on each other

- Power and resource dependence are directly linked
- Power is thus relational, situational and potentially mutual

2.11. The stake holder theory

According to Gordon (1988), the stake holder theory of corporate governance focuses on the effect of corporate activity on all identifiable stakeholders of the corporation. According to Freeman, (1984), a stake holder of an organisation can be defined as a group or individual who can affect or is affected by the achievement of the organisational objectives. Stakeholders are generally divided into internal and external stakeholders. Internal stakeholders are the corporate directors and employees, who are actually involved in corporate governance process. External stakeholders may include creditors, auditors, customers' supplier, government agencies, and the community at large. The concept of Stakeholder theory was propounded by Freeman (1984), whose original concept was that managers have a moral obligation to consider and appropriately balance the interests of all stakeholders. The theory suggest that corporate managers (officers and directors) should take into consideration the interest of each stake holder in its governance process. This include taking efforts to reduce the conflicts between stakeholder interests. It looks further than the traditional members of the corporation (officers, directors, and shareholders) and also focuses on the interest of any third party that has some level of dependence upon the corporation.

Stakeholder theory suggests the purpose of an organisation is to serve broader societal interests beyond economic value creation for shareholders alone. Stakeholder theory expresses the idea that business organizations are dependent upon stakeholders for success, and stakeholders have some stake in the organization. Goodpaster (1991), divides stakeholder theory into three approaches of strategic, multi-fiduciary, and a synthesis. The strategic approach stakeholder theory views stakeholders instrumentally. Stakeholders are means to generating a profit for shareholders. The multi-fiduciary approach views the firm as having a fiduciary responsibility to all stakeholders, not just shareholders. The concerns of the broader community of stakeholders are taken into account and no one stakeholder is regarded as being too influential. The synthesis approach combines elements of both. The corporation has a moral and ethical duty to stakeholders, but the fiduciary responsibility remains only to shareholders.

2.12. Shareholder value theory

Shareholder value theory proposes that the primary duty of management is to maximise shareholder returns, thus according to Smith (2003). This shows that the only responsibility of an organisation is to increase its profits as suggested by Stout (2012). Friedman (1970) strongly argues in favour of maximizing financial return for shareholders. Friedman's views can be summarised as following, the 1st is that the human, social, and environmental costs of doing business should be internalized only to the extent required by law. All other costs should be externalized. The 2nd is that self-interest as the prime human motivator. As such, people and organizations should and will act rationally in their own self-interest to maximize efficiency and value for society. The 3rd is that the organisation is fundamentally a nexus of contracts with primacy going to those contracts that have the greatest impact on the profitability of the organisation.

2.13. Factors influencing the quality of corporate governance

- a) Integrity of the managers: Managers should lead in a fair and ethical manner.
- b) Ability of the Board: The board must lead by example so that the whole organisation will follow a good lead. The board must not be involved in acts like fraud since this can negatively affect the integrity of the boardroom. Success can only be achieved only if the board acts in an ethical manner because this promotes decision making.
- c) Commitment level of individual board member: The personal character of an individual is of paramount importance when it comes to conducting business.
- d) Participation of stakeholders in the management: Organisations are mandated to keep the interest of stakeholders at heart and give them opportunity to take part in decision making.

2.14. Reasons why corporate governance is important

- a) Corporate governance is of supreme importance to an organisation, when performed effectively, it can preclude corporate outrage, and deceit and the civil criminal liability of an organisation. It also heighten an organisations image in the eye as a self-policing institution that is creditworthy of shareholders and debt holder capital. It observes the shared philosophy, practises and culture of an organisation and its employees.
- b) C.G serve to restrict the exposedness of top management and directors, by cautiously formulating the decision making process.

- c) Corporate governance positions the model for creating semi-permanent trust between organisations and the external providers of capital. It has a long term reputational effects among key stakeholders, both internally (employees) and externally clients, communities, political or regulatory agency.

Chapter summary

The literature review from the above analysis clearly reviewed that corporate governance facilitates effective management. Corporate governance is therefore about what the board of an organisation does and how it sets the values of the organisation. This shows that well governed organisations perform far much better than those that are not.

CHAPTER 3

3.0 Research methodology

3.1 Introduction

This chapter elucidate the well-ordered research methodology which the researcher used to compile data and how the actual research was done. The chapter therefore interprets the sampling methods used and their purposes, research instruments used to amass the data drawing out points of interest and disadvantages and how the researcher encountered the disadvantages of each. This chapter defines the methods and procedures used in accumulating information for this research and analysing them according to their compatibility and value added to the research. The chapter will be looking at the sampling techniques, research design, research instruments, target population, sample size, data collection methods like questionnaires.

3.2 Research methodology

Kothari (2004), specifies research methodology as the way to orderly puzzle out the research problem. It may be implied as a science of studying how research is done scientifically. Degu and Yigzaw (2006:2), delineate research methodology as the systematic collection, resolution and interpretation of data to beget new knowledge and answer a certain question or solve a problem. Fox (2011), defined research methodology as an operational structure inside which facts are set so that their meanings may be clearly seen. This chapter contains detailed information on methodological approach to this study.

3.3 Research design

Raj (2005:81) defines research design as the organisation of conditions for assemblage and analysis of data in a fashion that aims to aggregate relevance to the research purpose with economy in process. Research design has to do with a plan to be used to garner information. The research design is crucial as supported by Raj (2005:82), who put up two basic purposes of a research design particularly, to provide answers to research questions and to control diversity. Bell (2001), define research design as a course of action for accumulating information with the point of combining important facts and improve quality of the research behind the study in order to raise the nature of the research which must be established through improved understanding of the research. Research design has been defined as the scheme or design which is used to get participants and how to gather what type of data from them, in order to attain conclusions about the commencing research question that is according to Welman and Kruger, (2001). Research design is the system of stipulations for collection

and analysis of data in a manner that aims to blend relevance to the research determination with economy in procedure (Kothari, 2004).

Survey data was compiled using questionnaires, which were distributed to randomly selected Mutare City Council beneficiaries. An administered questionnaire was used this ensured regularity and time compatibility in the area of the study after collecting the questionnaires and analysing the data in them. The sameness of the instruments helped the researcher to analyse the data. In the study the researcher exhibited the difference of data collected by sex, age and period of service of the participants. The use of questionnaires made the research conciliatory as they permitted the researcher to move from one person to the other distributing questionnaires this gave the respondents the time to appraise or go through the questionnaires by themselves. The researcher was also able to dig into in areas where she did not understand. The data collected during the study was analysed with the aim of assess if there was good corporate governance or not at Mutare City Council.

3.4. Target population

Degu and Yigzaw (2006:40) defines target population or reference population as the population about which an investigator desires to come up with a conclusion. This research has a target population of 104 (Staff Establishment, 2011). This is encircling the top and middle managers as well the general employees and the councillors. It involves The Head of Directors, Chamber secretary, Town Clerk, Secretaries, Committee Officers.

Two sampling techniques used in this study were purposive and simple random sampling procedures. Purposive procedure is a system whereby sample elements labelled to be typical representative are chosen from the population (Kothari, 2004). Purposive sampling was used to select the top management. These were purposively being chosen because they were regarded to withhold essential information helpful for the study by merit of their positions. Simple random sampling as defined by Adam and Kamuzora, (2008), refer to probability sampling whereby all participants in the population have impartial chance of being chosen to make a sample. Simple random sampling was used to pick out members of staff. Also Councillors of the Mutare City Council will were chosen randomly.

3.5 Population of the study

Category	Population
1. Heads of Departments	6
2. Top Management	10
3. Committee Officers	8
4. Secretaries	15
5. Lower level management	65
Total	104

3.6 Sources of data

This researcher used both primary and secondary sources of data.

3.7 Primary sources of data

Currie (2005:89) specify primary data as data that were antecedent unascertained and which have been acquired directly by the research for a particular project. Degu and Yigzaw, (2006:47) propose that primary sources is the form of data that is collected for the first time. In this case such data was collected from M.C.C. The use of primary data is important in this research because it is authentic, first hand facts and information procured is always up to date. Primary source of data has got its own benefits which include the following: It is very much apprehended, its degree of exactness is quite high, and first-hand information is obtained and it can give the researcher certain information which secondary source of data can't give. Also besides the noted credits of primary source of data it also has got limitations which include: a large number of population in participation, this research has a population of 104 individuals thus all people cannot be attended to by the researcher due to various limitations. It requires a lot time as the researcher has to travel to Mutare and after that has to sample the population so as to select participants. It is also high priced to carry out the research, transport fare to and from Mutare are mandatory. More so there is need for funds for stationery and other mixed items.

3.9 Secondary sources of data

Saunders et.al (2009:256) suggests secondary sources as data that have been accumulated in advance for some other determinations. Secondary sources contain journals, policy reports, seminar papers, textbooks, among other sources. Secondary sources were also used in the

research in proper state to give a comparative estimate with the data procured in the primary sources. Its advantages include: found at lower costs than primary data hence making it to be provident in nature. Time saving since there is no necessity to go to the organisation to obtain information. The researcher can have power to equate since secondary data exist in vast quantity. This method has got its own disadvantages too which are as following: information needed might not be available, It is not precise to the research needs that is in many cases secondary data is not conferred in a class that precisely meets the needs of the research as is the case with this research which has emphasise on assessing corporate governance in local authorities. Also there is deficient information propensity. The researcher may find information that emerges worthful and assurance about the research but may not get the full edition of the document to attain full depth since many providers present costless pieces of information and charge a fee for the full document.

3.10. Data collection

The researcher applied qualitative and quantitative data collection methods. Hammersley, (2013) specified qualitative research as chiefly illustrative research that is used to attain an apprehension of fundamental reasons, opinions, and motivations. Qualitative data collection methods deviate from using unstructured or semi-structured techniques. Some basic techniques include focus groups, Interviews, observations, participation and questionnaires such as administered questionnaire, face to face interviews or self-administered questionnaire. Information gathered by qualitative research depends on peoples experience and that and that gives understanding on the explanations for people groups activities and their emotions towards different activities

3.11. Advantages of Qualitative Research.

- a) Covers issues in great depth and detail such that it records and analyses feelings, behaviours and attitudes.
- b) Research information is gathered through interviews, face to face interviews or self-administered questionnaires enabling the researcher to interact with the research subjects in their own dialect and terms.
- c) It explains why a particular response was given thereby avoiding prejudgements
- d) It creates a feeling of openness amid research by urging individuals to clarify their answers, reactions can raise new themes not at first considered, but rather similarly as imperative.

This research used a case study. A case study is a research methodology that has ordinarily been made use of in social sciences. It is a research strategy and an experimental research that investigates a prodigy within its real life context, (Yin, 1989). Case studies are based on an in-depth, research of a single person, assemblage or incident to scrutinize the causes of fundamental principles (Racino 1999).The researcher used Mutare City Council as the case study.

3.12. Advantages of a case study

- a) Case studies exhibit the participants to real circumstances which generally is unmanageable. Hodkinson (2001) said that they seize what is called live actuality.
- b) Makes better analytical thinking, communication developing permissiveness for different standpoint on same subject, ability to guard one's own specific opinion.

3.13. Disadvantages

- a) Challenge of universality-care needs to be taken when attempting to aggregate the results.

3.14. Quantitative Data Collection method

Quantitative research was conducted out on those issues of the study that are quantifiable. This included the use of statistics and statistical analysis techniques instead of using verbal materials, mainly applied in social sciences. It mainly includes the information obtained from closed-ended questions in the questionnaire. The qualitative research is generally considered as the forerunner to quantitative research as it generates ideas which can be used to explicate naturalistic and testable hypothesis (Haralambos and Holborn, 2008).

3.15. Research instruments and procedure

Research instruments are defined as examination appliances for measuring a disposed phenomenon for example a paper, pencil test, interview, questionnaire are research tools or a set of guidelines for observation. Gilbert (2002) defined research instruments as the instruments or apparatuses used to acquire information in the middle of research. Research instruments are questionnaires or interview guidelines used to collect information needed in a research. The researcher depended on questionnaires, as data gathering instruments methods to collect the data. Also, the researcher referred to secondary sources of literature for comparability. Primary data was acquired straight from respondents by use of questionnaires. There are plenty of strategies used to acquire information and in this way a choice of a tool and instrument rely mainly on the dimension of the subjects, research topic, problem

question, objectives, design, expected data and results as described by Ngechu (2004). The research instrument was organized based on the objectives of the study.

3.16. Questionnaires

A questionnaire is in essence an organized way for bringing together information. It is a succession of written questions for which respondents need to give the relevant responses (Bell 1999). DeVaus, (2002) views a questionnaire in a substantially much more wide scope, to be definite as a method in which various people are requested to answer the same set of questions. The Business Dictionary defined a questionnaire as a list of a research or survey questions asked to respondents, and designed to extract specific information. It serves three basic purposes that are collecting suitable information, make information practically identical and manageable to examination and minimizing predisposition in detailing and making inquiry.

3.17. The researcher used questionnaires because of the following reasons:

- Questionnaires allowed time from the respondents to fill in at their own time without too much speed thereby providing relevant information since at Mutare City Council workers will be busy most of the time hence they managed to do this during their spare time.
- The respondents were not afraid to release some confidential information as no names were written on the questionnaires. Some questions provided space to explain responses. This was an advantage to both senior management and Councilors as they were in a better position to express their concerns without any fear.
- Questionnaires are cheap and apply to greater dimension of the population hence, made it much easier for the researcher to get information.

3.18. Questionnaire design

One set of an integrated questionnaire was disposed and distributed to the respondents and collected at a central point, acceptable and commodious to all parties. The questionnaire was divided into three parts. Section A concentrated on personal particulars of the staff including age, sex, and education level and working experience. Part B and C focussed mainly on corporate governance in Mutare City Council. The questionnaires had both open-ended questions where respondents were given the chance to independently answer the questions in

their own words and close ended questions where the respondents were provided with a direction in which to correspond.

3.19. Questionnaires assumptions

The researcher made the following suppositions regarding the questionnaire.

- i) That the questionnaire would instigate the requisite data.
- ii) That the respondents are zealous and would have the ability to finish the questionnaire.
- iii) That the respondents will understand the questions.
- iv) That the questionnaire would be distributed to the rightful people fit for giving the fundamental needed information.

3.20. The data and research technique

Data has been defined as a skeleton used to express all given realities, parts, amounts and components of a recommendation in a given issue. Sanders(1979) viewed it as a general term used to stand for any or all accomplished facts, numbers, letters and images that allude to or portray a thought, subject, condition or different capacities, for example, name, address, phone numbers and so on. In spite of frequently thought to be numeric value, information may likewise be characterized to incorporate non-numeric perceptiveness made by individuals and machines.

3.21. Data analysis

According to Cooper and Schindler (2008), data analysis has been reported as the process where accumulated information is reduced to a more governable and convenient size and where the researcher can begin to acknowledge patterns or trends, apply factual methods apply statistical techniques and summarise the data. Data analysis is a process for getting unprocessed information and modifying it into data useful for making conclusions by users. Information is deepened and looked into to answer questions, test speculations or nullify theories. Data is represented mainly by using tables, bar graphs and pie charts were required and in this case this was done by a presentation of the quantitative findings in form of tables and percentages to render capable easy interpretation by the readers accompanied by the requisite explanations and narrations

3.22. Research ethics

Completely through the research the researcher made sure that all participants participated on voluntary basis. Participants will be encouraged to freely offer data on the basis that the

confidential information of each participant's view will be guaranteed if so required and requested. The researcher consented with the five best principles of survey research as unfolded by McNamara (1994) of voluntary participation of respondents' anonymity and confidentiality, identifying purpose and sponsor of the research project and how the findings will be analysed and reported. McNamara (1994) further aggregates that the researcher has to take responsibility to address problems and weaknesses encountered as well as the positive outcomes of the study. This is a decisive component the researcher adhered to as well confidentiality on the part of the participants was highly observed. Walsh (2001:p57) says that it is prominent in any research work to the participants' right to privacy and confidentiality. According to Haralambos and Holborn (2008) social scientists have to camouflage the identity of participants where possible to ensure confidentiality. Thus in this research, questionnaire respondents were instructed not to write their names or signature on questionnaires to hide their identity.

Chapter summary

This chapter render an elaborated analysis of the methods of data collection that were used in the research. Primary sources of data were gathered by means of questionnaires while secondary sources of data were collected through the critical review of related literature sources from books that has got information of corporate governance.

CHAPTER 4

4.0 Data analysis, presentation, interpretation

4.1 Introduction

This chapter presents the research findings with the intention of analysing corporate governance in local authorities with special reference to Mutare City Council. A sum of one hundred and four (104) employees were used, but these were sample populated to forty (40) participants. The data was gathered from employees, management as well as the councilors. The study has been implemented by extracting information from different people using questionnaires. Founded on statement of the problem, four questions were drawn and these are:

1. What are cooperate governance principles that are operational at Mutare City Council.
2. What are the causes of poor, inadequate or lack of corporate governance by City of Mutare?
3. What is the impact of corporate governance on the residents of Mutare?
4. What measures, programs or policies can be put in place to improve corporate governance by City of Mutare?

Response to these questions equipped the means of realising the study objective. Three divisions of respondents namely Staff Members, Head of Departments and Councillors participated in this study. 40 questionnaires were circulated to respondents during the research and out of them 30 were filled and returned representing a response rate of 75%.The responses that were given was convincing to come up with conclusions for the study. According to Mugenda (2003), a response rate that is 50 % is enough for an analysis and reporting and a 60% response rate is considered good and a 70% and above is excellent this therefore means that the response rate given during the research was excellent.Subjects in this chapter embody response rate from questionnaires, responses as well as the summary.

4.2 Demographic or bio data analysis

4.2.1 Gender of the respondents

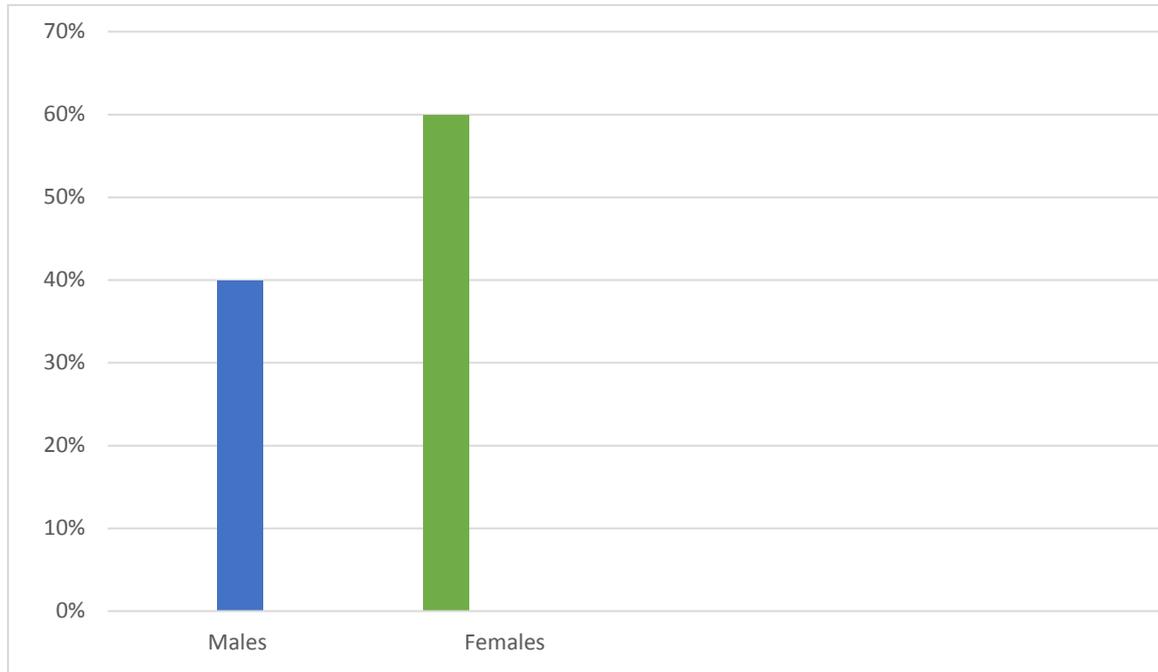


Fig 4.1 Gender Distribution

Those who were purported to be part of this session were 40 both male and females and those who managed to respond were 30. 18 females and the remaining 12 were male. Probably the reason why female respondents were the majority is the fact that women are now becoming more alert of the ineffectiveness of corporate governance in urban local authorities therefore feeling that there is a gap that must be filled.

4.2.2 Respondents age

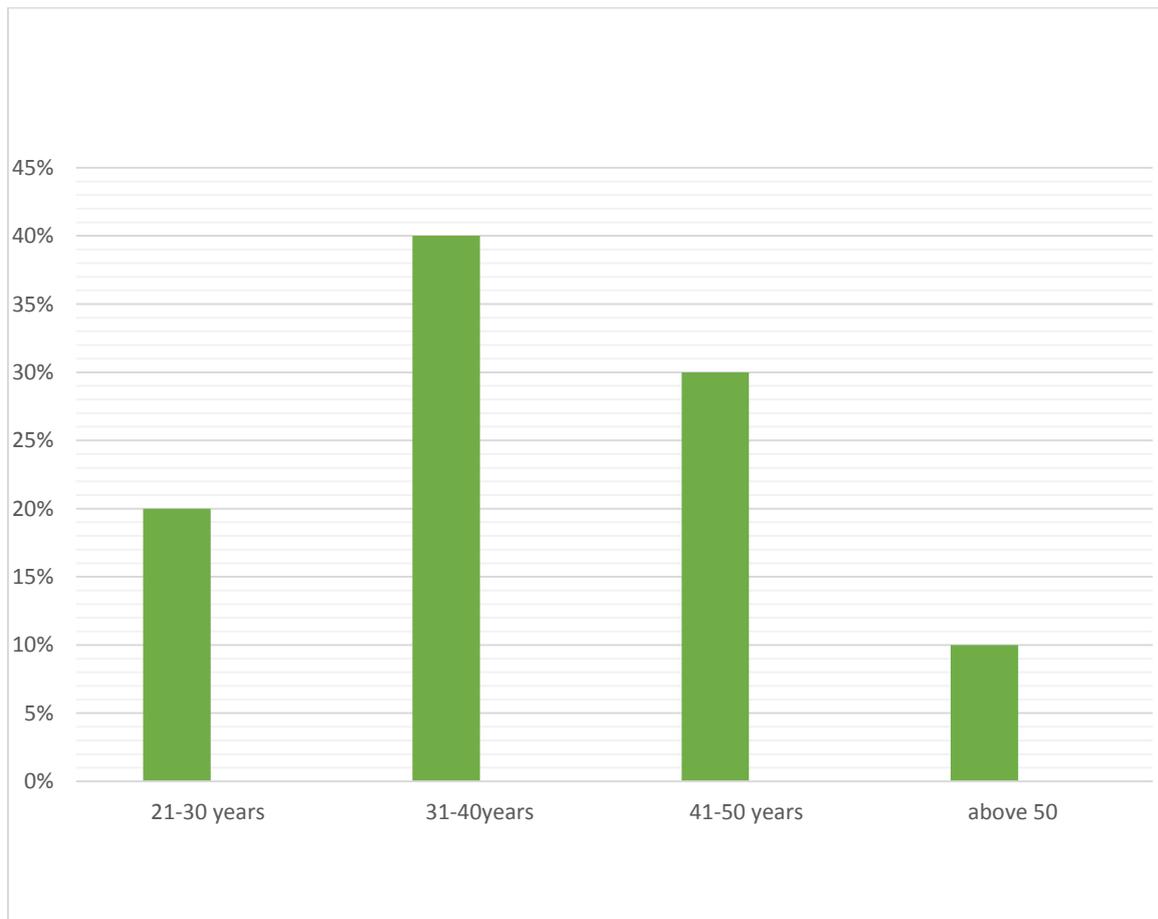


Fig 4.2 Age Distribution

The questionnaire had a section for the respondent to notify their age classification, from the findings 20 % of the respondents notified that they were aged between 21 to 30 years, 40 % of the respondents indicated out that they were aged between 31 to 40 years, 30% respondents showed out that they were aged between 41 to 50years, whereas 10 % above 50 years.

The link between respondent's age group and corporate governance shows that those at the age of 31-40 years and those between 41-50 years are the age groups that mostly desires good corporate governance. This age groups desires corporate governance because they are mature enough to notice that the local authorities are not promoting corporate governance.

4.2.3 Professional qualification

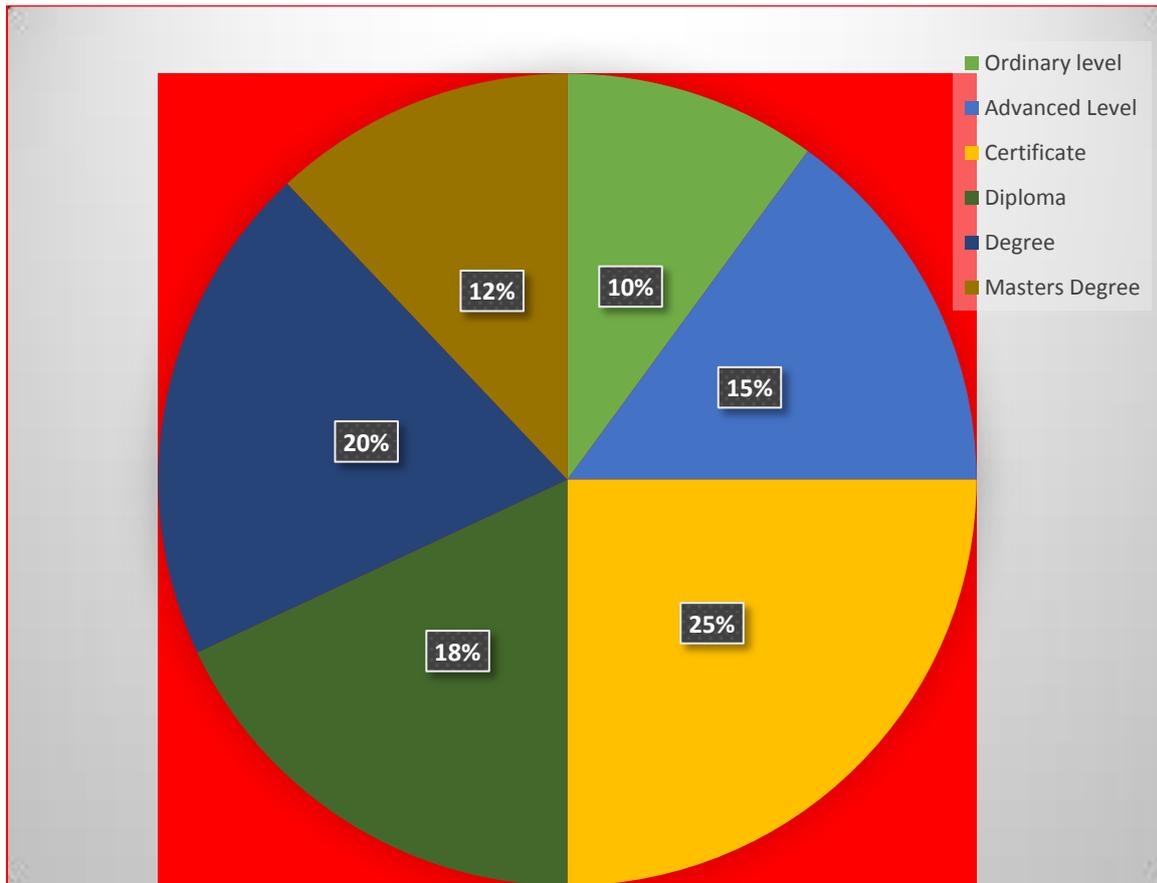


Fig 4.3 Professional qualification

The study also sort to figure out Councils' respondents' education level. The pie chart above shows that 10% of the respondent have reached ordinary level, 15% displayed to have advanced level, 18% of the respondent's indicated to hold diploma qualifications, whereas 25% point out to hold certificate qualifications, 20% attained a degree, 12% reached master's degree. This implies that, the education level of the Councils of Mutare City Council is integrated with all levels of education.

From the responds that were given the need to have good corporate governance correlates with professional qualification of an individual this could be due to the fact that those with a diploma, degree and masters have more expertise and contribute much to the organisation than those with ordinary level or advanced level so they are more affected with the organisations failure to promote good governance.

From the study it can also be justified that the more an individual is educated the more he or she wants the Council to promote good corporate governance principles such as accountability, transparency and fairness amongst others.

4.2.4 Period of service in the organisation

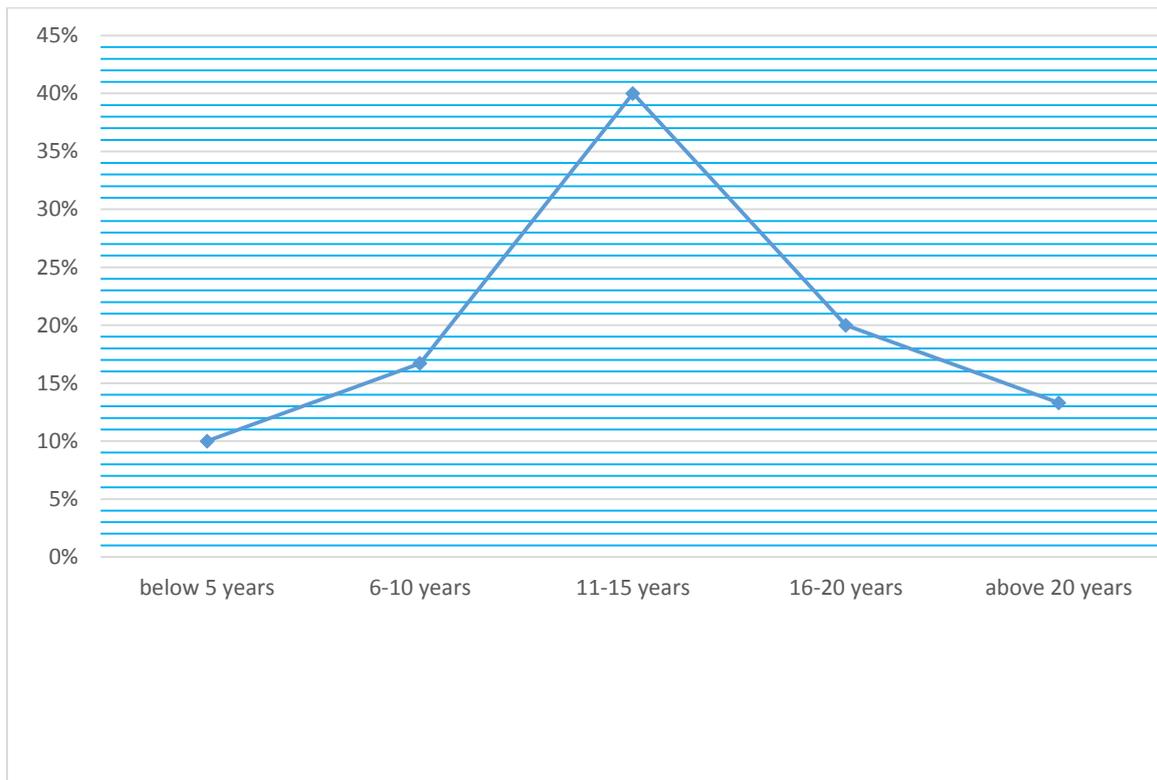


Fig 4.4 Period of service

The respondents were requested to indicate the number of years that they had been in the organisation. From the outcomes the study it showed that 3 of the respondents with 10% had worked below 5 years in the organisation 5 respondents with 16.7% had been employed for a period of ranging 6 to 10 years, 40% of the respondent indicated that they had served for a period ranging between 11 to 15 years, 6 respondents with 20% had been there for 16 to 20 years, whereas 4 respondents with 13.3% of the respondents indicated to have served for a period of over 20 years.

From the study those who have worked for 11-15 years in the council contributed much since they are in the position to compare corporate governance practised back then and the current situation.

Good corporate governance within the organisation has got little impact on those who have served below 5 years this could be due to the fact that this age group consists of new workers who are beginning their career, hence they are still familiarising with the local authority.

Those who have served above 20 years in the organisation did not add much value to the study because they did not open up but this group knows and recognizes the absence of good corporate governance in the Council.

4.3: Descriptive analysis

4.3.1 Corporate governance in local authorities

The first question was aimed at respondents to highlight the principles of corporate governance that are operational at Mutare City Council. The principles listed below in the table were marked as operational at Mutare City Council but not fully being practised.

Table 4.2. Corporate governance principles that are operational at the organisation

Ubuntu
Rights and equitable treatment of shareholders
Interests of other stakeholders put into consideration
Roles and responsibilities of the board clear
Integrity and ethical behaviour
Disclosure and transparency
Fairness
Accountability

From the questionnaires it was very clear that every respondent was aware of the principles of corporate governance that are operational at Mutare City Council, however they are not fully practised and this view depends on the basis of the position one occupies in the organisation for example the top management team is not satisfied with the current situation of lack of good corporate governance because they are involved either directly or indirectly.

From the respondents it was clear that the organisation knows the importance of image building through enhancing stakeholder participation and consultation but it is not delivering what it is supposed to. The council is run through standing committees whose formation is provided for by section 88 of the Urban Councils Act, chapter 29:15 of 1996. The six committees are Finance, Audit, General Purpose, Public works and town lands, Environmental and Health, Housing and Community. Taking for instance the Public Works and Town Lands meeting conducted on the 6th of September 2016 the top management and the councillors proved that they lacked integrity because the meeting finished early than expected due to unresolved differences over the issue of allocating residential stands in Greenside Extension. This is according to the Public Works and Town Land minutes of 10th of September 2016 and this shows that corporate governance principles are well known but

there are not being practised by Mutare City Council. There is power struggle between the Management and Councillors during council meetings leading to improper decision and resolutions which may affect Mutare City as a whole. This shows that there is lack of Ubuntu, integrity and good ethical behaviour and this affects its reputation as an organisation.

Also Mutare City Council knows that it has to adhere to the principles of corporate governance for the success of the organisation but in reality it is not practising them. Rights and equitable treatment of shareholders, interests of other stakeholders put into consideration, roles and responsibilities of the board clear, disclosure and transparency are sometimes compromised yet this principles must be the backbone of every organisation. Mutare City Council is not responsive yet it deals with the public, for example one of the respondent commented that the council should improve its responsiveness especially to external publics as stakeholders always complain of late response from the Council, it replies latter's late and this in most case cause inconveniences.

Table 4.3 Importance of corporate governance

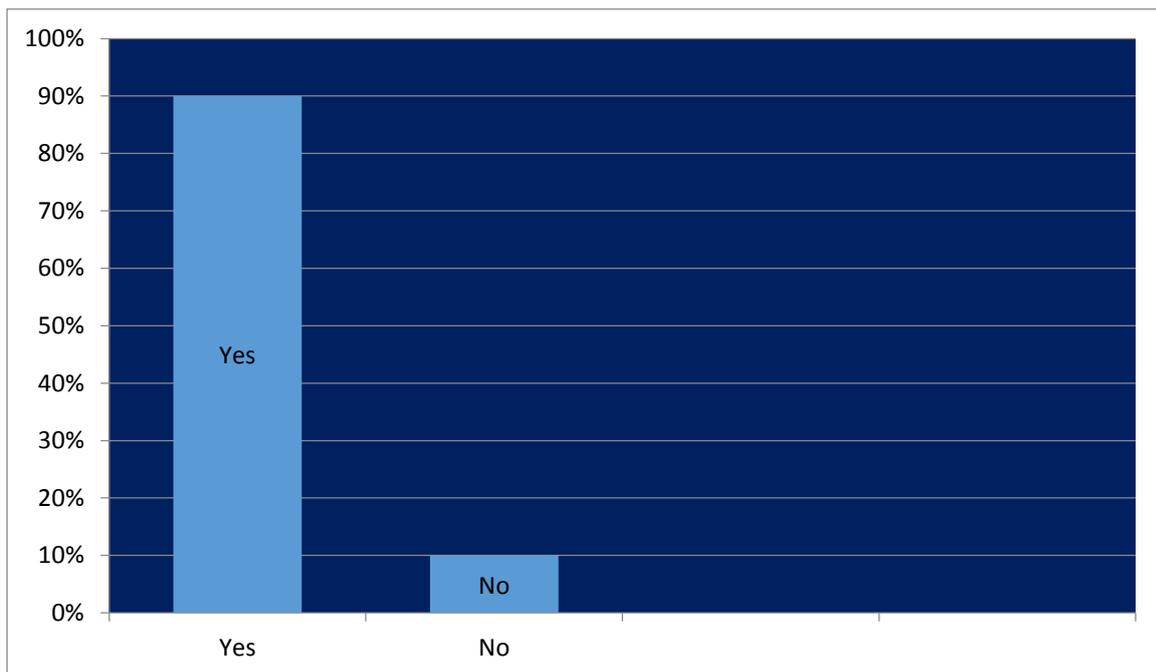


Fig 4.3 Corporate Governance importance

The research coveted to know whether employees considered corporate governance important to them, from the findings the study established that 90% of the respondents were of the opinion that corporate governance was important whereas only 10% of the respondents were of the different view. This implies that majority of the employees considered corporate governance important this could be due to competition since other Organisations are

providing good corporate governance so the workers also corporate governance important. It was also regarded as important because an environment where there is good corporate governance motivates workers to work hard knowing that there is an outcome and boosts their morale.

Corporate governance was considered important because ensures that there is good management of the organisation. Good management improves the organisations economic interest and also improves the social welfare of society. If these two are protected it will results in transparent management, lower corruption opportunities and improve risk assessment. The management is seriously affected with the absence of good corporate governance since this leads to distrust in the integrity of their management.

Corporate governance was also considered to be important because it attracts other people to become interested at working at Mutare City Council. It helps the organisation to attract and hold good people. Corporate governance is important because it creates a good brand image currently in Zimbabwe Bulawayo City Council is considered the best and therefore this shows how influential corporate governance can be. Also training of directors can also make an organisation lively and vibrant .Training the directors is very important so that they adhere to the good corporate governance practises because they have a major role to play in the decision making process and as of such the success or failure of the organisation largely depends on them.

Also corporate governance is important because it improves the involvement of stakeholders in decision making. This improves the productivity and efficiency of the organisation and this can only be done by providing important information to the stake holders from time to time and this is a product of good corporate governance hence leading to the success of the organisation In line with this corporate governance can be used to improve communication between the organisation and its shareholders.

Corporate governance also ensures the system of checks and balances in the organisation. If the directors are incompetent, careless or selfish then they will be in a position to exploit the resources of the organisation for their self-interest but if there is good corporate governance all of this can be avoided as all the information will be available to stakeholders .All of this leads to (RAFT) Responsibility, Accountability ,Fairness and Transparency.

The other 5 of the people who consider corporate governance not important could be influenced by lack of awareness and lack of knowledge with regards to the importance of

corporate governance. This hampers the upholding of corporate governance principles as some of the employees do not know the value of good corporate governance. This allows some municipal officials to act with impunity knowing that fellow employees will not challenge them as they are not aware of their rights or the channels to follow when corporate governance is not being practised.

Table 4.4 The Extent to which respondents considered corporate governance important

	Number of people	Percentage
To a very large extent	14	46.6
To a large extent	9	30.0
Moderate	5	16.7
To a low extent	2	6.7
Total	30	100

The study was determined to figure out the extent to which respondents considered corporate governance important. From the findings, the study established that 46.6% of the respondents indicated to a very large extent, 30% of the respondents indicated to a large extent, 16.7% of the 30 respondents indicated to a moderate extent whereas 6.7% of the respondents indicated to a low extent.

This implies that majority of the employees considered corporate governance largely important this could be because it provides qualitative work environment by promoting responsibility, accountability, fairness and transparency.

Table 4.5 The Extent to which Corporate Governance is being practised in the Organization

	Number of people	Percentage
Yes	10	33.3
No	20	66.7
Total	30	100

The study sought to determine whether, corporate governance was being practised in the organisation from the findings, the study established that 66.7% of the respondents were of the opinion that the principles and guidelines of corporate governance were not fairly being practised whereas 33.3% of the respondents were of contrary opinion. This implies that majority of the respondents were dissatisfied with the current situation.

Table 4.6 The extent to which ineffective corporate governance negatively affect workers performance

	Number of people	Percentage
To a very large extent	13	43.3
To a large extent	9	30
Moderate	5	16.7
To a low extent	3	10
Total	30	100

The study desired to determine the extent to which Corporate governance negatively affect employee performance. From the findings, the study established that 43.3% of the respondents indicated to a very large extent, 30 % pointed to a large extent, 16.7% showed to a moderate extent, while 10% pointed to a low extent. This shows that a vast majority of the respondents were of the opinion that the absence of corporate governance had a great impact on workers performance this is due to the fact that if the organisation fails to provide good corporate governance it results in one not performing his or her duties efficiently.

Others pointed to a large extent this is because corporate governance and good business ethics go hand in hand, and King II also endorses this. On Ethical issues in many local authorities regard to: political encumbrance from politicians that forbids officials from collecting service fees in arrears, whether consultants should be appointed at great expense to do the work of corrupt or incompetent persons, and whether there is a political will to effectively discipline councillors and officials of local authorities who are responsible for these unacceptable ethical circumstances, as also suggested by Lubbe and Rossouw (2009).

Another reason why respondents pointed that poor corporate governance negatively affect employee performance could be because of new workers who are newly beginning their career so they will be zealous to work hard and improving the organisation to its level best.

Other respondents were of the opinion that ineffective corporate governance to a low extent has an influence on their productivity because they are benefiting somehow on the ineffectiveness of corporate governance and do not get frustrated because they are corrupt.

Table 4.7 The extent to which organisations performance is positively affected by corporate governance.

	Number of people	Percentage
To a very large extent	13	43.3
To a large extent	7	23.3
Moderate	6	20
To a low extent	4	13.3
Total	30	100

The research sought to determine the extent to which corporate governance affect employee performance. From the findings, the study established that 43.3% of the respondents indicated to a very large extent, 23.3 % of the respondents indicated to a large extent, 20% of the respondents indicated to a moderate extent whereas 13.3% of the respondents indicated to a low extent. This implies that majority of the respondents considered good corporate governance largely important as it uplifts workers morale, self-esteem and make workers to remain in the same organisation.

Good corporate governance gives the workers the feeling that they will be no interference on their performance at work and that their needs are taken care of .Good corporate governance is a result of high level of proficiency and has something to do with governance and accountability. Employee’s self-discipline continues to evolve with interaction contributing to the governance and accountability environment in which it operates. Therefore corporate governance is inevitably a factor that positively affect the workers productivity within the organisation.

However, this is not observed at Mutare City Council. It should be understood that, the respondents are aware of the influence of good corporate governance but they lack proficiency requirements for comprehensive auditing should be the interests of the Mutare City Council and audit unit as well as the management team and the executive decision-makers being served (Councils). Such requirements form important benchmarks that the whole organisation could use to develop its professional cadre and satisfy itself that it is providing relevant and credible public services and products to its clients .This implies that,

employees of Mutare City Council do not continually improve their proficiency and the effectiveness and quality of their services.

Also good corporate governance was also are considered highly important because it motivates workers to work very hard for it create a sense of belongingness among employees and lowers the absenteeism rate of workers.

4.3.2 Corporate governance

Table 4.8 *The extent to which workers perceive the level of corporate governance provided in the organisation.*

	Number of people	Percentage
Very satisfactory	0	0
Satisfactory	8	26.7
Just adequate	10	33.3
Unsatisfactory	12	40
Total	30	100

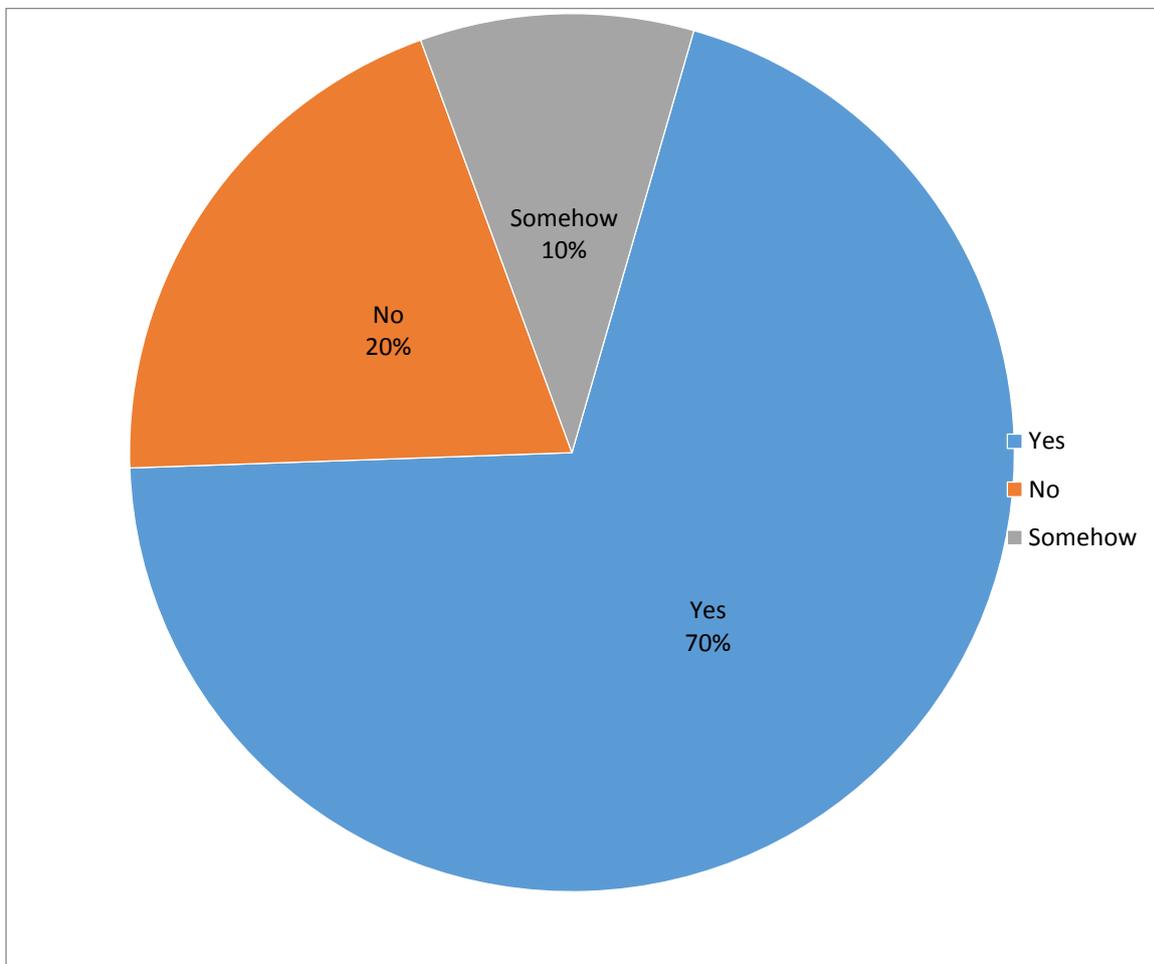
The responses given shows that the majority of the respondents regards the level of corporate governance operational within their organisation as unsatisfactory. 12of the respondents representing 40% of the whole subject indicated this. 10of the respondents representing 33.3% of the subjects perceived it as just adequate, while 8 of the respondents representing 26.7% of the subjects comprehended the level of corporate governance within their organisation as satisfactory. The level of corporate governance operational at Mutare City Council is not very satisfactory.

The results shows that the workers may not be inspired by the level of corporate governance operational at Mutare City Council, and this will likely be affecting their level of performance. The top management board and councillors of Mutare City Council lacks the traits of integrity, the study reveals that, all of the respondents rejected the proposition that the level of corporate governance operational at their organisation is very satisfactory. These results signify that in the organisation is not in line with Sarbanes-Oxley Act of 2002 on the principles of corporate governance that, integrity should be a fundamental requirement in choosing corporate officers and board members. Organizations should develop a code of

conduct for their directors and executives that promotes ethical and responsible decision making.

However other workers consider corporate governance as adequate and satisfactory these could be those workers who have served in the organisation for few years who do not have an insight of what the organisation has been offering back then, this could be to the fact that they feel that the organisation is to providing to its level best.

Table 4.9 Corporate governance increases the level of performance and commitment at work.



The result of the responses reveal that improving C.G will help to improve the workers level of commitment. They represented 70% of the respondents this implies that the Council lacks

accountability. According to Goergen, (2012), corporate governance is concerned with mitigation of the conflicts of interests between stakeholders. Corporate governance provides ways of mitigating or preventing these conflicts of interests which include the processes, customs, policies, laws, and institutions which have an impact on the way a company is controlled. Therefore, in Mutare City Council there is a partial responsibility of management in relation to their accountability which leads to worst job performance and this can only be avoided by adhering to the principles of corporate governance and the employer showing that he or cares about the organisation and remain loyal, as a result workers will be willing to work harder which contributes to extended performance.

Table 4.10 Corporate governance provided in the organisation can attract new stakeholders

	Number of people	Percentage
Yes	9	30
No	21	70

From the study 21 respondents were of the view that corporate governance present at Mutare City Council cannot attract new stakeholders. This is due to the fact that the respondents have observed relationship of the organisation with other stakeholders such as the Residents/Ratepayer Associations of Mutare, Political Parties, Central Government and Local Government, Ministry of Local Governments ,Business Community, Informal Traders Association ,Manicaland Publicity Association, Physically Challenged Persons, Small to Medium Enterprises and Chamber of Commerce. The relationship with these stakeholders is not that good and therefore it is a hindrance to attract new stakeholders. For example as noted by the management respondents that there is differing political ideology between local government and central government in the sense that the majority of councillors are not from the ruling party therefore central government tends to withhold funding for the development projects. This chases away interested stakeholders as there will be no progress seen for example due to insufficient funding arising from the government budgetary control Mutare City Council is very slow in projects implementations. This is just an example of why corporate governance at Mutare City Council can't attract new stakeholders.

From the study 9 of the respondents were of the view that it can attract new stakeholders in the industry, they believe that Mutare City Council is trying its level best to deliver quality service for the developmental needs of its stakeholders. These 9 respondents may be influenced by the Council good relations with various cities throughout the world namely

City of Haarlem in Netherlands ,Manica ,Beira ,Chimoio in Mozambique, Tameside Metropolitan Borough in UK, City of Nelson in Canada among others. Mutare City Council has managed to constantly communicate with these external stakeholders hence this shows that it can still attract new stakeholders. Also the respondents might have also considered the fact that the organisation through its relations with the Informal Traders Association has managed to realise that this sector has potential to create employment for school leavers, college graduates and retrenches therefore the council is providing appropriate working space for players in this sector in accordance with their trades and level of skills and allowing them to trade whilst paying a reasonable amount to it. One of the respondent gave credit to Mutare City Council for being responsive for the needs of its stakeholders ,therefore with this reputation it can attract new stakeholders.

Table 4.11 Opting for another organisation with better corporate governance if such an opportunity presents itself.

	Number of people	Percentage
Yes	25	83.3
No	5	16.7
Total	30	100

From the responds it is clear that, corporate governance help to retain the employees in their various organization, as most of them will readily choose another organisation with better corporate governance if such an opportunity presents itself. 25 of the respondents from the table represents 83.3% indicated that they would better leave for another organization with better corporate governance, while 5 of them representing 16.7% indicated that they will not leave the organisation. From the responses gathered, it is clear that good corporate governance actually attracts employees with expertise to remain in the organisation.

The reason why many respondents were of the view that they would leave the organisation if an opportunity presents itself is because one of the most important factor is because workers needs change with time such that a worker cannot work in the organisation that has got poor corporate governance for a long period and remain in that same exact organisation but he or she need to occupy another better position with enticing corporate governance. Everyone desires change and in the positive direction.

Five of the respondents' who are of the view that they will not leave the organisation are those workers who are above the age of 50 years who will be waiting to retire and get their retirement benefits and therefore are too relaxed.

Chapter summary

Chapter four demonstrates the data that was collected during the research. The data is exhibited on pie charts and tables, bar graphs. It reveals clearly the responses from the respondent.

CHAPTER 5

5.0 Summary, conclusions and recommendations

5.1. Introduction

After summing up the data gathered during the study and analysing it. This chapter which is the final Chapter is aimed at summarising the previous chapters, come up with conclusions and make recommendations.

5.2. Summary

The study clearly shows that good corporate governance has a great impact in urban local authorities. This chapter points out that there is a close link between the wellbeing of the organisation and its corporate governance.

An assessment was on corporate governance in urban local authorities and the analysis clearly showed that good corporate governance motivates employees to work to their level best and also it leads to the success of the organisation.

The study shows that organisations adhere to corporate governance principles because corporate governance is of paramount importance to an organisation, when carried out effectively, it can stop corporate scandals, fraud and the domestic criminal indebtedness of an organisation .It also enhances an organisations image in the eye as a self-policing institution that is accountable and worthy of shareholders and debt holder capital. It observes the shared philosophy, practises and culture of an organisation and its employees. An institution without a system of corporate governance is often reckoned as a body without a soul or conscience .It acts as a hazard moderation. Corporate governance assist in restricting the liability of top management and directors, by carefully stipulating the decision making process. Corporate governance lays down the framework for creating long term trust between organisations and the external providers of capital. It has a long term reputational effects among key stakeholders, both internally (employees) and externally (clients, communities, political or regulatory agency).

The research shows that corporate governance and good business ethics go hand in hand, and King II also endorses this. Ethical consideration in many local authorities is being compromised due to political reasons which include political interference from politicians mainly councillors who prevent officials from collecting service fees in arrears, whether consultants should be appointed at great expense to do the work of incompetent persons, and whether there is a political will to effectively discipline councillors and officials of local

authorities who are responsible for these unacceptable ethical circumstances, Lubbe&Rossouw (2009).Therefore an organisation that desires to function well must put this into consideration as failure to do so leads to the failure of the organisation.

From the study it was also shown that there is a direct linkage between ones views towards corporate governance and age this is so because different people value different things at different age and stages of their lives and working careers. As a result of differences while some employees are enthusiastic about good corporate governance others are not, for example those people who are fifty years and above are usually interested in things like pension and retirement benefits because they have worked hard back then.

The study also find out that good corporate governance will increase workers level of performance at work as well as commitment because it is a motivation tool and it boosts workers morale and self-esteem.(Table 4.9)

Chapter four found out that poor corporate governance contributes to absenteeism of workers thereby lowering performance because if the organisation is not prioritising interest of its beneficiaries it can leads to absenteeism since the sense of belonging will be lowered therefore affecting the performance of workers (Table 4.11)

Also it was clearly clarified in the research that good corporate governance make workers to opt for that organisation.

5.3 Conclusion

The main objective of the study was to assess corporate governance in Urban Local Authorities and from the research findings and analysis, it was found out that corporate governance is very important.

The study employed a case study technique, where Mutare City Council and few Staff and Councils were selected as sample size to provide information to this study. Both primary and secondary information were used in this study. Primary data through questionnaires was analysed using Micro Soft Excel frequency tables. The results were presented using histograms, pie charts and tables.

The results from the analysis of all respondents' responses revealed that corporate governance plays a major role on contributing to the effectiveness of the organisation. Firstly the study identified all the corporate governance principles that are operational at Mutare City Council and these include Ubuntu, rights and equitable treatment of shareholders, interest of

other stake holders put into consideration, roles and the responsibilities clear, integrity and ethical behaviour, disclosure and transparency, fairness among others.

The study established that, recognizing other employee's views rather than the top management enhances workers performance and commitment at work such that workers feel important and part of the organisation when the organisation realises their opinions. Therefore it can be concluded that interest of other stakeholders both internal and external has a positive influence on employee performance in Local Authorities.

From the study it was clear that if corporate governance does not satisfy the workers they will opt for another organisation with better corporate governance thereby showing that poor corporate governance contributes to high turnover, most probably it is difficult for an organisation to flourish when workers are always going back and forth and when workers are constantly coming and going. It becomes difficult to build up a veteran group of experts hence, proving that good corporate governance is very important.

5.4 Recommendations

From the summary and conclusion, the study recommends that Mutare City Council should provide good corporate governance as it will positively influence employee productivity and raise overall performance.

Mutare City Council must review the existing operational corporate governance principles in the organisation from time to time, and make sure that they are made known to all workers and its stakeholders as well.

The study reveals factors such as lack of independence, proficiency and unethical behaviour to be attributed to lack of enough skills. Mutare City Council employees are hereby recommended to play their role of willingly improve their skills for the betterment of themselves and public at large. They should have the ability to question the decision makers on the ineffectiveness of corporate governance and be willing to learn from other organisations with better corporate governance.

The study also recommends the Central Government to take leading role in monitoring the practices in the local government authorities and other public sectors in terms of complying with underlying financial and risk management rules.

Local authorities must increase their operational efficiency when it comes to communication with their stakeholders and the rest of the public .Also there must be a good communication

base between the employer and employees so that the employees feel free to spit out what they consider as good corporate governance and that which they consider to be poor. Since the study revealed that a high percentage of the workers are not satisfied with the present corporate governance, and this has been affecting their commitment to work.

5.5 Suggestions for further research

From the general objective of the study and the research findings, the researcher suggests further studies be done on the very same topic to cover a wider scope.

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Appendix 1

Midlands State University

P.Bag 9055

Gweru

29 September 2017

To The Town Clerk

Mutare City Council

Box 910

Mutare

R.E.F: Application for permission to carry out a research on the topic an assessment of corporate governance in urban local authorities: case of city of Mutare.

I am a student at Midlands State University enrolled in the degree programme of Politics and Public Management (PPM).It is a requirement by the University to carry out a project in a particular organisation in partial fulfilment of the degree.

I kindly request for your permission to carry out a research on the above topic in your organisation.

Your support is of great appreciation.

Yours faithfully

Christine Chiweshe



**CITY OF MUTARE
TOWN CLERK'S DEPARTMENT**

IF CALLING OR TELEPHONING
PLEASE REFER THE MATTER
TO:
Mr. C. Sithole Ext 219

Civic Centre
P.O. Box 910, Mutare, Zimbabwe

Phone: 64412 Fax: 61002
E-mail: townclerk@mutare.intersol.co.zw

Your Ref:

Our Ref: TN/cs.tn

05 October 2017

Christine Chiweshe
Midlands State University
P. Bag 9055

Gweru

Dear Madam

**REF. APPLICATION FOR PERMISSION TO CARRYOUT A RESEARCH ON THE
TOPIC CORPORATE GOVERNANCE IN URBAN LOCAL AUTHORITIES: CASE OF
CITY OF MUTARE.**

Your letter dated 29 September 2017 on the above matter refers.

I wish to advise that you have been granted permission to carry out a research titled "**Corporate governance in urban local authorities: Case of City of Mutare.**"

I wish to further advise that permission is being granted on condition that the research outcome will remain confidential and you will have to avail a copy to City of Mutare.

Could you please therefore liaise with the Chamber Secretary on the above matter.

Yours faithfully

C. VUTA
ACTING TOWN CLERK
Cc Chamber Secretary

Appendix 2

Questionnaires for staff members

An assessment of corporate governance in local authorities: case of City of Mutare

Dear respondent,

You have been selected to participate in the study entitled an assessment of corporate governance in urban local authorities: case of City of Mutare. I believe that you are experienced enough to add value to this research and I would like to have your views and opinions on the subject matter. The study is conducted in Partial fulfilment of the requirement for the Honours degree in Politics and Public Management of Midlands State University. The Information you give will be used exclusively for academic purpose only. No source or individual will be identified or attributed to the originator.

SECTION A: PERSONAL DETAILS

1. Please indicate your gender.

- Male
- Female

2. Age group?

- Below 20 years
- 21 -30 years
- 31-40 years
- 41-50 years
- Above 50 years

3. Your Qualification?

- Ordinary Level
- Advanced Level
- Diploma
- First Degree
- Master's Degree
- Doctorate Degree

4. Experience in the Organisation

- Less than 5 years
- 6-10 years
- 11-15 years
- 16-20 years
- More than 20 years

NB. : Answer by ticking in the appropriate box

Once Again thank you for your time. Your opinions are highly valued

SECTION B: DESCRIPTIVE ANALYSIS

1. Is corporate governance important to you?

Yes	
No	

If your answer is Yes or No explain why?

.....

2. To what extent is corporate governance important to you?

To a very large extent	
To a large extent	
Somehow	
To a low extent	
Not at all	

3. Is good corporate governance being practised in the organisation?

Yes	
No	
Somehow	

Once Again thank you for your time. Your opinions are highly valued.

1. Which of the following corporate governance principles are operational at Mutare city council?

Ubuntu	
Rights and equitable treatment of shareholders	
Interests of other stakeholders put into consideration	
Roles and responsibilities of the board clear	
Integrity and ethical behaviour	
Disclosure and transparency	
Fairness	

2. Which other corporate governance principles apart from the above mentioned are practised in your Organisation? Please specify -----

Once Again thank you for your time. Your opinions are valued.

Can the existing fringe benefits schemes be helpful in attracting, retaining personnel effectively and efficiently?

Yes	
No	
Somehow	

1) To what extent do ineffective corporate governance negatively affect the organisations performance?

To a very large extent	
To a large extent	
Somehow	
To a low extent	
Not at all	

2) To what extent do good corporate governance positively affect the organisation performance?

To a very large extent	
To a large extent	
Somehow	
To a low extent	
Not at all	

Once Again thank you for your time. Your opinions are valued.

SECTION C. CORPORATE GOVERNANCE

1. How do you perceive the level of corporate governance provided in your Organisation?

Very satisfactory	
Satisfactory	
Just adequate	
Unsatisfactory	
Very unsatisfactory	

2. Do you think improved corporate governance will increase the council's level of performance and commitment?

Yes	
No	
Somehow	
I don't know	

If your answer above is yes how

Positively	
Negatively	

3. Does the existing corporate governance at Mutare City Council help in attracting new stakeholders?

Yes	
No	
Somehow	

Once again thank you for your time. Your opinions are valued.

4. Would you leave for another organisation with good corporate governance if such an opportunity presents itself?

Yes	
No	
I don't know	

What measures, programs or policies can be put in place to improve corporate governance by City of Mutare?

Do you have any information that you would like to add about cooperative governance at Mutare City Council please add or share?

Once Again thank you for your time. Your opinions are valued.