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# An exploratory study on corporate governance practices of selected oil companies in Tanzania.

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## **An exploratory study on corporate governance practices of selected oil companies in Tanzania.**

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**Master of Finance and Accounting in Oil and Gas**

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The main objective of this study was to examine governance practices of oil companies in Tanzania. The study sought to examine the board structures, composition, functioning and effectiveness of Audit committees among the oil companies in Tanzania. The study adopted interpretivism philosophy of which its results are based on interviews and documentary sources. In addition, 20 respondents were interviewed comprising of five Chief Financial Officers, four Managing Directors, three Directors, three Assistant CEOs, two Assistant CFOs, one Director of Operation, one Assistant Director and one CEO. Data from interviews were transcribed to form notes. They were combined with data from documentary analysis. All data from interviews and documentary analysis were organized to form codes by relating with research questions and literature review. Findings from the study revealed that the number of board members in oil companies in Tanzania ranges from six to eleven. The number of Board members is mainly attributed to size of the company and scale of its operation. The number of executive and non-executive directors varied from one company to another. All Boards of Directors (BoDs) of oil companies in Tanzania have Audit Committees. Most Boards of Directors were composed of foreigners only. Most companies had both male and female members in the Boards of Directors, with an exception of two companies, which had only male members in their boards. Board members are appointed by shareholders or Board of Directors. All CEOs of the oil companies were members of the Board of Directors, but none of the CEOs were Chairpersons of the Board of Directors. The number of members in the Audit Committees was found to range between 2 and 6, with background in accounting and finance followed by industrial expertise. Most Audit Committees of the oil companies in Tanzania hold two meetings per year. The study concludes that corporate governance practices of oil companies were effective in discharging their duties and therefore, a safeguard to shareholders' interests. The study contributes insights to the design of a policy to ensure BoDs of oil companies contain at least a local member. Further studies should focus on rationale for some of the Boards to have only male members, whereas others have only foreign members while they operate in the Tanzanian context.