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# CORPORATE GOVERNANCE IN STATE OWNED ENTERPRISES IN ZIMBABWE.

**A FINAL THESIS PRESENTED TO THE ACADEMIC DEPARTMENT OF THE SCHOOL OF BUSINESS AND ECONOMICS IN PARTIAL FULFILMENT OF THE REQUIREMENTS**

**FOR THE DEGREE OF DOCTORATE IN ACCOUNTING: PhD**

## ABSTRACT

This thesis undertakes a thorough analysis of the complex relationship between Zimbabwe's state-owned firms' financial performance and the efficacy of corporate governance. Since a number of Zimbabwe's state-owned businesses appear to be underperforming, corporate governance standards have gained attention in the country. A number of state-owned businesses, including Zimbabwe Broadcasting Corporation, Zimbabwe Electricity Supply Authority, Zimbabwe Telecommunications Corporations, National Railways of Zimbabwe, and the Grain Marketing Board, are performing poorly rather than just one or two. These businesses are all owned by the government and run in accordance with corporate governance principles. These businesses typically have poor performance, which raises concerns about the nation's corporate governance standards. The lack of adequate corporate management was the cause of the failure of a few state-owned businesses in the nation, including Air Zimbabwe and Zimbabwe United Passenger Company. The researcher used a mixed methodology, collecting data from respondents through self-administered questionnaires and interviews; stratified random sampling, which included Board Chairpersons, Board Members, CEOs, and management of selected SOEs in Harare, Zimbabwe; and qualitative interviews, surveys, and case analyses to uncover the complex dynamics at play. The study aimed to identify the organizational culture, government intervention, privatization, corruption, independent commissions, and directorial hegemony. The data were presented in the form of tables and charts created using SPSS software. For some respondents, the idea of corporate governance sounded nice, but for many others, the message was unclear. Though the idea was too abstract for them, they could see that corporate governance was a good thing conceptually. Additionally, the data show that the conservative culture cannot be eradicated due to its long-standing integration with state-owned businesses. The study found a positive correlation between board composition and organizational success as well as a positive correlation between board size and organizational performance. Additionally, the utilization of board performance contracts and organizational performance were found to be positively correlated. The study, therefore, recommends that SOEs should practise good corporate governance by adhering to corporate governance legislation such as the Public Entities and Corporate Governance Act Chapter 10.31 which spells out how boards of SOEs must be composed. The contextual intricacies, cultural complexities, and particular obstacles intrinsic to the African business milieu are extensively considered. Through a comparative comparison of successful commercial ventures and those meeting problems, the research intended to discover corporate governance methods that improve effectiveness in state companies. The results of this study offer useful information for African business executives, legislators, and educators in addition to adding to the body of knowledge on leadership and innovation.

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## ABBREVIATIONS

**SEPRA**: State Enterprises and Parastatals Agency

**SOEs:** State Owned Enterprises

**GDP:** Gross Domestic Product

**CEO**: Chief Executive Officer

**ARDA**: Agriculture Development Authority

**ZISCO**: Zimbabwe Iron and Steel Company

**CSC:** Cold Storage Commission

**ZBC**: Zimbabwe Broadcasting Corporation

**NSSA**: National Security Authority

**ZIMCODE**: Zimbabwe Code on Corporate Governance

**PEGGA:** Public Entities Corporate Governance

**AICD:** Australian Institute of Company Directors

**SEPs**: State Enterprises and Parastatals

**GCG:** Good Corporate Governance

**PSMAS**: Public Services Medical Aid Society

**ZIMRA:** Zimbabwe Revenue Authority

**USA:** United States of America

**PCAOB:** Public Company Accounting Oversight

**ZACC:** Zimbabwe Anti-Corruption Commission

**UK:** United Kingdom

**OECD:** Organization for Economic Cooperation and Development

**PIDA:** Public Interest Disclosure Act

**WPA:** Whistleblower Protection

**ZUPCO:** Zimbabwe United Passenger Company

**TP:** Target Population

**PA:** Provincial administrator

# CHAPTER ONE

# GENERAL INTRODUCTION

## 1.1 Background

According to the State Enterprises and Parastatals Reform Agency (SEPRA), state-owned enterprises comprise organizations and entities governed by distinct parliamentary Acts as well as those incorporated under the Companies Act. SOEs in Zimbabwe can be divided into three categories: commercial, non-commercial (social institutions), and higher education institutions. The government owns 100% of some SOEs and a majority of others. Zimbabwe has 107 state-owned enterprises that are critical to the country's economic development because they account for a considerable portion of the GDP. These state-owned entities are classified into several categories, including public entities under the categories of authorities and agencies, boards, commissions, councils, companies and corporations, financial institutions, hospitals, and universities and tertiary institutions (Office of the Auditor General's Report, 2019). Board supervision duties have been found to be ineffective in SOEs. Many state-owned enterprises (SOEs) have failed around the world, and Zimbabwe is no exception. Corporate failures, scandals, and fraudulent operations have resulted in, among other things, unemployment, a decrease in GDP, and a depreciation of investor trust, all of which have contributed to economic stagnation (Chigudu, 2021). According to the Auditor General Report (2018), Zimbabwe's state-owned enterprises have suffered net losses and have encountered numerous corporate governance challenges such as corruption, nepotism, and money misappropriation. This has resulted in poor SOE performance, which continues to be a burden on the government (Rusvingo, 2014). While the board is meant to have control of the work of the CEO and the executives, there seems to be no end in sight for scandals by SOEs, failures and financial malpractices. Scandals have occurred, indicating that SOEs are failing to comply with government-enacted corporate governance legislation. As a result, boards of state-owned enterprises that are expected to provide oversight are alleged to have fallen asleep (Sifile et al., 2017). As a result, there is a research gap in terms of understanding the board's involvement in organizational performance. Furthermore, SOEs may include organizations whose beginnings can be traced back to the state, and they share similarities with private corporations in that financiers and owners are distinct from managers who oversee the corporation's day-to-day operations. In the case of SOEs, the government provides initial funding and appoints the board of directors to oversee the operations. To address corporate governance challenges in SOEs, the government has adopted a variety of frameworks. According to Sikwila et al. (2015), Zimbabwean SOEs performed poorly between 1990 and 2015. Zimbabwe Iron and Steel Company (ZISCO Steel), the Agriculture Development Authority (ARDA), the National Railways of Zimbabwe (NRZ), the Cold Storage Commission (CSC), the Zimbabwe Broadcasting Corporation (ZBC), and the National Social Security Authority (NSSA) are all examples of underperforming state-owned enterprises. Issues that contributed to poor performance and incapacitation include a lack of corporate governance, which allowed CEOs to pocket large sums of money, corruption, and failure to follow established procurement procedures. In order to address issues of inadequate governance in state-owned enterprises (SOEs), the Zimbabwean government implemented legislative frameworks such as the Zimbabwe Code on Corporate Governance (ZIMCODE) in 2014 and the Public Entities Corporate Governance Act. State-owned enterprises (SOEs) in developing nations are in danger, with some embroiled in repeated scandals, despite the fact that boards responsible for SOE monitoring do exist. In some cases, top management of such businesses has paid themselves large salaries, among other forms of misconduct. This has resulted in the decapitation of these businesses, necessitating immediate action to prevent such immoral activity. Furthermore, Zimbabwe SOEs have been largely threatened by escalating incidences of corruption, fund theft, nepotism, and other scandals, which have resulted in underperformance despite the fact that such SOEs have boards regulating their corporate governance. Board makeup and size are thus required for the successful operation of SOEs to guarantee that they fulfill their mandate of supplying goods and services (Chiduku, 2021). In 2018, the Zimbabwean government implemented Chapter 10:31 of the Public Entities Corporate Governance Act (PECGA). The Act aims to provide for the governance of SOEs in accordance with Chapter 9 of the Zimbabwean constitution. The constitution establishes a consistent method for regulating working conditions for members of public institutions and their top workers. SOEs, when properly managed, have the potential to contribute at least 40% of the country's GDP (Mashavave. 2017). However, in Zimbabwe, these corporations have been operating without a clear Act of Corporate Governance. This has resulted in weak corporate governance procedures by SOEs, with board sizes and compositions that do not always meet the required number of members and committees. In order to standardize board size and composition, the Public Entities Corporate Governance Act was enacted in 2018. Before this, the ZIMCODE has been in place since 2014. Its existence did not help to uncover and put an end to endless scandals and problems caused by state-owned enterprises, the presence of which could be prevented by the presence of concrete and well-composed boards. The current wave of highly publicized corporate scandals that have engulfed Zimbabwe's state-owned firms has been blamed on poor corporate governance (Chimbari, 2017). The central theme of this study is how corporate governance, through various Acts of Parliament, influences the performance of SOEs. The Act, which is intended to ensure compliance with corporate governance principles, has yet to bear fruit, as some corporate boards are poorly composed.

### 1.2 Significance of the Study

Executives, policymakers, and scholars must understand how effective corporate governance affects the financial performance of state-owned firms. This study's findings have the potential to inform strategic decisions, impact governance policy creation, and add to academic discourse on company management.

**1.3 Objectives**

To analyze the organization culture that exists in state enterprises.

To establish the composition of boards of directors that run state enterprises.

To investigate the extent of Government intervention on governance of state enterprises.

To identify challenges and opportunities for fostering good corporate governance in state enterprises.

**1.4 Research Questions**

What are the corporate governance structures that are found in state enterprises in Zimbabwe?

How does the composition of the boards of directors affect the running of state enterprises in Zimbabwe?

How does the Government intervene in the running of state enterprises?

What are the key challenges hindering the institutionalization of good corporate governance in state enterprises in Zimbabwe?

**1.5 Scope and Limitations**

This study focuses on Zimbabwe's state-owned firms, with a specific emphasis on the impact of corporate governance on their financial performance. Due to resource limits, the research is limited to a set time period and may not cover every state-owned enterprise in detail.

**1.6 Thesis Structure**

The sections that follow will go over the conceptual framework, methodology, analysis of corporate governance concerns in state-owned firms, case studies, discussions, and conclusions to provide a thorough examination of the chosen topic.

### 1.7 Summary

Chapter 1 described the nature of the topic addressed in this research, including the study's history, motivation, aims and objectives, research questions and delimitation, significance, and other components. It also identified the study's weaknesses. In that way, this chapter served as the foundation for the other five chapters of this study.  The study's next chapter focuses on the definition of the investigation and a review of the relevant literature.

CHAPTER TWO

DEFINITION OF THE INVESTIGATION

## 2.1 Definition of Key Terms

### 2.1.1 Corporate Governance

Good governance ensures that firms have proper decision-making processes and controls in place to balance the interests of all stakeholders (shareholders, employees, suppliers, customers, and the community) (Conmy, 2023). Corporate governance entails establishing and achieving company goals while taking into account social, regulatory, and commercial settings. In other words, this notion refers to policies and procedures for ensuring that a company operates in a way that allows its stakeholders to have confidence in the organization's ability to accomplish its objectives.

### 2.1.2 Financial Performance

Financial performance is a subjective measure of how successfully a company can employ assets from its principal method of operation to create income. The word is also used to assess a company's overall financial health over a certain time period. Financial performance is used by analysts and investors to evaluate similar enterprises within the same industry, as well as to analyze industries or sectors in general. Kenton (2024) defines financial performance as a company's capacity to create money through the effective use of its assets within its main business operations. It acts as an indicator of the company's overall financial health over a given time period. Analysts and investors use financial performance metrics to evaluate companies within the same industry or across sectors. Essentially, it's like taking a snapshot of a company's economic health and assessing how well its management handles its financial affairs.

Key aspects of financial performance according to Kenton, (2024) include:

1. Financial Statements: These documents, such as the balance sheet, income statement, and statement of cash flows, provide insights into a company’s financial health.

2. Quantifiable Metrics: Financial performance indicators help measure a company's success. These can include revenue from operations, operating income, cash flow from operations, and total unit sales.
3. Form 10-K: A crucial report that public companies must publish annually. It offers comprehensive information
4. Financial statements used in evaluating overall financial performance include the balance sheet, the income statement, and the statement of cash flows.
5. Financial performance indicators are quantifiable metrics used to measure how well a company is doing.
6. No single measure should be used to define the financial performance of a firm.

### 2.1.3 State Owned Enterprise

A state-owned business (SOE) is a legal entity established by the government to carry out economic activities on its behalf. It might be entirely or partially owned by the government and is usually designated to participate in specified activities. A state-owned enterprise (SOE) is an entity established by the government to engage in economic activities. The government normally assumes full or partial ownership of any SOEs that have been approved to operate in specified operations. SOEs represent the government in commercial ventures and sell physical resources to trading partners and companies. SOEs exist in every country, but they are particularly prevalent in China, the United States, New Zealand, South Africa, India, and Russia (Kenton, 2024).

### 2.1.4 Effectiveness

In management, effectiveness refers to getting the correct things done. Drucker (1999) reminds his readers that "effectiveness can and must be learned". The term "institutional effectiveness" has become frequently used in higher education contexts to analyze "how well an institution is achieving its mission and goals". For example, Utica University in New York State believes that "an effective institution is distinguished by a clearly defined mission that articulates who it serves, what it aspires to be, and what it values." Likewise, an effective institution has clear goals that are broadly communicated to its stakeholders" Pope Francis adopts the same term in a critique of governmental effectiveness when he refers to "a number of countries with a relatively low level of institutional effectiveness", which leads to "greater problems for their people while benefiting those who profit from this situation". He mentions countries that have "well-written" laws yet do not properly implement them. In military science, effectiveness is a criterion used to assess changes determined in the target system, in its behavior, capability, or assets, tied to the attainment of an end state, achievement of an objective, or creation of an effect, while combat effectiveness is "...the readiness of a military unit to engage in combat based on behavioral, operational, and leadership considerations." Combat effectiveness, which is one component of total military effectiveness, assesses a military force's ability to achieve its goals.

### 2.2 Conceptual Framework

The study used the Australian Institute of Company Directors' Corporate Governance Framework. The Framework is organized into quadrants, with elements of corporate governance grouped by the most relevant party: the individual director, the board, the organization, and the stakeholder. Each quadrant is broken by many slices that depict director practices relevant to the quadrant's topic. The values in the outer ring surround the practices of directors, boards, their organizations, and relationships with stakeholders.

Figure 2.1 shows the framework.


**Figure 2.1 Corporate Governance Framework by the Australian Institute of Company Directors**

The relative size of each segment does not indicate its importance to corporate governance.

### 2.2.1 Applying the Corporate Governance Framework

The Framework provides the basis for a common language regarding director practices. With increased use over time, and broad take-up, it has the capability to improve communications about governance and director matters within, and between, a range of stakeholder groups.

The AICD uses the Framework to guide the development of support services and products. For example, their Self-assessment Tool and collection of Director Tools are highlighted below:

Some ideas for how the Framework can be applied by governance leaders include:

- Assisting directors with planning their future professional development by making use of the confidential Self-assessment Tool.
- Examining the AICD's professional development offerings in accordance with the Framework quadrants, to more easily select the most suitable activities for your needs. With the myriad practices of directorship laid out, it is easier to review personal knowledge, attributes and skills, and identify areas for improvement.

## 2.3 Theoretical Foundations

Agency theory, stakeholder theory, and resource dependency theory are among the primary ideas studied in relation to corporate governance, financial performance, and effectiveness.

### 2.3.1 Agency Theory

The agency paradigm is used in the majority of research studies on the effectiveness of shareholder-enacted corporate governance reforms (Shleifer & Vishny, 1996; Farooque et al., 2007; Sanda et al., 2010; Hassan, 2010). The agency theory, proposed by Jensen and Meckling (1976), is a set of propositions for governing a modern corporation that is typically characterized by a large number of shareholders or owners who allow separate individuals (salary agents) to control and direct the use of their collective capital for future gains (McColgan, 2001). The Agency hypothesis stretches back to the introduction of limited liability and public offerings, which had a significant impact on the way enterprises were managed. Because of the spread of ownership, a lack of expertise, poor business acumen, a lack of experience, or even time, market arrangements are structured in such a way that the owners, who are primarily shareholders of quoted companies, entrust the company's operation to professional agents - company management (Jensen, 1993). In all such situations, the principal and agent may have a conflict of interest. Another key premise of the theory is that it is costly and difficult for the principal to regulate the agent's activities and behaviours (Eisenhardt, 1989). Agency costs, which are the sum of monitoring expenses, bonding costs, and residual loss (decrease in shareholder welfare), result from shareholders' attempts to monitor corporate management (Hill & Jones, 1992). The monitoring function is resource intensive and time consuming because it includes initiating initiatives such as shareholder participation. Monitoring tactics include incentive plans and contracts that are intended to align the interests of shareholders and management. Dockery, Herbert, and Taylor (2000), as well as Cohen and Holder-Webb (2006), agreed that the differing interests (agency problem) resulting from ownership structure suggest that the principal should create appropriate ex ante incentives, monitoring mechanisms, and/or regulatory action to deter the agent from engaging in such behaviours. Shleifer and Vishny (1997) believe that corporate governance theory investigates the agency concerns that result from two extreme ownership structures: one large, controlling owner and many minor shareholders. In the first case, each tiny shareholder lacks the incentives or contractual arrangements that would match the salaried agent's interests with the shareholders'. As a result, managers may have significant control over firm choices and divert corporate resources for private gain. On the other hand, Shleifer and Vishny (1986), Stulz (1988), and Burkart et al. (1997 & 1998) suggested that the major shareholder either actively runs the firm or internalizes the benefits of monitoring managers, so aligning management interests with those of the large shareholder. This, however, poses a new agency dilemma. The controlling owner may take private benefits at the expense of other shareholders. As a result, the corporate governance challenge is reduced to resolving conflicts between managers and shareholders, as well as minority and majority shareholders (Berglof & von Thadden, 1999). According to La Porta, Lopez-de-Silanes, and Shleifer (1999), this governance dilemma might be defined as how to prevent management and controlling investors from expropriating minority investors' money. The agency theory assumes another fundamental contradiction between corporate owners and agents: the free-rider problem. A modern firm has numerous equity owners, and as a result, an individual shareholder has little interest in monitoring the activity of management because he owns only a small percentage of the firm's shares. The core result of agency theory is that company value cannot be maximized since managers have discretion to expropriate value for themselves (Turnbull, 1997). On this note, Yakasai (2001) stated that the agency theory postulates a distinct view of man's nature, one based on self-interest rather than a selfless objective, and so cannot be trusted. The managerial entrenchment hypothesis, which is closely related to the agency theory, proposes that the separation of ownership and management allows managers to engage in a variety of discretionary behaviors, such as investing shareholder cash in dubious projects or committing moral hazard. For example, shirking duties to enjoy leisure and concealing inefficiency to prevent reward loss, risk aversion, or even taking less investment risks and striving to earn the greatest bonuses possible by demonstrating an egoistic propensity. Boatright (1999) stated that this behavior can lead to managers focusing on and pursuing initiatives and investments that are expected to deliver large profits (where managers' remuneration is connected to this variable) in the short term rather than maximizing long-term shareholder value.

### 2.3.2 Stakeholder theory

This theory, which is rooted in the management discipline, has evolved steadily since the 1970s, with one of its first expositions given by Freeman (1984), who suggested a generic theory of the corporation that included corporate accountability to a wide range of stakeholders. This resulted in various studies based on stakeholder theory in a variety of areas (Donaldson & Preston, 1995). According to them, stakeholders are determined based on the real or possible benefits that they have experienced or expect to experience as a result of the firm's actions or inaction. Wearing (2005) defined stakeholder as any party with a stake in the company. In other terms, a stakeholder is any group or individual who has the ability to influence or is affected by the achievement of the organization's goals. Porter (1992) and Blair (1995) proposed that the stakeholder theory seeks to give critical stakeholders a voice and 'ownership-like incentives' by encouraging long-term employee ownership and board representation by significant customers, financial advisers, employees, suppliers, and community representatives on the corporate board. McDonald and Puxty (1979) agreed that firms are no longer the sole property of equity owners, but rather operate inside society and hence bear duties to that society. In this regard, the firm is viewed as a nexus of implicit and explicit contracts among stakeholders such as shareholders, employees, managers, members of host communities where the business draws its resources, unions, creditors, government (and its agencies), the media, suppliers, customers/consumers, potential buyers of the firm, and so on, and it would be inappropriate to single out one stakeholder over others (Kay and Silberston, 1995). Undoubtedly, the list can be expanded to include the broader public if it is agreed that a company's environmental practices can have an impact on the public. According to Solomon (2007), the most extreme proponents of the stakeholder theory believe that the environment, animal species, and future generations should all be considered stakeholders. The stakeholder theory's proponents see the firm as a system of stakeholders operating within the larger system of the host community that provides the necessary legal and market infrastructures for the firm's activities, with the firm's purpose being to create wealth or value for its stakeholders by converting their stakes into ideas, goods, and services (Clarkson, 1994). For example, Jansson (2005) suggested that the closing of a factory outlet in a small community has a ripple effect throughout the neighborhood, resulting in increased unemployment and loan defaults, as well as a fall in consumption. Thus, the survival of the firm is deemed to be far more vital for its employees than for its owners, who have the option of mitigating their risks through diversification. As a result, if the firm's decisions have a higher impact on other stakeholders than shareholders, it appears reasonable to expect them (other stakeholders) to have some decision-making powers. Other experts believe that organizations that rigorously endeavor to fulfill the interests of a diverse set of stakeholders would generate more value over time (Freeman, 1984; Campbell, 1997; Freeman et al., 2007).

In fact, Shao (2009) argued that the corporation cannot produce value if it ignores the interests of its stakeholders. Phillips (2003) claimed that the theory is a means of integrating organizational ethics with strategy. Blair (1995) is among many who say that board members must recognize that they are representing all of the firm's major stakeholders. Individuals who specifically represent essential stakeholders should be appointed to boards to provide some guarantee that their views will be recognized. Although Blair admitted that conflicts of interest may arise, he believes that these conflicts can be mitigated by ensuring that all stakeholders obtain an ownership participation equal to their firm-specific investments. Furthermore, Kyereboah-Coleman (2007) argued that one argument against the rigorous agency theory is its narrowness, which identifies shareholders as the only interest group of a corporate body and calls for further investigation. By broadening the range of interested parties, the stakeholder theory states that a corporate body must always strive to strike a balance between the interests of its varied stakeholders in order to ensure that each interest constituency obtains some level of satisfaction. The stakeholder theory, which emphasizes the numerous elements of a corporation, better describes the importance of corporate governance than the agency theory. In this context, John and Senbet (1998) previously offered a comprehensive examination of the stakeholder theory of corporate governance, highlighting the presence of numerous stakeholders with opposing interests in the firm's activities. They also underlined the importance of non-market variables such as board size and committee structure in determining business performance. The notion of stakeholder theory is that when making choices, managers should consider all of the firm's stakeholders. Wearing (2005), on the other hand, criticized the stakeholder theory as incompatible with corporate governance, claiming that the number of groups identified as stakeholders has increased dramatically to the point where the term is no longer meaningful for analysis because it does not provide an effective standard against which corporate agents can be judged. He contended that balancing stakeholder interests is an ill-defined concept that cannot serve as an objective performance assessment; hence, managers responsible for interpreting and implementing it are virtually free to pursue their own arbitrary goals. Similarly, Jensen (2001) claimed that the pursuit of many objectives is a key flaw in stakeholder theory since it contradicts the assumption that a single-valued objective is required for meaningful or reasonable behavior by any organization. In his search for a single-valued purpose that is consistent with rationality, Jensen offered a revision of the stakeholder theory - the enlightened stakeholder theory (a modified version of the stakeholder theory), which provides at least two significant benefits. First, it suggests pursuing a single purpose - the firm's long-term value maximization - rather than several objectives. This indicates that if any key stakeholder's interests were not protected, the goal of long-run value maximization would not be achieved. Second, it provides managers with a straightforward criterion to determine whether they are protecting the interests of stakeholders. Despite the popularity of this theory in academic literature, Sanda et al. (2010) found that it lacks empirical validation on two fundamental premises. First, the presence of externalities and monopolies, and second, the challenge of accurately measuring the firm's long-term worth, which the theory aims to solve. Despite these shortcomings, the stakeholder theory is nevertheless widely used in discussions on corporate governance.

### 2.3.3 Resource Dependence Theory

In addition to the separation of ownership and control, resource dependence theory adds accessibility to resources as an important factor to the ongoing discussion about corporate governance. To maintain the firm's competitive edge, these resources must be valued, scarce, unique, and non-substitutable (Barney, 1997). According to Hillman, Canella, and Paetzold (2000), the idea emphasizes on the function of directors in supplying or securing critical resources for an organization through their connections to the outside world. One significant addition of resource-based theory is that it explains long-term variances in firm profitability that cannot be attributed to differences in industry conditions. It focuses on the role of the board of directors in facilitating access to resources required by the firm. Indeed, Johnson, Daily, and Ellstrand (1996) agreed that resource dependence theorists emphasize the nomination of members to the boards of other firms as a means of acquiring access to resources vital to the firm's development. In other words, the theory states that enterprises often limit the uncertainty associated with external effects by ensuring that resources are accessible for survival and long-term development (Johnson et al., 1996). By implication, this argument indicates that the distinction between executive and non-executive directors is unimportant. The argument contends that what is important is the firm's participation on the boards of other organizations in order to create ties and gain access to resources in the form of information, which can subsequently be used to the firm's advantage. Outside directors who are partners in a law firm, for example, provide legal assistance to the firm's management, either in board meetings or in private contact, which would otherwise be more expensive. As a result, this theory demonstrates that a corporate organisation's strength is determined by the amount of relevant information available to it.

## 2.4 Empirical Studies

### 2.4.1 State Enterprises and Parastatals (SEPs) play a major role in Zimbabwe in the provision of basic services such as water, electricity, telecommunications, transportation, health, and education.

Given their importance to the economy, it is critical to ensure that SEPs are accountable, transparent, efficient, effective, and lucrative, as needed. It is also vital to ensure that they operate on the same conditions as their private sector counterparts. Thus, a strong SEP sector is critical to the country's efficient resource allocation, competitiveness, economic development, and poverty reduction.

SEPs are government-managed assets on behalf of the public; hence, they are expected to perform and satisfy expectations. The government must ensure that these organizations provide value for society and are governed properly and honestly. Where applicable, they should also be lucrative. Good management is essential for public accountability and building trust in the government. As a result, the SEPs must operate in an environment that compels them to follow strong corporate governance1 standards. SEPs should be subjected to appropriate oversight and enforcement in order to maximize their contribution to Zimbabwe's competitiveness and economic development.

Section 195 of the Zimbabwe Constitution mandates state-controlled commercial entities (i.e., firms and other entities owned or entirely controlled by the state) to manage their operations in order to ensure commercial viability while adhering to generally accepted corporate governance norms.

**2.4.2 There is increasing recognition that poor corporate governance practices in SEPs significantly contribute to their under-performance.**

Under-performance manifests itself in the form of loss-making, insufficient, expensive, and poor service delivery, and excessive debts, which result in antiquated infrastructure and capital equipment, insufficient working capital, under-capitalization, skills deficits, vandalism and looting, and mismanagement. Understanding and tackling the SEP governance difficulties is therefore a prerequisite for effective economic reforms in Zimbabwe.

- Good corporate governance practices (box 1) bring several benefits for all entities, both private and public. These benefits include, among others:
- Better access to external finance by entities, which in turn can lead to larger investments, higher growth, and greater employment creation

- Lower costs of capital and higher firm valuation, which make investments more attractive and lead to growth and greater employment.
- Improved operational performance through better allocation of resources and more efficient management, which can create wealth; and
- Good corporate governance practices benefit both individual entities and the economy in the following areas:

### 2.4.3 Improved operational performance of SEPs

According to a recent research of 44 SEPs in the water and power sectors of Latin American and Caribbean countries, there is a favorable relationship between six elements of corporate governance reform and utility operational effectiveness. The dimensions include: the legal and ownership framework; the composition of the board; the enterprise's performance management system; the degree of transparency and disclosure of financial and non-financial information; and employee characteristics.

Increased access to alternate financing sources in domestic and international financial markets, while also contributing to the development of domestic markets. As governments continue to suffer budget restrictions, better-managed SEPs find it easier to raise cash for infrastructure and other key services through capital markets. In turn, SEP issuances can contribute to the development of financial markets. For example, Malaysia’s government-linked companies account for about 36 percent of the market capitalization of the stock exchange, Bursa Malaysia. In India, 41 centrally owned SEPs account for 20 percent of the market capitalization of the Mumbai Stock Exchange. Any borrowings by SEPs in Zimbabwe through the markets will result in explicit fiscal risk to the government, and these must comply with the provisions of Zimbabwe’s Constitution.

Reduced business crisis and scandal risk, as well as improved stakeholder connections (World Bank 2014). According to a recent study, nearly US$17 billion of the roughly US$93 billion annual infrastructure investment gap in Sub-Saharan Africa (equivalent to 15% of the region's GDP) could come from savings generated by improving internal efficiencies through better governance and other means (Foster and Briceno-Garmendia 2010).

SEPs' fiscal burden has been reduced, while their net contribution to the budget has increased because to larger dividend payments. For example, while striving to enhance the governance of its largest SEPs, the Lithuanian government calculated that stronger governance could increase yearly dividends by 1% of GDP, helping to lower the country's budget deficit as part of its ambitions to enter the Eurozone in 2014. In 2010, the Chinese government declared that it will begin taking greater dividends from its SEPs. Its goal was to force them to compete more fairly with the private sector and to devote money to social programs. Improved governance also promotes transparency in the contingent liabilities connected with SEPs, lowering fiscal risk.

The countless business scandals, scoundrels, crises, and crashes that have made headlines around the world in the last decade have sparked new debate about corporate governance among academics, researchers, and practitioners alike. Scandals involving firms such as Enron, WorldCom, and Parmalat around the turn of the century served as a wake-up call to the necessity of good corporate governance (GCG) and effective regulatory monitoring (Bozec & Dia, 2012; Downes & Russ, 2005; Boyd, 2003; Vinten, 2002).

Although there is a growing awareness of the importance of corporate governance in achieving sustainable development goals, it is disheartening to note that the situation in most African countries has deteriorated, and there is still a scarcity of research on the importance of corporate governance and its practice in state-owned corporations (Sawe & Muneja, 2017; Ayandele & Isichei, 2013).

Corporate governance is a combination of processes, conventions, value standards, rules, regulations, and institutions that regulate how a company is led, governed, and held accountable. It guarantees that the organization is correctly operated, that goals are met, and that money are managed with high levels of propriety and probity.

Corrigan (2014) contends that at the heart of corporate governance is the management of corporate power, with the primary issue being the necessity for wise corporate stewardship and distinguishing between personal wealth and corporate power in firm management. To do this, corporate governance systems aim to provide oversight and responsibility in order to hold business activities to legal and ethical standards.

Sáez and Yang (2001) define a state-owned enterprise, sometimes known as a parastatal, as a commercial company under the control of governmental machinery. It is incorporated as a corporation or by statute, and the government owns it in part or entirely. These commercial enterprises operate in vital sectors of the economy and aim to build the country by nationalizing key industries such as transportation, energy, agriculture, and mining, among others. Sikwila, Chavunduka, and Ndoda (2015) agree that state-owned firms are critical to the country's development in the many economic areas in which they operate, allowing the government to achieve its socialist goals. Governments around the world invest billions of dollars in public cash each year to support the operations of state-owned firms. As a result, Wadie (2013) contends that effective governance in the public sector is critical to ensuring resource efficiency, increasing accountability for national resource stewardship, and improving administration and service delivery. Available empirical research reveals that weak governance is one of the reasons why some nations experience negative development rates and remain poor while others advance (Kaufman & Kraay, 2000; Rose-Ackerman, 2004).

**2.4 4 The State-Owned Enterprise Corporate Form**

One of the key issues in Zimbabwe's SOE corporate governance system is the confusion and complexity of SOE ownership arrangements (Mafi 2014). It is cynical to note that Chavunduka and Sikwila (2015) choose to ignore both the unconventional ownership structure of the state-owned firm and the political dynamics that occur in the parastatal sector. These variables complicate the SOE's corporate structure and have a significant impact on how the state-owned firm operates. Instead, the authors choose to align the SOE's corporate structure with that of a private public firm. The current writer disagrees with this view of the state-owned enterprise. Comparing state-owned enterprises to private public corporations is, to say the least, a bad starting point. Such a misconstruction provides an inaccurate representation of the SOE, blurring awareness of the SOE's unique corporate features that make its corporate governance demands different from those of a private public firm.

Anatomically, the state-owned business's corporate form differs significantly from that of a private enterprise, particularly in terms of ownership and control separation. According to corporate realism theory, the State should be kept apart from the SOE as a corporate body, and the board of directors should be left to run the organization without State influence or interference. The specific corporate form of Zimbabwe's state-owned enterprises, how it differs from that of a private corporation, if at all, and the connection between SOEs and the state as a shareholder are not the topic of this article. The author suggests following questions for future research. Corporate Governance and Political Interference

Boards must be free of political involvement and be perceived to be such. In Zimbabwe, however, there is an undeniable link between politics and state-owned enterprise governance. This is partly due to the state's engagement in parastatal board appointments (Zvavahera and Ndoda, 2014). These board appointments have frequently been tainted with cronyism, with members appointed primarily for political reasons rather than pure merit. The dilemma is worsened when the appointed board members have political ties. Such a situation creates opportunities for undue influence and political meddling in the day-to-day operations of the SOE. Fan, Wong, and Zhang (2014) argue that because the government has the authority to choose the CEO, the CEO's political affiliation serves as a suitable proxy for political influence in the SOE. This complicates the SOE's governance structure and undermines the quality of corporate governance implemented in state-owned businesses. For example, in the aftermath of the Salary Gate scandal, which hit the country's parastatal sector from 2013 to 2014, it was revealed that corporate governance was alien at most of the affected state enterprises and parastatals, amid allegations that the responsible ministers were "running the show" (Rusvingo, 2014). Rose-Ackerman (2004) contends that all political systems must mediate the link between private wealth and public power. The Zimbabwean government's failure to arbitrate this relationship in the public sector has resulted in dysfunctional state-owned firms dominated by self-serving political objectives.

### 2.4.5 The Corporate Governance Framework for State Enterprises and Parastatals

Corporate governance in Zimbabwe's public sector is not new. Chavunduka and Sikwila (2015) appear to show that ZIMCODE is creating corporate governance requirements that have hitherto been absent in the public sector. Corporate governance frameworks have always been a component of SOEs, although corporate management have chosen not to follow them. In 2010, the Ministry of State Enterprises and Parastatals published the Corporate Governance Framework for State Enterprises and Parastatals, which is similar to the ZIMCODE in language and spirit. However, poor corporate governance practices persisted in SOEs, with major parastatals such as Premier Service Medical Aid Society (PSMAS), Zimbabwe Broadcasting Corporation (ZBC), Zimbabwe Revenue Authority (ZIMRA), Air Zimbabwe, and the Municipality of Harare becoming archetypes of serious corporate malfeasance in the last five years.

Weak corporate governance structures in SOEs and parastatals, combined with unchecked political influence in state-owned business operations, have been the primary causes of SOEs' poor performance. The entire system lacks the fundamental checks and balances required for good corporate governance, producing fertile ground for corporate misbehavior. The "Salary Gate" scandal, which shook Zimbabwe's public sector from 2013 to 2014 and became one of the country's largest public sector scandals since independence, was simply a delayed manifestation of SOEs' inadequate corporate governance procedures.

### 2.4.6 The Rules vs Principles Debate

It is worth noting that, while Chavunduka and Sikwila (2015) see the ZIMCODE as a powerful key to Zimbabwe's corporate governance deficiencies, they also recognize that the US governance system is a gold standard for good corporate governance, even after debacles like Enron, WorldCom, and Parmalat. The current author believes that the United States has reached such high GCG standards partly because the country chose a rules-based strategy over a principles-based one and codified its corporate governance framework into the Sarbanes Oxley Act of 2002. The Sarbanes Oxley Act was created to improve the reliability of financial reporting and audit quality. It ushered in a new era for the audit profession in the United States by eliminating over a century of self-regulation and establishing independent monitoring of public company audits by the Public Company Accounting monitoring Board (PCAOB). The Act increased corporate governance by delegating responsibility for the external auditor relationship from corporate management to independent audit committees. It established whistleblower mechanisms and increased criminal consequences for misconduct, including as lying to auditors.

These and other reforms aimed to reinvent and revitalize the US corporate governance structure in order to prevent a recurrence of the well-known corporate scandals. As a result, given the recent explosion of high-profile scandals in Zimbabwe's state-owned enterprises, this paper's thesis is that the ZIMCODE's principles-based approach is insufficient to address the corporate malpractice that has shaken the country's public sector. The unwillingness of corporate executives in SOEs to follow the Corporate Governance Framework for State Enterprises and Parastatals in Zimbabwe, which was issued in 2010, demonstrates that self-regulation will not work for public sector corporate governance in Zimbabwe in the near future. According to Rose Ackerman (2004), those who gain from the corrupt status quo would try to stifle reform. The answer to corporate governance reform in Zimbabwe's public sector is thus a rules-based legislative solution with legal force, rather than a voluntary code that operates on a "comply or explain" basis.

### 2.4.7 The Missing Gatekeeper

Another challenge that arises when seeking to implement the governance code in state-owned firms is enforcement. There has clearly been a political reticence to implement and enforce corporate governance changes to improve probity, clarity, accountability, and good governance in Zimbabwe's public sector. The essential challenge in implementing a principles-based approach in state-owned firms is: who will be responsible for enforcing the code? And, how effective will they be? So far, political forces have damaged the country's anticorruption board, the Zimbabwe Anti-Corruption Commission (ZACC), which is mandated by Zimbabwe's Constitution. Despite being given the authority to combat corruption in the country's public and private sectors, ZACC has failed to criminalize exposed malfeasance and to convict several high-ranking officials involved in recent high-profile corporate scandals.

In this context, the current author raises concerns about the effective implementation and enforcement of a principles-based governance code in a public sector that has failed to respect a Constitutional Commission established by statute to address unethical behaviour and corporate malpractice in public entities. As a result, under Zimbabwe's existing atmosphere of corruption, all theories, methodologies, and initiatives to reform corporate governance would fail. Corruption must be eradicated before any proposed corporate governance system in Zimbabwe can be implemented effectively. As a result, any corporate governance model in the public sector would only be effective if the government is prepared to eradicate corruption and depoliticize SOE management (Africa Corporate Governance Network, 2016; Mafi 2014).

### 2.4.8 Hear No Evil, See No Evil, Speak No Evil

To be effective, every corporate governance system must be supported by a strong whistleblower mechanism that exposes malfeasance and corporate malpractice; this is especially true if the system is principles-based and compliance is voluntary. According to the organization for Economic Cooperation and Development (OECD) (2015), the protection of whistleblowers who disclose wrongdoing in governments is recognized as the core of the public sector integrity framework; it is an essential element for safeguarding the public interest, promoting a culture of public accountability, and, in many countries, is proving critical in the reporting of misconduct, fraud and corruption. The United Kingdom, which has a principle-based corporate governance structure in the form of The UK Corporate Governance Code, protects whistleblowers under the 1998 Public Interest Disclosure Act (PIDA). Similarly, in the United States, where the rules-based Sarbanes Oxley Act serves as the foundation for the country's corporate governance structure, whistleblower protection is guaranteed under the Whistleblower Protection Act (WPA) of 1989.

Whistleblowers in Zimbabwe are not protected, either legally or otherwise. This conundrum is exacerbated by several gagging devices, such as the Official Secrets Act [Chapter 11:09], which prohibit employees of state-owned firms from exposing information regarding internal enterprise activities. This makes the public disclosure of disguised misconduct and corporate malpractice in state-owned firms risky, putting potential whistleblowers in a difficult situation. A robust whistleblower program is an important component of the first line of defense against public sector misconduct. It encourages employees to report any abnormalities without fear of reprisal and allows for the early detection of any problems, so helping to prevent corporate misconduct.

## 2.5 Summary

The chapter opened by explaining the conceptual framework that would guide the study. The chapter next examined the theories underlying the study and briefly described the theories that underpin corporate governance. The chapter then went on to talk about corporate governance in state-owned firms and how it affected their financial performance.

# CHAPTER THREE

# RESEARCH METHODOLOGY

## 3.1 Introduction

In this chapter, the researcher investigates the methodological viewpoints that underpin the entire investigation. The researcher discusses why the mixed methods approach (paradigm), pragmatism (research philosophy), the study's epistemological position, the triangulation design, data generation, and data analysis methods used were deemed best suited to provide answers to the primary research problem identified at the beginning of the study. The advantages and disadvantages of various data collection procedures are discussed. The population, sampling, and analytic methods are discussed. Finally, the chapter defends the respondents' selection as well as the study's ethical considerations.

## 3.2 Research Philosophy

The pragmatism paradigm influenced the use of mixed methods, which led to a pragmatic approach (Creswell, 2014; David & Sutton, 2011; and Punch, 2011). The pragmatism paradigm is based on acts, situations, and consequences rather than antecedent conditions. It is not bound by any single philosophical or real-world framework (Creswell, 2019). It indicates that individual researchers have the freedom to pick the study methodologies, strategies, and procedures that best suit their requirements and goals. According to this paradigm, truth is what works at the time and is not based on a dichotomy between reality independent of the mind and reality within the mind, but rather on the external world independent of the mind and that embedded in the mind (Creswell, 2014; Crotty, 2018).

Pragmatism defines truth in terms of the practical consequences of one's beliefs, as well as their usefulness. The feasibility of a concept determines its validity. It is an experience-based philosophy that promotes change (Punch, 2011). This paradigm focuses on the research problem in social science research and then employs pluralistic methodologies to extract knowledge about it (Creswell, 2009; Punch, 2011; David & Sutton, 2011). As a result, it requires theoretical lenses that are reflective of social justice, concentrating on what works while also taking research issues logically prior to paradigms (Creswell, 2009). It follows what Cohen, Manion, and Morrison (2011) deem "a methodologically eclectic, pluralist approach to research, drawing on positivism and interpretive epistemologies based on the criteria of fitness for purpose and applicability, and regarding reality as both objective and socially constructed." The methods utilized are determined by the questions posed; substantive issues take precedence over methodological and paradigmatic issues. The pragmatist approach to research makes use of several approaches. Depending on how the research questions are answered, in some circumstances, a theory is mathematically evaluated; in others, qualitative methods are used; and in many cases, a mixed methods approach combining quantitative and qualitative methods is acceptable (Cohen, Manion & Morrison, 2000). Pragmatism as a philosophy contends that the meaning and truth of every notion are determined by its practical outcomes (Creswell, 2009). Pragmatists vehemently oppose absolutism, which is seen as a major component of most other philosophical ideas (Cohen, Manion, & Morrison, 2009). They believe that a certain philosophy is frequently pitted against another. For pragmatists, the most important question is whether it works.

In this study, a pragmatic approach to research methodologies was used to address issues about factors influencing the performance of state-owned firms that are best answered quantitatively rather than qualitatively, and vice versa (Cohen, Manion, & Morrison, 2020).

Pragmatism is concerned with transformative design that takes a humanistic approach to evaluation (Creswell, 2014). This approach sees human beings and their performance as being influenced by the environment in which they live, as well as being composed of concepts such as self-worth, self-image, and ideal self, which are feelings of self-worth developed in early childhood, how people think and see themselves, which is the influence of body image or inner personality, and how people perceive good or bad. This study was not a slave to methodological loyalty, but rather a new community of practice that applies the ideas of a mixed methodologies approach in terms of a community of practice in which research is always conducted in social, political, historical, and other settings (Denscombe, 2008).

Pragmatism is a deconstructive paradigm that advocates the use of mixed methods in research, "sidesteps the contentious issues of truth and reality" (Feilzer, 2010, p. 8), and "focuses instead on what works as the truth regarding the research questions under investigation" (Tashakkori & Teddlie, 2003b:713). It takes a methodologically eclectic, pluralist approach to research, drawing on positivism and interpretivism epistemologies based on criteria of suitability for purpose and applicability, and views reality as both objective and socially produced (Johnson & Onwuegbuzie, 2004). It assumes that what works to answer the research questions is the most effective technique, whether it is a single method or a combination of ways to improve research quality (Suter, 2004). Mixed methods are unavoidable if one wants to learn what works. In that sense, pragmatism rejects a middle ground between two opposed positions (Denscombe 2008). In other words, it rejects the option connected with the paradigm wars. In other words, pragmatism is not an open-ended, sloppy, unprincipled approach; rather, it has its own rigor requirements, which require that the study address the research questions and provide valuable solutions to the research questions (Denscombe, 2008). It is not associated with a particular paradigm, but rather accepts methodological pluralism, which allows errors in a single approach to be detected and corrected. The use of this paradigm in this study allowed for data probing, allowing corroboration and triangulation to be practiced, richer data to be acquired, and new modes of thinking to arise when paradoxes between two individual data sources were discovered (Johnson, Onwuegbuzie, & Turner, 2007).

The study was motivated by research sub-questions that required both quantitative and qualitative data to answer to address the major topic of the effectiveness of corporate governance on the financial performance of state-owned firms. The technique was driven by the research's aims and questions, rather than the other way around (Greene, 2008). Similarly, Bryman (2007) agrees that when utilizing mixed methods, quantitative and qualitative components complement each other. The combined methods approach allowed for a more complete knowledge of corporate governance. The strategy addressed what, why, and how research issues, focusing on both numerical and qualitative data. The mixed methods research used parallel mixed designs, often known as concurrent designs (Creswell, 2014). To address study objectives, both qualitative and quantitative methodologies were used simultaneously but independently (Cohen, Manion, & Morrison, 2011). The association between corporate governance and performance of state owned enterprises was determined using descriptive and analytical research methodologies. This required the employment of both deductive and inductive approaches to data collection and processing. This supports (Branmen, 2005 and Perry, 2001), who argue that because social research frequently involves both approaches, the researcher must strike a balance between the two, resulting in the theory of the confirming/disconfirming approach.

### 3.2.1 Inductive approach

Inductive reasoning is part of the scientific method and is used to develop hypotheses and theories. It is a logical process in which numerous premises, all of which are assumed to be true or found to be true most of the time, are combined to reach a certain conclusion. It was a method of reasoning in which the premises attempted to provide strong evidence for the validity of the conclusion. Inductive reasoning draws broad conclusions from individual observations. It is frequently used in applications that need prediction, forecasting, or behavior (Bradford, 2015). In this study on determining the impact of corporate governance on the financial performance of Zimbabwean state-owned firms, the researcher used an inductive approach to begin by gathering data related to the issue of interest. Once a large amount of data had been acquired, the researcher took a break from data collection and stepped back to gain a bird's-eye view of it. The researcher conducted observations, searched for patterns in the data, and discovered patterns. The researcher then deduced an explanation or worked on developing a theory to explain the patterns. Finally, generalizations were established. Thus, when the researcher used an inductive strategy, he began with a set of observations and progressed from those observations to a broader set of propositions regarding those experiences. In other words, there was a shift from evidence to theory, or from specificity to generality. Figure 3.3 depicts the phases needed in conducting research using an inductive approach.

**Inductive Reasoning / Approach**

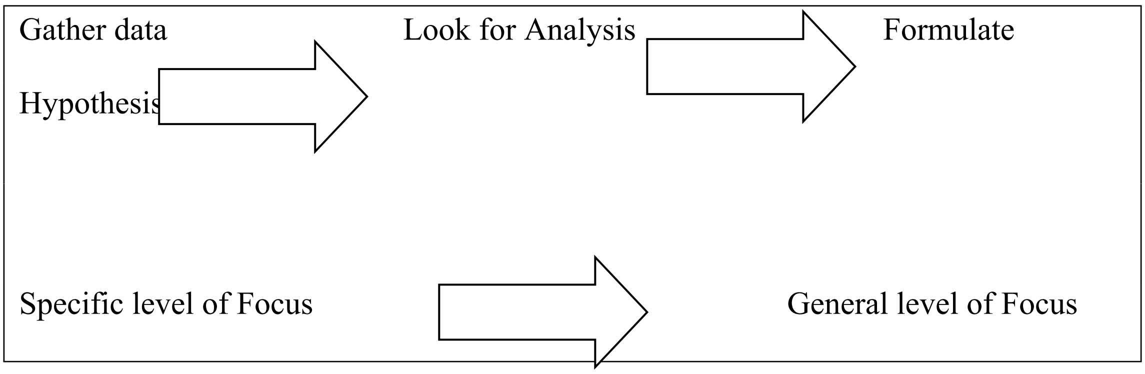


**Figure 3.1 Inductive Reasoning / Approach adapted from Blackstone (2004)**

However, in science, there is a perpetual interplay between inductive inference (based on observations) and deductive inference (based on theory), until the researcher draws closer and closer to the 'truth', which can only be approached but not determined with total confidence

(Blackstone, 2004). Even if all the premises in a statement are correct, inductive logic allows for the conclusion to be wrong. Air Zimbabwe operates at a loss year in year out. Air Zimbabwe is a state enterprise. Not all state-owned enterprises are loss making.

### 3.2.2 Deductive approach

Deductive reasoning is a fundamental type of legitimate reasoning. Deductive reasoning, also known as deduction, begins with a broad statement or hypothesis and investigates the options before arriving at a specific, logical conclusion. The scientific method employs deduction to examine hypotheses and theories (Babbie, 2010; Gulati, 2009; and Wilson, 2010). In this investigation, the researcher predicted the results by hypothesizing what would happen if the hypothesis was right. The researcher progressed from general theory to specifics, which were the observations. Accordingly, in deductive reasoning, if something is true for a class of things in general, it is also true for all members of that class. For example, "All state enterprises are loss-making. Air Zimbabwe is a state-owned enterprise. As a result, Air Zimbabwe operates at a loss. However, for deductive reasoning to work, the hypothesis must be correct. It is presumed that the premises "All state enterprises are loss-making" and "Air Zimbabwe is a parastatal" are correct. Thus, the conclusion is logical and correct.

However, deductive inference conclusions are certain if the premises are correct. It is feasible to reach a logical conclusion even if the generalization is incorrect. If the generalization is incorrect, the conclusion may be logical, but it could also be false. For example, consider the statement that "all parastatals make profits." ZUPCO is a parastatal. As a result, the statement ZUPCO makes profits is logically correct, but it is wrong because the original statement is incorrect.

Syllogism is a typical type of deductive reasoning in which two statements, a major premise and a minor premise, lead to a logical conclusion (Babbie, 2010). Syllogisms were thought to be an effective tool to evaluate deductive reasoning and ensure that the argument was valid. Deductive reasoning enables researchers to adapt ideas to specific situations (Babbie, 2010; Gulati, 2009; and Wilson, 2010). A deductive approach focuses on establishing a hypothesis or (hypotheses) based on existing theory, followed by designing a research strategy to test the hypothesis (Wilson, 2010). The deductive approach can be stated in terms of hypotheses drawn from the theory's assertions. It is a technique that focuses on drawing inferences from premises or assertions. Deduction begins with an expected pattern that is compared to data (Babbie, 2010). Deductive reasoning involves reasoning from the particular to the universal. However, if a causal relationship appears to be inferred by a specific theory, it may be true in many circumstances. A deductive design could be used to determine whether this relationship or link was achieved in more general settings (Gulati 2009).

### 3.2.3 Critical analysis of use of both approaches

Though some researchers may not always intend to use both inductive and deductive tactics and argue against using both approaches in their work, they occasionally discover that new questions develop throughout a study that can best be answered by using both approaches. In this study, the approaches allowed for multiple methods, different worldviews, and different assumptions, as well as different types of data collection and analysis entailed in the mixed methods study, which is a combination of quantitative and qualitative research (Creswell, 2009; David & Sutton, 2011; Punch, 2011). Several authors (Tashakkori, 2008; Clemence & Stevens (2011); David & Sutton, 2011; and Punch, 2011) argue that combining the two research methodologies improves the study quality. In this study, it was used to investigate organizational phenomena, allowing the researcher to overcome some of the limitations of a single technique and so explore research problems from a multidimensional standpoint.

The researcher used mixed approach to learn more about the impact of corporate governance on the financial performance of Zimbabwe's state-owned firms. There was a need to blend the strengths of quantitative and qualitative methodologies. Furthermore, there was compensation for each method's shortcomings, which is recognized as the fundamental premise of mixed methods research (Johnson & Onwuegbuzie, 2004). This study adopted a more pragmatic approach of methodological pluralism to capitalize on the merits of both methodologies. Furthermore, mixed methodology was useful in this study because it emerged in the 1980s as a more pragmatic approach to social science research, like business, and is linked to real-world problem-based research, particularly in evaluation research (Tashakkori & Teddlie, 2008). It was useful in understanding how governing boards and executives collaborate to influence state-owned firms' operations (Sutton & David, 2011). According to Creswell and Clark (2007), mixed methodology research entails philosophical assumptions that govern the direction of data collection and analysis, as well as the use of a combination of qualitative and quantitative methodologies throughout the research process.

**(a)The nature of data in quantitative approach and qualitative approach**

The quantitative approach generates data in the form of numbers and is dependable and rigorous due to its scientific association (Creswell & Clark, 2007). The qualitative approach allowed the researcher to generate rich or deep textual data (Creswell & Clark, 2007). However, quantitative surveys collected qualitative responses, whereas qualitative surveys measured the number of times a word or phrase appeared using a frequency count, which produced numerical data.

**(b) Emerging schools of thought**

The researcher in the study emphasized the parallels and contrasts between quantitative and qualitative research. The aforesaid ideas were mirrored in three alternative schools of thought:

Purists, Situationalists, and Pragmatists (Eriksson and Kovalainen, 2008; Perry, 2001; Tashakkori and Teddlie, 2008).

Purists contend that quantitative and qualitative are mutually exclusive (Tashakkori & Teddlie, 2008). They contend that the two arise from opposing ontological and epistemological perspectives on the nature of reality (Eriksson and Kovalainen, 2008; Perry, 2001; Tashakkori and Teddlie, 2008).

Situationalists say that both quantitative and qualitative research methods are valuable, although some research problems lend themselves better to quantitative methodologies than others (Tashakkori & Teddlie, 2008). As a result, the two were potentially complementary while also represented fundamentally divergent epistemic traditions.

Pragmatists contend that the argument over the two techniques is a false dichotomy (Eriksson & Kovalainen, 2008). Quantitative methods are not necessarily positivist, and qualitative methods are not always hermeneutic. Perry (2001) and Eriksson and Kovalainen (2008) have overstated the discrepancies. This study did not approach the research problem with epistemological purity but instead began with research questions to choose the best appropriate methodology, which was mixed methodological research.

### 3.3 Research methodology

The study employed a mixed methods approach. There is a continuing discussion about the best strategy to research inquiry in the social sciences, as well as in business research. According to a review of the literature, the debate centers on the paradigms that guide and inform social science research, specifically data collection or generation methods and the trustworthiness of research findings (Miles & Huberman, 2014, Bailey, 2014; Cohen & Manion, 2018 and Leedy, 2019). According to Bailey (2020), these "paradigm wars" revolve around the dominant methods, notably the quantitative and qualitative traditions. House (2016) captures the core of this dispute by claiming that for some time now, the educational research community has been in passionate debate about the correct method to research. According to Meighan (2019), the dispute mostly concerns research methodologies or procedures, as opposed to paradigms, methodology, or strategy. This study used a mixed methods research methodology, which, according to Babbie (2010), is a research design that incorporates both philosophical assumptions and methodologies of investigation. As a methodology, it includes philosophical assumptions that drive the direction of data collection and analysis, as well as a combination of qualitative and quantitative methodologies in various stages of the research process (Melville & Goddard, 2016; Meighan, 2020; Babbie, 2020; and Bennet & Kahn, 2014). Mixed methods research is an approach that involves gathering, analyzing, and combining quantitative and qualitative data in a single study or series of studies (Borg & Gall, 2011). Its core idea is that combining quantitative and qualitative methodologies results in a better understanding of research challenges than using either strategy alone (Neuman, 2020).

The figure below clearly depicts what takes place in the mixed methods research

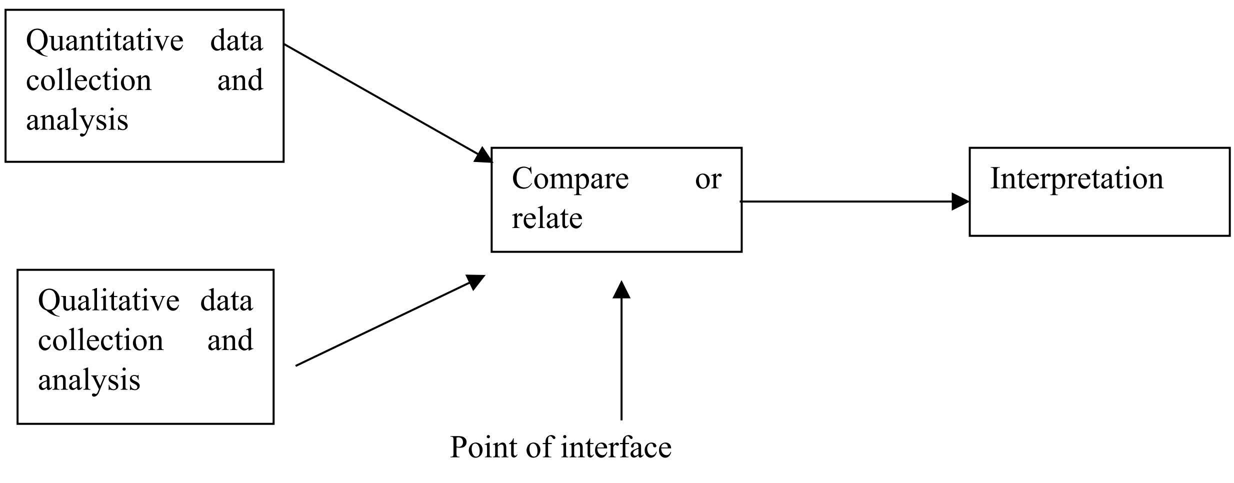


**Figure 3.2 Mixed methods research: Source Creswell (2014)**

Mixed methods research begins with the notion that while studying the social and business worlds, researchers acquire data based on the nature of the inquiry and theoretical approach (Greene, 2008). Social inquiry focuses on different sources and levels that influence a specific problem (such as policy, organizations, families, and individuals). Quantitative (mostly deductive) methods are suitable for assessing the prevalence of "known" phenomena and central patterns of connection, including causal inferences (Cresswell & Clark, 2011). Qualitative (mostly inductive) methods enable the identification of previously undiscovered processes, explanations for why and how occurrences occur, and the scope of their impacts (Patton, 2019). Mixed methods research is more than just gathering qualitative data from interviews or gathering various sorts of quantitative evidence (such as surveys and diagnostic tests). It entails intentionally collecting both quantitative and qualitative data and using their strengths to solve research questions (Cresswell & Plano Clark, 2011; Teddlie & Yu, 2017).

### 3.3.1 Justification for mixed methods research

This study used the mixed methods research for several reasons. As Terrel (2012) postulates, many social scientists assert that there is no major area of inquiry that should be studied exclusively with one form of research. Quantitative typically explains the 'if' and qualitative explains the 'why' (Terrel, 2012). Therefore, mixed methods have been described as the unifying research paradigm to join these two elements (Johnson, 2004). This study benefitted from the paradigm immensely because it utilised the strengths of quantitative and qualitative approaches while minimising the limitations. As Creswell (2014) argues, at a practical level, mixed methods provide a complex and sophisticated approach, and it is very appealing for researchers at the forefront of new research procedures. Similarly, at a procedural level, it is a useful strategy to understand research problems by comparing different perspectives from qualitative and quantitative data as well as developing an understanding of experimental results by incorporating the perspectives of individuals (Creswell, 2014).

While some researchers have defined the two approaches as diametrically opposed, Babbie (2020) and Fink and Kosekoff (2015) see the differences as a continuum, with rigorous design principles on one end (the quantitative approach) and emergent, less well-structured directives on the other. This perspective of competing paradigms as a continuum has the advantage of allowing for the combination of methodologies and designs in a single study to capitalize on each other's strengths. The use of multiple methods in a single study (in this case, methods related to both qualitative and quantitative approaches) is known as triangulation, and it is based on the assumption that any bias in specific data sources, investigators, and methods will be neutralized when used in conjunction with other data sources, investigators, and methods (Haralambos, 1990; Leedy, 2009; Anderson, 2010). Cohen and Manion (2011) argue that combining research methodologies in one study ensures an in-depth understanding of the topic in question by adding energy, breadth, and depth to any examination.

Bassey (2010, p. 234) and Haralambos (2003, p. 189) advance five advantages of combining methods in a single study namely:

- It helps to converge results.
- It is complementary in that overlapping and different facts of phenomenon may emerge.
- It is developmental, in that the first method is used sequentially to help inform on the second method.
- It helps merge contradictions and fresh perspectives and
- Mixed methods add scope and breadth to study.

Dominowski (2010) supports the combination of research methods related to both quantitative and qualitative approaches in one study, stating that despite the continued defense of paradigm incompatibility with educational and other social science, researchers have gradually come to accept the combination of research methods in one study, a practice that suggests the legitimate complementarity of paradigms. Leedy (2019) describes the complementarity of the two approaches, stating that the main qualities common to all qualitative research methods may be noticed when compared to quantitative research methods. Most quantitative data approaches are data condensers, which compress data to provide the broad picture (Leedy, 2019). In contrast, qualitative procedures are best viewed as data enhancers because they allow crucial elements of instances to be seen more clearly.

After highlighting the benefits of integrating the two methodologies, the researcher concluded that a qualitative and quantitative approach should be used in this study. Creswell (2014) believes that the approaches or methodologies used should be determined by the nature of the research issue. Because this study is concerned with the issues faced by state-owned firms while using corporate governance, the qualitative technique is useful in that participants' perceptions may be analyzed in depth and detail. The quantitative approach was equally meaningful in that it aimed to explain the respondents' reality by appealing to universal rules that view measurement as the most fundamental means of representing reality.

**(a)The nature of data in quantitative approach and qualitative approach**

The quantitative approach generates data in the form of numbers; it is dependable and rigorous due to its scientific association (Creswell & Clark, 2017). The qualitative approach allows the researcher to generate rich or deep textual data (Creswell & Clark, 2017). However, quantitative surveys collected quantitative responses, whereas qualitative surveys measured the number of times a word or phrase appeared using a frequency count, which produced numerical data.

**(b) Emerging schools of thought**

The researcher in the study highlighted the similarities and differences between quantitative and qualitative research. The above views reflected, fell into three alternative schools of thought: Purists, Situationalists and Pragmatists (Eriksson & Kovalainen, 2018; Perry, 2011 and Tashakkori & Teddlie, 2018). Purists argue that; quantitative and qualitative are mutually exclusive (Tashakkori & Teddlie, 2018). They argue that the two stem from different ontological and epistemological positions about the nature of reality (Eriksson & Kovalainen, 2018; Perry, 2011 and Tashakkori &Teddlie, 2018).

Situationalists argue that both quantitative and qualitative have value, but certain research questions lend themselves more to quantitative approaches others to qualitative (Tashakkori & Teddlie, 2018). Therefore, the two were potentially complementary but representing fundamentally different epistemological traditions. Pragmatists argue that the debate between the two approaches is a false dichotomy (Eriksson & Kovalainen, 2018). Quantitative methods are not necessarily positivist and qualitative methods not necessarily hermeneutic. The differences have been exaggerated (Perry, 2011 and Eriksson & Kovalainen, 2018). This research did not focus on a research problem from a position of epistemological purity but began with research questions to select the most appropriate methodology which was use of mixed methodology research.

### 3.4 Ontology

According to Cohen et al. (2011) ontology is a branch of philosophy that examines values of the researcher and the extent to which such values enter the research process. Researchers demonstrate their ontological skills by being able to articulate their values as a basis for making judgements about what research they are conducting and how they do it (Heron, 1996). Cohen et al. (2011) argue that whereas the positivist paradigm strives to be value-free, there is no research that is value-free. They hold that researchers create their own values through their own experiences and conventions. In this study, the researcher sought to understand the effectiveness of corporate governance on the financial performance of Zimbabwe's state-owned enterprises. This made it difficult to remove the researcher's involvement. To ensure self-reflection during data collection/generation, the researcher identified and noted down any feelings, preconceptions and assumptions or beliefs held about effectiveness of corporate governance on the financial performance of state-owned enterprises. When considering that different views exist regarding what constitutes reality and the role of values in shaping reality, another question is how that reality is measured and what constitutes knowledge of that reality. This leads to the discussion of epistemology.

### 3.5 Epistemology

While ontology examines what defines reality, epistemology explores the nature, sources, and boundaries of knowledge (Blaikie, 2013; Easterby-Smith et al., 2018; Eriksson & Kovalainen, 2018). The researcher's ontological beliefs determine the epistemology chosen (Hitchcock & Hughes, 2005, as cited in Cohen et al., 2011). Given the relationship between ontology and epistemology, it is easy to comprehend the researcher's perspective. However, both objective and subjective epistemic perspectives exist within ontology (Eriksson & Kovalainen, 2018). Objective epistemology assumes that there is an external and theory-neutral reality, and that things exist as meaningful entities irrespective of consciousness and experience (Easterby-Smith et al. 2018). Things contain truth and meaning as objects, therefore rigorous scientific investigation can uncover that objective truth and meaning. Thus, this is the epistemology that underpins the positivist position.  In contrast, a subjective epistemological viewpoint allows no access to the external world other than our own observations and judgments.

However, in response to constructionism or subjectivism epistemology, Saunders et al. (2019) argue that data collected from objects that exist independently of the researcher are less prone to bias and thus more objective, and that if social phenomena are studied, they must be presented statistically rather than narratively to be considered authoritative. Blaikie (2019) disagrees, arguing that because social science research involves numerous options, the possibility of researchers' opinions and preferences influencing the process renders true impartiality difficult to attain in the long run.

### 3.6 Mixed methodology research

Section 3.2 discusses mixed methodology, which is increasingly recognized as a third main research strategy or paradigm. Accordingly, mixed methodology refers to "the collection or analysis of both quantitative and qualitative data in a single study in which data are collected concurrently and are given a priority and involve the integration of data at one or more stages in the process of research" (Gray, 2010, p. 332). Philosophically, mixed methodology employs a pragmatic technique and framework. It is based on the idea that knowledge is both socially created and based on the reality of the world we encounter and live in (Cohen, Manion, & Morrison, 2011). As a result, the study took a hybrid methodology approach, using inductive reasoning to identify patterns/themes and deductive reasoning to verify theories and hypotheses. It is a pragmatic strategy that produces actual answers to real concerns that are relevant in the real world while avoiding false allegiance to quantitative or qualitative approaches on their own (Creswell, 2014). The employment of this approach permitted the collection of rich data, allowing for triangulation that respects the mixed, messy actual world, increasing validity and reliability and delivering what was being focused on. This was consistent with the thoughts of Cohen, Manion, and Morrison (2011), who stated that mixed methodology has its own ways of working and techniques of inquiry, ontology, epistemology, and values.

The researcher in this study considered the view that research methods are not determined according to a set of assumptions that flow from one paradigm to another, but flow from the nature of the research questions concerning the effectiveness of corporate governance on the financial performance of state enterprises (Tashakkori & Teddlie, 2018).

The researcher capitalized on the genesis of mixed technique, which is linked to triangulation. Mixed methodology advocates for method triangulation since bias from one paradigm can be counterbalanced by methods from the other (Creswell, 2014; Tashakkori & Teddlie, 2018). The researcher in this study combined the two approaches in a single study, leveraging the strengths of both, and the mixing occurred throughout both data collecting and data analysis.

The use of mixed methodology in this study allowed for triangulation, which sought convergence, corroboration, and implementation of corporate governance, as well as how it may be utilized to improve state enterprise performance. To comprehend how corporate governance might be used to improve the performance of state-owned firms, the scope and breadth of inquiry were broadened by employing various approaches from various inquiry components.

The conceptual assumptions for combining both methodologies were that the overall strength would be larger than either qualitative or quantitative (Creswell, 2019). Qualitative methods generated data, while quantitative methods gathered data. The qualitative was inductive, whereas the quantitative was deductive. Qualitative approaches take a more naturalistic approach, gathering information on the social setting without affecting the environment (Baker, 2019). The researcher analyzed modern researchers' attitudes about recognizing and mixing quantitative and qualitative technique (Cohen, Manion, & Morrison, 2011; Tashakkori & Teddlie, 2018). Similarly, Olsen (2017) suggests that in social science research, there is a growing consensus that integrated approaches, and mixed methodologies provide significant gains in terms of data quality, depth of understanding, and policy analysis. As a result, Creswell's (2014) concurrent triangulation approach was applied. The researcher collected both types of data at the same time to converge and merge quantitative and qualitative data in order to provide a comprehensive analysis of the research problem regarding the effectiveness of corporate governance on the financial performance of state-owned enterprises by incorporating the information into the overall results. Mixing of the two forms of data happened at all levels, including data collection, processing, and interpretation (Cresswell, 2009). Smaller types of data were integrated into a larger data collection to analyze multiple types of issues; hence, the qualitative addressed the process and the quantitative the outcomes (Punch, 2011).

However, the researcher had to attend to several important decisions as highlighted by (Greene, 2018, pp. 78-84) that mixed methods research needs to take into considerations: -

1. Priority that is whether quantitative or qualitative approaches dominate or are given equal weight at the stages of data collection in this study they were given equal weight.
2. Implementation / timing that is where quantitative or qualitative data collection and analysis occur concurrently or one after the other in this study the researcher collected quantitative data followed by qualitative data.
3. Integration that is where – at which stages – the integration of quantitative and qualitative methods occurs. In this study the integration occurred during discussion of findings in chapter four.
4. Around what issues the mixed methods occur, for an example at the levels of constructs, variables, research questions, purposes of the research. In this study issues that mixed methods occurred were the purposes of the research and research questions.

5. Independence / interaction, that is, the extent to which different methods are conceptualized, designed and implemented independently or interactively. In this study the methods were conceptualised both independently and interactively.
6. Transformative intention agenda. However, this had no political agenda but an educational reform study.
7. Scope that is whether the mixing of methods occurs within a single study or across more than one study in asset of coordinated studies within a single programme of research. The scope of this study mixing of methods within a single study.
8. Strands that is the number of different strands that are mixed in a study. The strands in this study which were mixed were four namely research questions, methodology, data collection methods data analysis methods and discussion of findings.
9. Methods characteristics, that is the nature and extent to which there are offsetting differences.

Mixed methodology in this research was applicable because of the different types of research questions, sampling procedures, data collection methods and data analysis.

### 3.6.1 Weaknesses of mixed methodology

Despite the benefits of mixed technique, it was hampered by concerns about the validity of mixing variables and components in quantitative and qualitative methodologies. Running quantitative and qualitative arms simultaneously with the same participants had the potential to skew the data. Furthermore, the literature has little discussion of how these two tendencies interact and how compatible they are. As a result, reporting findings and presenting them to the intended audience may become even more complicated. Even though quantitative research dominates the organizational and management sectors, most researchers recognize the relevance of qualitative explorations, which provide a deep, contextual knowledge of a phenomenon. While both types of studies are well represented in these domains, qualitative and quantitative methodologies are typically pursued separately (Currall & Towler, 2013).

To address these shortcomings, the researcher had to carefully separate the data collection/generation and measurement instruments employed in the quantitative and qualitative phases of the research (Sutton, 2011; Creswell, 2009; Yates Sutton, 2011; Creswell, 2019 and Baker, 2019). The quantitative measurement tool included generalizable questions, but the qualitative instrument was intended to elicit a deeper inner meaning of study questions about the effectiveness of corporate governance on the financial performance of state-owned firms.

### 3.7 Research design

This study used the concurrent triangulation design. The goal of this approach is to "obtain different but complementary data on the same topic" (Morse, 2011), to better comprehend the research problem. The goal of employing this approach is to combine the distinct strengths and non-overlapping limitations of quantitative methods (big sample size, trends, generalization) with those of qualitative methods (small N, details, in depth) (Patton, 2020). This approach was chosen by the researcher for this study because the researcher wished to directly compare quantitative statistical results with qualitative discoveries, as well as validate or expand quantitative results using qualitative data.

The triangulation design is a one-phase design in which researchers employ quantitative and qualitative methodologies at the same time and with equal weight (Jenkins, 2011), hence the term "concurrent triangulation" (Creswell, 2014). It often entails collecting and analyzing quantitative and qualitative data concurrently yet separately for the researcher to gain a better understanding of the research problem. The researcher seeks to blend the two data sets, either by combining the different results in the interpretation or by modifying data to make merging the two data types easier throughout the study.

This study employed the concurrent triangulation design, which means that the researcher collected and analyzed quantitative and qualitative data concurrently, and the various results were converged by comparing them during interpretation. This is because the researcher intended to back up quantitative findings with qualitative findings.

### 3.7.1 Justification for the concurrent triangulation design

As previously stated, the purpose of this study was to analyze the impact of effective corporate governance on the financial performance of state-owned enterprises. The concurrent triangulation methodology was chosen because it combines quantitative and qualitative methods to collect data for an overall interpretation that considers a range of criteria (Murdock, 2014). According to Haslan and McGarty (2013), the term "triangulation" or "concurrent triangulation" refers to the three levels of testing used in many triangulation investigations. First, there is a quantitative level, such as interviewing and observation, followed by a qualitative level (such as a survey and statistical analysis of outcome data), and finally a quantitative analysis that includes the findings from the previous two sets.

The concurrent triangulation design provided the researcher with a significant advantage in terms of finding agreement and confirmation of data using a variety of research approaches. According to Elliot (2019), if different research methodologies reach the same conclusion, the researcher can be surer that the results are a true picture of what is happening rather than a reflection of the testing method employed to collect data. Thus, the design supplied the researcher with enough information for cross-validation.

The concurrent triangulation design also has the advantage of providing a balance of approaches. The qualitative study focuses on storytelling, exploration, contextualization, reflection, and theory development. It employs tiny sample sizes and in-depth analysis of individual occurrences. On the other side, quantitative research concentrates on huge groups, trends, and patterns. By combining these methodologies, the researcher discovered trends and inconsistencies using quantitative research and then utilized qualitative methods to delve deeper into those issues, determine why they occur, and understand more about the supervisors' and supervisees' perspectives.

### 3.7.2 Limitations of the concurrent triangulation design

The concurrent triangulation design has limitations. First and foremost, as Yeasman and Rahman (2014) argue, if the research is not clearly focused theoretically or conceptually, it will provide an unsatisfactory result and should not be used to legitimize a dominating, personally chosen method. That is, if either quantitative or qualitative procedures serve as mere window dressing for the other, the design is poor. This study attempted to address this constraint by ensuring that each method was represented in an equally significant manner. Both instruments (the questionnaire and the interview guide) were equally responsive to the phenomenon under examination. The other flaw or restriction of triangulation design is that it is susceptible to a variety of constraints, including time and money, which may hinder its effective implementation.

## 3.8 Population

A "universe" or 'target population' exists at all times in any field of investigation (Kothari, 2007). The population of this study included all Chief Executive Officers, Finance Directors, Auditors, Board members, general staff members, and middle-level managers in Harare's state-owned enterprises. Harare is Zimbabwe's capital city and one of ten geographical and political provinces. In terms of central government administration, a province in Zimbabwe is led by a

Provincial Administrator (PA), the province's most senior civil servant. Politically, a province is led by a Resident Minister who represents the State President.

### 3.8.1 Sample and sampling procedures

To address a research question or hypothesis, the researcher decides which people and research sites can best provide information, puts a sampling procedure in place, and determines the number of individuals that will be needed to provide data (Creswell, 2014). Because this study used mixed methods research, which blends quantitative and qualitative methodologies, the sampling processes reflected the presence of both paradigms inside the study. For the qualitative component of the study, the researcher carefully chose individuals and settings that provided the necessary information. Purposive sampling was utilized to identify individuals who have prior experience with the central phenomenon, or key concept, under investigation in this study, which is the effectiveness of corporate governance on the financial performance of Zimbabwean state-owned firms. The Chief Executive Officers, Finance Directors, Auditors, Board Members, and Middle Line Managers or Department Heads were specifically picked for their strategic experience with the phenomena at the heart of this study. In this study, the researcher employed the homogeneous sampling approach of purposive sampling, which is based on individuals who belong to a subgroup with distinguishing characteristics. The subgroup in charge of managing business oversight in state businesses includes CEOs, Finance Directors, Auditors, Board Members, and Middle Line Managers or Departmental Heads.

The researcher deliberately selected a small number of participants that provided in-depth information about each person or site. This is because as Patton (2012) states, the larger the number of people, the less the amount of detail typically emerging from any one individual; and yet a key idea of qualitative research is to provide detailed views of individuals and the specific contexts in which they hold these views.

In quantitative research, the intent of sampling is to choose individuals that are representative of a population so that the results can be generalized to a population (Gay & Mills, 2016). In this study, the researcher first selected the population and defined it carefully in Harare Metropolitan Province. A random choice of individuals for the sample was attempted so that each person in the population had an equal chance of being selected (Leedy, 2019). Probabilistic sampling, which involved a random number table, was used. The table contained a list of all the province's state enterprises, sorted randomly. The survey included all state enterprises ranked 1–5, 7–9, and 11. This yielded a total of one hundred twenty replies. The sample size for the quantitative dimension of the study had to be large enough for statistical procedures to be used, allowing the researcher to draw inferences with some confidence that the sample reflects the characteristics of the entire population. This also helps to lower the sampling error, which is the difference between the sample estimate and the true population score (Patton, 2012).

### 3.9 Data collection / generation instruments and procedures

Since this study used the methods research approach, it therefore used methods that collected quantitative and generated qualitative data respectively. For the quantitative data collection, the survey questionnaire was largely used; and for the qualitative data generation, the study employed the face-to-face interview. Document analysis was also used to complement information collected and generated from the questionnaire and the interview. The following sections discuss the three methods in detail highlighting their merits and demerits.

#### 3.9.1 The research instruments

This section discusses in detail the two instruments of research that were used in this study. The discussion centres on the design process that is, why the instruments were chosen, highlighting their strengths and weaknesses.

**(a) The survey questionnaire**

The most used approach in quantitative educational research is the survey. Surveys are suitable particularly in avoiding bias and subjectivity (Haralambos, 2020). Cohen & Manion (2011, p. 83) further explain:

> Typically, surveys gather data at a particular point in time with the intention of describing the nature of existing conditions or identifying standards against which existing conditions can be compared or determining the relationships that exist between specific events.

Although there are different types of surveys, for this study the postal questionnaire was the favoured one because it can be mailed, can reach many respondents who live at widely dispersed addresses and preserves anonymity which encourages greater honesty. However, it should be pointed out that the postal questionnaire, like all other instruments of data collection, also has disadvantages.

**i Disadvantages of questionnaires**

A literature review reveals that the questionnaire has some disadvantages over other instruments of data gathering (Haralambos, 2010; Bailey 2012; Cohen & Manion 2015 and Ndebele 2012):

- It cannot be assumed that different answers to the same question reflect real differences between respondents. However, much care is taken with the wording of questions, respondents may interpret them differently.
- There is generally a low response rate.
- It is difficult to get questions that explore in-depth information.
- It is inflexible in that it does not allow ideas or comments to be explored in-depth.
- Many questions may remain unanswered. With no supervision while filing in the questionnaire, the respondent may leave some questions unanswered.

- It cannot record spontaneous answers. It is difficult to gather spontaneous first opinions, as the respondent has an opportunity to erase a hasty answer that he/she later decides is not diplomatic.
- It has the possibility of a biased sample. Responses and non-responses are not a random sample of the entire but are generally biased in some fashion.
- There is control over the order in which questions are answered, or on passing questionnaires to others.

The survey questionnaire was designed using a literature survey and the researcher's own experience. The questionnaire comprised primarily of closed questions with a few open-ended questions. For the closed questions, the Likert Scale was employed. Anderson (2020) notes that the Likert scale has various advantages over other scales, including the Thurstone and factorial scales. The Thurstone approach use a scale of 11 with the center category neutral. Generally, the categories are labeled A through K rather than 1 through 11, therefore the middle category is F. Also, rather of ranking individuals on the scale, the judges who establish the scale rank assertions. The 11 categories are ranked from A to K on the scale by the judges, with reflecting the most negative attitude, F neutral, and K the most favourable (Bailey, 2014; Edwards, 2017; Cohen & Manion, 2016; and Haralambos, 2010). Factor analysis is a statistical approach for combining vast amounts of data. It lends itself well to large-scale creation, but it needs a significant amount of computing, which was previously prohibitive for the average researcher to perform. Factor analysis typically takes as input data a table containing correlation coefficients® indicating the correlations between all pairs of variables to be examined (Bailey, 2014; Anderson, 2010; Edwards, 2017).

The Likert scale typically has five or seven categories to indicate levels of agreement or disagreement, and it is claimed that multiple-item scales like the Likert scale are popular for three reasons. For starters, multiple things are more likely to convey the entirety of a large topic than a single question. Second, using multiple objects can help to make finer distinctions between items. Third, if a question is posed, a misunderstood query can be offset by one that is correctly understood (Bailey, 2014; Anderson, 2010; Edwards, 2017).

In this study, only five categories were used, which are: Strongly Agree (SA), Agree (A), Disagree (D), Strongly Disagree (SD), and Not Sure (NS). The categories that were not used included: No opinion (NO), Yes (Y), and / or No (N). The advantages of the Likert scale according to Anderson (2010) include the following:

- It is less laborious.
- The reliability of the Likert scale tends to be good because of the greater range of answers permitted to the respondents.
- The Likert scale provides more precise information about the respondent's degree of agreement or disagreement.
- It becomes possible to include items whose manifest content is not related to the attitude in question, enabling subtler, and deeper ramifications of an attitude to be explored.

The open-ended questions were included in order to capture perspectives from a wide range of respondents so that the findings of the qualitative semi-structured interview with its small sample can be enriched. The inclusion of open-ended questions in a questionnaire added credibility to the findings.

**ii) The piloting stage**

The next very important stage of the questionnaire design was the piloting phase. Anderson (2010p121) claims:

> …all data gathering instruments should be piloted to test how long it takes recipients to complete them, to check that all questions and instructions are clear to enable you to remove any items which do not yield usable data.

Bennet et al. (2014, p. 174) agree with the above and assert that the piloting of a research instrument:

> …on a sample of respondents with similar characteristics to those of the intended survey population, for example, may quickly reveal gaps in the logical sequence of questions, or the incomprehensibility to the respondents of the wording used.

Further literature searches suggest that piloting research equipment is critical for a variety of reasons. First, piloting allows a researcher to eliminate any things that do not produce useful data. Second, piloting helps to determine whether respondents comprehend and interpret instructions and questions in the same way. Third, piloting is claimed to provide the researcher with some information into how long each respondent may take to complete a questionnaire. Fourth, piloting ensures the instruments' validity by identifying and correcting flaws.

Another important aspect is that the piloting exercise should be contextual as Oppenheim (2012) points out that in principle, the respondents in piloting studies should be as similar as possible to those in the main inquiry. The piloting exercise for this study was done in one state owned enterprise in close proximity with the researcher. After the piloting stage, the questionnaires were fine-tuned and then distributed to the targeted respondents.

> Most of the disadvantages of the postal questionnaire are a mirror of the advantages of the qualitative interview. The next section discusses the semi-structured interview, which is another instrument used in this study.

**(b)The interview**

The purpose of a qualitative interview is to capture respondents' opinions through verbal interaction between the interviewer and interviewee (Cohen & Manion, 2016; Haralambos, 2010 and Bailey, 2014). There are several types of interview schedules, including the clinical or personal history interview, semi-structured interview, structured interview, and unstructured interview (Bailey 2004; Haralambos 2010; Cohen & Manion 2006).

**i) The semi-structured interview**

The semi-structured interview is the type of interview which was used in this study. This type of interview uses a combination of open and close-ended questions. The interview schedule allows the interviewees to express at some length but has sufficient structure to prevent aimless mumbling. In the semi-structured interview, there is no clear and exact structure for the questions asked (Bailey, 2004). The researcher conducted face-to-face (open-ended) interviews with two Chief Executive Officers, three financial directors, three auditors, three Board members, and three Middle line managers in the selected State enterprises. The interview questions were customised to suit the different categories of participants. The researcher conducted face-to-face interviews for several reasons. First, interviews permitted diversity of stakeholder perceptions that deal with day-to-day finance issues worth capturing. In-depth face-to-face interviews involve direct contact with the participants who are asked questions and provided participants with the opportunity to comment on how corporate governance affect financial performance of their organisations.

Face-to-face interviews enabled the researcher to obtain the perceptions of the key and relevant participants regarding financial performance of their organisations. Thus, the interviews allowed the researcher to gain insights into the behaviours of the participants which the researcher could not get from questionnaires alone and the researcher wished to explore their feelings, intentions and the way they interpreted the world around them (Elliot,2009). By so doing, the researcher used questions that have a dual goal of motivating the participants to give full precise information (Gray, 2010) about corporate governance strategies obtaining in the organisations, while avoiding biases stemming from social desirability, conformity, or other constructs of disinterest. All interviews were audio taped using a voice recorder and smart cell phones.

They involved generation of data through face-to-face verbal interaction between individuals while at the same time, taping the dialogue (Elliot, 2009; Leedy, 2009; Cohen & Manion, 2011). Audio-taping face-to-face interviews were used for five reasons. First, they allowed the researcher to accurately record participants' opinions regarding corporate governance and the financial performance of their organisations with minimum effort. Second, it permitted the researcher to concentrate fully on the discussion rather than trying to strike a balance between conversation and note taking. Third, the researcher found audio-taped interviews to be a more natural way of interacting with different participants in the study than requesting them to fill in questionnaires or do a test. Fourth, such interviews presented the researcher with the obvious advantage of preserving the entire verbal part of the interview for later analysis. Fifth, the researcher also noticed that, although some participants were nervous to talk while being audio-taped, the uneasiness disappeared after a short time.

Given the preceding advantages of interviews, the researcher benefited a lot from using them. The researcher was able to obtain profiles of the research participants, such as their sex, age, qualifications, professional status and length of teaching/ resources management experience. Such information was vital to provide the researcher with participants' actions towards corporate governance at their workplaces. As a result of the use of the interviews, the researcher was able to identify other relevant sources of evidence (Yin, 2009). Such sources included strategic plan documents, minutes, annual reports, records of revenue, to name a few. Apart from what the interviewee said, the interviews enabled the researcher to “read between the lines” and gain the meaning of what respondents implied from the way they responded to certain questions, something the researcher could never have achieved through any other research method (Patton, 2002, p. 80). Thus, the researcher was able to gather detailed data with regards to allocation of funds, utilisation of resources, effectiveness of revenue collection and austerity measures obtaining in Zimbabwe’s state-owned enterprises through these interviews.

While interviews helped to collect rich data to provide answers to the study question, they were not without constraints. Starting to interview participants was difficult due to gatekeepers (Creswell, 2009) who impeded the researcher's admission into the research settings. When the researcher was cleared by the leadership of the various groups, he scheduled interviews with participants, who occasionally postponed, indicating that they had spent the entire month of April 2024 preparing for the Zimbabwe International Trade Fair. The researcher had to be very patient to conduct the interviews at the participants' convenience. Thus, the researcher discovered from the study process experience that interviewers play a tough role. Interviewers typically take up respondents' time and establish rapport in order to gather information that may not directly help the respondents (Neuman, 2008, p. 342).

The researcher's initial interviews with Case 16 Finance Manager faced a few minor technological difficulties. The researcher had brought a voice recorder an hour before the interview, which failed to turn on a few seconds before the session. The researcher now agrees with Neuman (2008) and Creswell (2009) that minor technological issues can have a significant impact on the entire interview process and potentially affect data quality. A member of Case

16's Information Technology Unit saved the researcher from additional embarrassment by teaching him how to operate the audio recorder in two minutes.

Another issue raised throughout the interviews was the participants' lack of timeliness. Some participants arrived late for their interviews, typically two or three hours beyond the scheduled time. The researcher needed to reschedule interview schedules. Other interviews were conducted at hotels at night. This meant booking cabs, but as a student in need of a higher education, the researcher was willing to wait. As a result, the interviews were completed effectively.

The goal of a qualitative interview is to capture respondents' opinions through verbal interaction between the interviewer and interviewee (Cohen & Manion 2005; Haralambos, 2003; Bailey, 2007). There are several types of interview schedules, including clinical or personal history interviews, semi-structured interviews, structured interviews, and unstructured interviews (Bailey 2007; Haralambos 2003; Cohen & Manion 2005).

This selection has shown that the contrasts inherent in the quantitative and qualitative traditions pervade all areas of research design, including research tools. The combination of two procedures in one study has the advantage of leveraging the advantages of various methods while negating their liabilities, boosting the credibility of the research findings.

### 3.9.2 Focus group discussions

The researcher collected data from three focus groups, one from each enterprise. The focus groups consisted of six general staff members from the three state businesses used in the study. Each focus group was allotted two hours. The focus group talks were held to supplement the information gathered from interviews and questionnaires. The researcher chose a few items from the interview guide and questionnaire where the phenomenon of saturation had not occurred. These were mostly derived from the sub-questions described before (see section 1.6). Every focus group had a chairperson and a rapporteur.

### 3.9.3 Document analysis

As stated in Section 3.7, document analysis was employed in this study to supplement the survey questionnaire and interviews. Rapley (2017) defines document analysis as a systematic technique for assessing or evaluating documents, both printed and electronic. Document analysis, like other qualitative analytical methodologies, requires data examination and interpretation in order to elicit meaning, gain understanding, and develop empirical knowledge (Corbin & Strauss, 2018). Documents are collections of text (words) and images that were recorded without the participation of a researcher.

The researcher examined the following papers: minutes of staff meetings, minutes of staff development sessions, administration meetings, legal and regulatory frameworks, financial and fiscal documents, and audit reports, among others. The researcher discovered, selected, assessed (made sense of), and synthesized the data contained in the documents. Document analysis produced data, extracts, quotations, or complete passages, which were then classified into primary themes, categories, and case examples using content analysis (Labuschagne, 2013). Document analysis is frequently used in conjunction with other qualitative research methodologies to achieve triangulation. The qualitative researcher is required to draw on several (at least two) sources of information, seeking convergence and verification through various data sources and methods (Denzin, 2019). Triangulating data allows researchers to corroborate findings across data sets, reducing the influence of any biases in a single study.

### (a) Advantages of document analysis

Document analysis was employed in this research because of the many advantages it has over other data collection or generation methods. Yin (2014, pp. 69-71) provides some of the major advantages of document analysis as listed below:

- Efficient method – document analysis is less time-consuming and therefore more efficient than other research methods. It requires data selection rather than data collection.
- Availability – many documents are in the public domain, especially since the advent of the internet, and are obtainable without the author's permission this makes document analysis an attractive option for qualitative researchers. As Merrian (2008) argued, locating public records is limited only by one's imagination and industriousness. An important maxim to keep in mind is that if a public event happened, some official record of it most likely exists.
- Cost-effectiveness – document analysis is less costly than other research methods and is often the method of choice when the collection of new data is not feasible. The data (contained in documents) have already been gathered; what remains is for the content and quality of the documents to be evaluated.
- Lack of obstructiveness and reactivity – documents are 'unobtrusive' and 'non-reactive'; that is, they are unaffected by the research process. Therefore, document analysis counters the concerns related to reflexivity (or the lack of it) inherent in other qualitative research methods.
- Stability – as a corollary to being non-reactive, documents are stable. The researchers' presence does not alter what is being studied. Documents, then are suitable for repeated reviews.

- Exactness – the inclusion of exact names, references, and details of events makes documents advantages in the research process.
- Coverage – documents provide broad coverage; they cover a long span of time, many events, and many settings.

  It is a result of the above strengths of document analysis that motivated this researcher to utilise them to augment information collected or gathered from the questionnaire and the interview.

**(b) Limitations of using documents**

There are several limitations inherent in documents as listed below by Yin (2014, p. 86):

- Insufficient detail – documents are produced for some purpose other than research; they are created independent of a research agenda. Consequently, they usually do not provide sufficient detail to answer a research question.
- Low irretrievability – documentation is sometimes not retrievable, or irretrievability is difficult as access to documents may be deliberately blocked.
- Biased selectivity – an incomplete collection of documents suggests 'biased selectivity'. In an organisational context, the available (selected) documents are likely to be aligned with corporate policies and procedures and with the agenda of the organisation's principals.

Despite the above limitations, document analysis was used because its advantages far outweigh its limitations. As Yin (2014) postulates, these are potential flaws rather than major disadvantages.

### 3.10 Data Presentation, Analysis and Discussion Procedures

Data presentation, analysis and discussion procedures are to be used to organise, describe, analyse and interpret data (Bazalay, 2017; Berg, 2016 and Potter, 2016). In this study, quantitative data were presented using tables, pie charts and graphs. For qualitative data, themes and sub-themes were used to present the data. Mixed analysis was used to analyse the data.

### 3.10.1 Mixed analysis

As alluded in section 3.8 above, this study utilised mixed analysis to analyse the data. According to Onwuegbuzie and Combs (2010), mixed analysis involves the use of both quantitative and qualitative analytical techniques within the same framework, which is guided either a priori, some posteriori, or iteratively (representing analytical decisions that occur both prior to the study and during the study). In this study, data were analysed sequentially in two phases. The researcher began by analysing the quantitative data followed by analysing the qualitative data.

### 3.10.2 Quantitative analysis of quantitative data

As alluded to in section 3.8.1 above, the first stage involved analysis of quantitative data. This stage involved the use of descriptive statistics (that is, descriptive stage; data reduction) to compute the large numbers and percentages obtained from respondents.

### 3.10.3 Qualitative analysis of qualitative data

In the second stage, participants' responses to the effectiveness of corporate governance in Zimbabwe State enterprises were submitted to thematic analysis utilizing constant comparison analysis (Glaser & Strauss, 2017).

## 3.11 Triangulation, validity, reliability, credibility or trustworthiness issues under consideration

### 3.11.1 Triangulation

In this study, triangulation was defined as the process of corroboration of evidence from several individuals, types of data, or data collection methods. This ensured the study's accuracy because the information was not derived from a single source, individual, or data collection process. This pushed the researcher to create an accurate and believable report (Creswell, 2014).

Triangulation was used to overcome difficulties with the qualitative or quantitative approach, or a difficulty with a particular method within an approach. Furthermore, it was used to check the results, resulting in a more accurate understanding. It investigated the convergence, corroboration, and consistency of results obtained using various approaches (Leedy, 2019). This was employed to improve the validity of the results by mitigating or maximizing the heterogeneity of irrelevant sources of variance, particularly inherent method bias, inquirer bias, substantive theory prejudice, and inquiry context biases (Onwuegbuzie & Johnson, 2016). The planned study's results included narrative descriptions and variance acquired to support the statements made. This type of triangulation made it easier to validate data by cross-checking it with many sources. Thus, contradictions in the available data were identified and explored.

### 3.12 Validity and reliability

Since the study integrated quantitative and qualitative methods, there was need to overcome problems encountered in mixed methods. Onwuegbuzie and Johnson (2016) identify specific validity requirements and argue that the term validity be replaced by the word legitimation in mixed methods. Hence in this study the nine types of legitimations were:

- Sample integration; that is the extent to which same and different sizes of the same samples in qualitative and quantitative research enabled high quality inferences made.
- Inside-outside; that is how the researcher used to combine and balance both insiders' views known as (emic research) and outsiders' views known as (etic research).

- Weakness minimization: that is the extent to which any weaknesses that arose from one approach, were compensated by the strength of the other approach appropriately weighting the strength and weaknesses.
- Sequential: that is how far from the researcher minimized order effects of qualitative to qualitative and vice versa not reversing the order of inferences made without loss of power to the meta inferences.
- Conversation: that is the extent to which qualitising numerical data or quantitising qualitative data could assist in yielding good meta-inferences.
- Paradigmatic mixing: that is how successful was the combination of the ontological, epistemological, researcher's values (axiological methodological beliefs and practices in yielding useful results since the study used pragmatism paradigm).
- Commensurability: that is the extent any meta-inferences made from the data showed a mixed worldview.
- Multiple validities: that is fidelity to the canons of validity for each of the quantitative and qualitative data gathered.
- Political: that is how the meta-inferences deriving from combining qualitative and quantitative methods could be accepted by the stakeholders who are the beneficiary of this study (Onwuegbuzie & Johnson, 2006).

The nine methods attempted to overcome problems in mixed methods research of:

- Representation: that is using largely or only words to catch the dynamics of lived experiences at the same time unfolding emergent situations on the impact of instructional supervision on the performance of SOEs.
- Legitimation: by ensuring that results obtained are dependable, credible, transferable, plausible, confirmable and trustworthy.

- Integration that is combining and using qualitative and quantitative methods each with its own forms of validity. In qualitative method, small purposive samples were used and in quantitative method, large stratified, proportionately and randomly selected samples were used in this study. However, even though the study used two different methods with different forms of validity, the methods were placed on equal footing due to the nature of the research questions addressing the impact of instructional supervision on the performance of pupils (Onwuegbuzie & Johnson, 2016).

### 3.13 Pilot testing of instruments

A pilot study was conducted on twenty employees from a state enterprise near the researcher's workplace. These personnel were not chosen from the study sample. This was done to ensure the instruments' reliability (the extent to which findings or measurements could be repeated with identical results), consistency of measures, and instrument validity (the extent to which instruments measured what they were intended to measure). The researcher used pilot testing of the self-completion survey to gain input on the suitability of the questions, preset response categories for each question, and how the overall survey format and structure would perform. Some terms were reworded, and some questions were merged because they sought the same information. Piloting in this study allowed the researcher to determine the suitability of the instruments. The draft version of the structured questionnaire was evaluated in numerous rounds of small-scale pilots to ensure survey readiness.

### 3.14 Validity of the instruments

Content validity for the survey was determined by having acknowledged experts in the field examine the survey instrument for clarity, intelligibility, and consistency of question style. In addition to uniformity, the researcher confirmed that the instruments measured what they were supposed to measure and psychologically assessed the phenomenon being studied.

### 3.15 Credibility or trustworthiness

A pilot study was undertaken to practice asking the questions and having someone answer them, as testing is an important stage in acquiring qualitative data for any digital marketing project (Creswell, 2011). Pilot testing allowed for the identification of relevant questions and the determination of whether enough questions were prepared to acquire an in-depth understanding of the impact of instructional supervision on pupil performance, and this was also true for interview guides. By conducting extensive interviews and getting detailed responses from each participant, the researcher created and developed a pool of appropriate questions.

### 3.16 Ethical and legal issues

To follow all ethical considerations and procedures for doing research with human subjects, the first step was to obtain official approval from the organization's leadership to perform the research. An application letter, along with other essential papers detailing the nature and aims of this study, was presented to the organizations in order to obtain their consent. Justifications for procedures that generated ethical concerns were provided. This stage of access and acceptance was critical at the time since it provided the finest opportunity for the researcher to exhibit his credentials as a serious investigator and explain the researcher's ethical attitude about the proposed research.

However, access in this study was not an issue because the survey required a one-time commitment. After identifying the official and significant figures whose permission would be requested, the researcher required to specify the nature and extent of the investigation, as well as how the findings would be distributed. Through such planning and forethought, the researcher had a thorough understanding of the expectations that would be placed on both the participants and their organisations. It was a good opportunity to foresee and handle potential issues, particularly practical ones such as disruptions to day-to-day work, time management, and venues.

After gathering basic information, the researcher made in-person contact with the right personnel in the organization negotiating access, following an introductory letter. In this study, the researcher used accepted communication channels within the hierarchical organization. The research's objectives, nature, and processes were described, with an explicit statement at the general level and one example that is not critical to the study as a whole.

A pilot study was useful to judge the effects of piece of research on participants. A negotiating access checklist adapted from Cohen, Manion & Morrison (2011, p. 145) was used. This entails: -

1. Clear official channels by formally requesting to carry out the study.
2. Speaking to the people who would be asked to cooperate.
3. Submitting the project outline to the head of the institution listing those to be interviewed and those to answer questionnaires.
4. Deciding what was meant by anonymity and confidentiality.
5. Deciding who would be provided with the final report.
6. Informing participants what would be done with the information they are to provide.
7. Preparing an outline of intentions and conditions under which the study would be carried out to hand to the participants.
8. Being honest about the purpose of the study and about the conditions of the research maintaining time specified.

9. Writing a thanking statement at the end of the questionnaire and thanking participants after the interview session.
10. Negotiating access.

The survey packets for the respondents included a letter detailing the nature of the study and its intended goal, as well as an authorized Individual Consent Form noting that their participation in this study was entirely voluntary and that their anonymity would be respected. The researcher provided participants with enough information about the study to allow them to make an informed decision about whether or not to participate. Full information about the likely level of discomfort, as well as emphasis on the voluntary nature of the exercise and the right to withdraw at any time if discomfort appeared to be greater than anticipated, was communicated to participants, so they were not pressured to provide reasons for withdrawing. There was need for the building and maintenance of a face also known as face work.

The study ensured informed permission without deception by avoiding making incorrect or misleading claims or missing key facts, and excessively formalized or bureaucratic methods of obtaining consent were avoided in establishing relationships (Cohen, Manion, & Morrison, 2011). The researcher obtained informed consent by obtaining permission from individuals in positions of authority to give study participants with access to research sites.

Informed consent entailed an explanation and description of several factors which are: -

- The purposes, contents, procedures, reporting and dissemination of the research.
- Any foreseeable risks and negative outcomes, discomfort or consequences and how they will be handled.
- Benefits that would be derived from the research in this case improvement on organisational management and working conditions.

- Right to voluntary non-participation, withdrawal and re-joining the project that when the participants are committed to other obligations hence would resume after completing those obligations. Obligations of participants included attending organizational workshops, seminars and socially related problems.
- Rights and obligations to confidentiality and non-disclosure of the research, participants and outcomes.
- Disclosure of any alternative procedures that would be advantageous.
- Opportunities for participants to ask questions about any aspect of the research.
- Signed contracts for participation (Cohen, Manion & Morrison, 2011).

Before completing the informed consent form, the researcher confirmed that the participants fully understood the implications of the research (Creswell, 2019). Participants had to volunteer to participate without being pushed or pressured by school authorities. Participants were asked not to feel pressured by their peers, who are other teachers, to volunteer or not. Participants were given sufficient time to decide whether or not to participate. In this study, no inducements were offered because they could alter a true interaction between the researcher and the participants, who are primary school teachers and administrative staff. However, volunteers contributed their time and effort to the study. To comply with the obligation of informed consent, the researcher ensured that the individuals volunteered and had genuine freedom of choice. In this study, the researcher needed a clear indication of how ethical issues will be addressed, as well as the ability to read and think critically about ethical issues. Because this study used a combination of quantitative and qualitative methodologies, informed permission was not a one-time event, but rather something that must be negotiated on an ongoing basis in qualitative emergent research (Wax, 2012). The research team and participants were fully informed about the research's objective, methods, and intended uses, as well as the implications of their participation. Participants were given a say in how their words were perceived, which helped to build a bond. In most cases, informed consent established an implicit contractual connection between the researcher and the subjects of the study. It served as the foundation for future ethical considerations.

Pilot testing of the instruments before to the real research helped the researcher avoid using terminology or words that were discriminatory against people based on their gender, sexual orientation, race or ethnicity, handicap, or age (Gray, 2019). To prevent dangerous, intimate information from being divulged during the data collecting and generating process, the researcher ensured that no harm was done to the subjects, either physically or psychologically. This was aided by refraining from physically harming the participants through coercion, as well as psychologically, emotionally, professionally, and personally. Following the study, the researcher guaranteed that the participants were no worse off at the conclusion of the study than they were at the beginning. The well-being of participants was always prioritized, and their commitments were never overlooked. By treating research participants as persons rather than things to be exploited as instruments, Onwuegbuzie and Johnson (2016) maintained their dignity. To ensure that the subjects were not harmed, the researcher adopted several of Bailey's (2014, p. 124) procedures.

These are: -

- The need to find a situation in which the negative effects of harm already existed.
- Applying a very low level of potential harm, so that effects are minimal.
- Providing details of the potential negative effects and securing participants' consent.
- Justifying the research on the grounds that the small amount of harm caused was much less than the harm caused by the situation that existed.
- Used samples rather than complete populations.

- Maintained the privacy of participants using aggregated or anonymised data.

In this study the researcher expressed and reflected attitudes of compassions, respect, gratitude and common sense by not being forceful. Participants had a reasonable expectation that the researcher with whom they interacted was concerned about their well-being. Fraudulent tactics such as concealing, falsifying, or creating findings to satisfy a researcher's needs were avoided. It was critical to make the research details available so that participants could assess the study's trustworthiness for themselves. The researcher's independence and impartiality were clear, and any conflicts of interest or bias were explicitly stated, ensuring the professional integrity of its design, data production and analysis, and publication of results with no undeclared conflicts of interest. In certain cases, providing an accurate presentation of the material necessitated a debriefing session between the researcher and participants or across data sources. The researcher anticipated the consequences of doing the research on specific audiences and did not intend to use the findings to the advantage of one group over another. There was a need to avoid sharing the acquired data with anyone who were not involved in the study. The researcher avoided collecting data from people about people by protecting participants, building trust with them, supporting research integrity, guarding against misconduct and impropriety that could reflect on their organizations or institutions, and dealing with new difficult situations.

The study safeguarded the anonymity of individuals, roles, and situations in the study by not disclosing participant information, ensuring confidentiality. Anonymity was ensured, and no participant's identity would be divulged when the results were released. However, when the results are revealed, they are no longer confidential, but they stay anonymous. Data collected after analysis were retained for a fair period of time and not deleted in order to prevent it from falling into the hands of other researchers who might misappropriate it. The researcher would publish only well-founded and authentic results with conventional backing that were open to review by peers, and he or she would pay attention to the potential social consequences of research findings and appraise them in light of the current moral and political situation. Treatment of research participants was required to provide physical and mental safety, informed consent, no deception, debriefing, confidentiality, and withdrawal from the investigation.

The researcher recognized the dignity and worth of all participants, paying attention to dynamics of perceived authority or influence on customers in terms of people's rights, such as privacy and self-determination. In this study, it was critical for the researcher to value the ongoing development and maintenance of high levels of competence in the research, as well as to preserve the ability to function optimally within the recognized limits of the researcher's knowledge, skill, training, education, and experience. There was need for avoidance of harm and prevention of misuse or abuse of participants' contribution. In her encounters with participants, the researcher demonstrated honesty, correctness, clarity, and fairness, and she supported integrity throughout the research process. The researcher spoke with disinterested participants about the significance of the deceit and any possible alternatives. Each participant was debriefed, exposing the genuine purpose and goals of the study to ensure they felt the same way about themselves. At the conclusion of the study, participants were thanked and the nature and value of the study were described (Squire, 2012; Onwuegbuzie & Johnson, 2016; Cohen, Manion & Morrison, 2011).

### 3.16.1 Privacy

It included all information about the participants' physical and mental health, life circumstances, and social relationships that is not available in the public domain. Privacy comprises the ability to choose when and when, under what conditions, and to what extent people' personal attitudes, beliefs, habits, doubts, and fears are shared or kept from others. To safeguard privacy in this study, the researcher guaranteed information sensitivity, which refers to how personal or potentially hazardous the information obtained by the researcher is. It was thought that certain types of information, such as those incorporating biographical variables, would be more hazardous than others, particularly when dealing with organizational concerns. The researcher secured sensitive information and the privacy of the participants by not disclosing it to anybody other than the participants. Participants were asked to select between giving up their right to privacy and providing the researcher access to sensitive remarks such as policy issues during an interview. The researcher assured that participants had the right not to participate in the study, not to answer questions, not to be interviewed, not to return phone calls or emails, and to engage in private behaviour in their own private space without risk of being observed. It included both freedom from and freedom for (Onwuegbuzie & Johnson, 2016; Cohen, Manion & Morrison, 2011).

### 3.16.2 Informed consent

In this study, the researcher made certain not to include persons who are incapable of making judgments due to immaturity or some sort of psychological impairment, thereby ensuring informed consent. Participants were allowed to select whether or not to participate. They were designed to help participants understand the nature of the research by offering a fair explanation of methods, a description of risks to be expected, benefits to be expected, and instructions for participant withdrawal consent procedures. This ensured informed consent procedures, which allow individuals to choose whether or not to participate. Informed consent consists of four components: competence, voluntarism, full knowledge, and comprehension. Competence suggested that responsible, mature persons would make sound decisions if provided the necessary information (Deiner and Crandall, 2018).

### 3.16.3 Anonymity

The issue of anonymity in this study was that the information provided by participants did not indicate their identities. A participant was considered anonymous if the researcher could not identify the subject from the information provided after compiling the data; thus, the questionnaires were numbered to assure this. The information acquired was presented in such a way that other people could not identify the participants, therefore fictitious names were employed, such as key informant 12 (P12) and key informant 20 (P20) extra. Answers to the focus group discussion were tagged as P1 to P5, rather than revealing participants' names. This ensured that the roles and incidences in the study remained anonymous. Data collected was not shared with anybody other than the participants. This provided confidentiality because that was how the study secured individuals' anonymity.

### 3.16.4 Confidentiality

The researcher ensured confidentiality by protecting the participants' rights to privacy by remaining confidential, which means that no information about the participants was disclosed in any way that could be traced, particularly by the organization's leadership, responsible authorities, administrators, and other employees. Although the researcher was aware of who had contributed the information, particularly through interviews, no connection was made between the data and the public. The boundaries around the shared secret were guarded. The researcher had to be delicate, intimate, or refute the material while maintaining strong confidentiality (Squire, 2012).

### 3.16.5 Protection of the respondents from victimization

By conducting the interviews in private offices, the researcher guaranteed that no harm was done to the participants, either physically or psychologically, in order to avoid the chance of dangerous, intimate material being divulged throughout the data gathering process. The researcher avoided using terminology or terms that were discriminatory based on gender, sexual orientation, race or ethnicity, handicap, or age. Fraudulent tactics were avoided by not concealing, falsifying, or creating findings to satisfy the researcher's needs.

### 3.16.6 Deception

In this study the researcher avoided deception by divulging the purpose of the study.

## 3.17 Summary

The chapter discussed the research paradigm (mixed methods methodology), research philosophy (pragmatism), and study design. It gave the researcher enough research experience to justify the pragmatism paradigm associated with philosophy, epistemology, and methods, particularly the questionnaire, face-to-face interview, and document analysis, as well as the use of probability (simple random and systematic random sampling) and non-probability sampling (purposive) in this study. A description of data collection, presentation, analysis, and interpretation was provided in accordance with mixed methods approach. Academic rigour approaches in mixed methods research (triangulation, validity, reliability, trustworthiness, and credibility) were proposed. This study's ethical and legal issues (institutional approval, informed consent, right to privacy, right to anonymity and secrecy, and avoiding plagiarism and deception) were properly addressed. The following chapter covers data presentation, analysis, discussion, and interpretation.

# CHAPTER FOUR

## DATA PRESENTATION, ANALYSIS AND INTERPRETATION

### 4.1 Introduction

The previous chapter covered the research methodology, design, population, sample, and sampling procedures, data collection/generation instruments and procedures, data analysis and interpretation procedures, triangulation, validity, reliability, credibility or trustworthiness issues, and ethical and legal issues for the study. This chapter includes the study's quantitative and qualitative findings, as well as an analysis of them. The study was done in Harare Metropolitan Province in Zimbabwe. Section 4.2 describes the demographic characteristics of research respondents and participants. Section 4.3 presents the findings of ANOVA representing coefficients and models generated using linear regression of independent and dependent variables, based on quantitative survey data collected using a 5-point Likert scale ranging from strongly agree to strongly disagree. Data is summarized using graphs and pie charts. Data will indicate elements influencing the efficiency of corporate governance on the financial performance of Zimbabwe's state firms. Section 4.4 presents the themes and sub-themes from qualitative data analyzed with NVivo. Section 4.5 examines and discusses the quantitative and qualitative data from the survey investigation. The analysis consists of six steps: (1) stating the research objectives and hypotheses tested; (2) presenting the findings in the form of statistics or coefficients from ANOVA; (3) interpreting and presenting the results; (4) stating the hypothesis tested; and (5) presenting quantitative findings in graphs and a pie chart. The second section consists of presenting MS Word documents utilized by NVivo to analyze qualitative data, analyzing the findings, and presenting themes resulting from study questions. Section 4.7 provides the summary addressing the following research questions and hypotheses:

The study answered the following sub-questions;

What are the corporate governance structures that are found in state enterprises in Zimbabwe?

How does the composition of the boards of directors affect the running of state enterprises in Zimbabwe?

How does the Government intervene in the running of state enterprises?

What are the key challenges hindering the institutionalization of good corporate governance in state enterprises in Zimbabwe?

**4.2 Profiles of respondents and participants**

The demographic characteristics for the sample of the respondents/participants are summarized in tables 4.1 to 4.3 and on figures 4.1 up to figure 4.3. Overall, the groups differed slightly in terms of gender composition, age, education level and teaching experience. The first table, Table 4.1 summarizes the rate of return of the distributed questionnaires and the interviewees who participated in the study.

**4.2 Profiles of respondents and participants**

Tables 4.1 to 4.3 and pictures 4.1 through 4.3 summarize the demographic characteristics of the sample of respondents/participants. Overall, the groups ranged little in terms of gender, age, education level, and teaching experience. Table 4.1 summarizes the rate of return for the distributed questionnaires and the respondents who took part in the study.

**Table 4.1 Response rate to questionnaires**

| Category | Frequency | Percentage |
| --- | --- | --- |
| Distributed questionnaires | 125 | 100 |
| Returned questionnaires | 120 | 96 |
| Non-returned questionnaires | 5 | 4 |
| **Number of cases** | **120** | **100** |

Table 4.1 depicts the questionnaire response rate. A total of one hundred and seventy-five (125) questionnaires were distributed to the various categories of respondents and participants from the state enterprises which were the research sites. Out of these, one hundred and ten (120) were returned and seven (5) were not accounted for. Despite the five (5) not accounted for, the response rate was relatively high at ninety (96) percent. The size of the sample from which the results were based was, therefore, not significantly decreased by the problem of non-returns. Non-returns, according to Phillips and Pugh (2018:48) "…introduced a bias in as much as they were likely to differ with respondents in many important ways, thereby adversely affecting reliability and validity of the findings". All the returned questionnaires were properly completed.

The respondents' composition by sex is presented in the next table. Knowing the respondents or participants by sex was crucial in this study as it helped to understand the perceptions of individuals from both sexes, as this brings about a balanced view on the phenomenon at hand.

**Table 4.2 Composition of respondents and participants by sex composition (N=110)**

| Categories of Respondents | Male | | Female | |
|---|---|---|---|---|
| | nf | % f | nf | % f |
| Chief Executive Officers | 3 | 3 | 0 | 0 |
| Financial Directors | 3 | 3 | 0 | 0 |
| Auditors | 4 | 3 | 1 | 1 |
| Board members | 8 | 6 | 4 | 3 |
| Managers | 10 | 8 | 2 | 2 |
| General Staff members | 40 | 33 | 35 | 30 |
| Human Resources Personnel | 6 | 5 | 4 | 3 |
| **Totals** | **74** | **61** | **46** | **39** |

As Table 4.2 shows, seventy-four (74) percent of the sample respondents were male, whereas thirty-nine (39) percent were female. The Chief Executive Officers in the sample were all male. The Financial Directors were all male. From the five (5) auditors, four (4) were male and one (1) female. There were ten (10) male managers against one (2) female managers. Amongst the general staff members, there were forty (40) male and only thirty-five (35) females. The above sets of data were considered statistically significant to the extent that it tended to confirm the gender gap (in favor of males) with regards management positions in most organizations, which had always been pointed out by many gender activists and feminist authorities.

The next table presents data on the age ranges of the respondents and participants. Age is a very important dimension in understanding perceptions of respondents and participants in a study of this nature.

**Table 4.3 Age range of respondents (N=110)**

| Age range | Frequency | Percentage |
|---|---|---|
| Below 20 years | 20 | 16 |
| 20-29 | 4 | 4 |
| 30 – 39 | 28 | 24 |
| 40 – 49 | 28 | 24 |
| 50 – 59 | 30 | 25 |
| 60 and above | 10 | 8 |
| **Totals** | **120** | **100** |

The data on Table 4.3 reveal that forty-nine (49) percent of the respondents and participants were between the age ranges 40 -49 and 50 – 59 years. Those who belonged to the 30 – 39 years' age range constituted twenty-four (24) percent of the respondents and participants. Those above 60 years constituted eight (8) percent of the sample. This data indicated that most of the respondents and participants are mature and experienced administrators and workers.

The demographic data of respondents and participants on their highest educational qualifications is presented on Figure 4.1 in the following section.

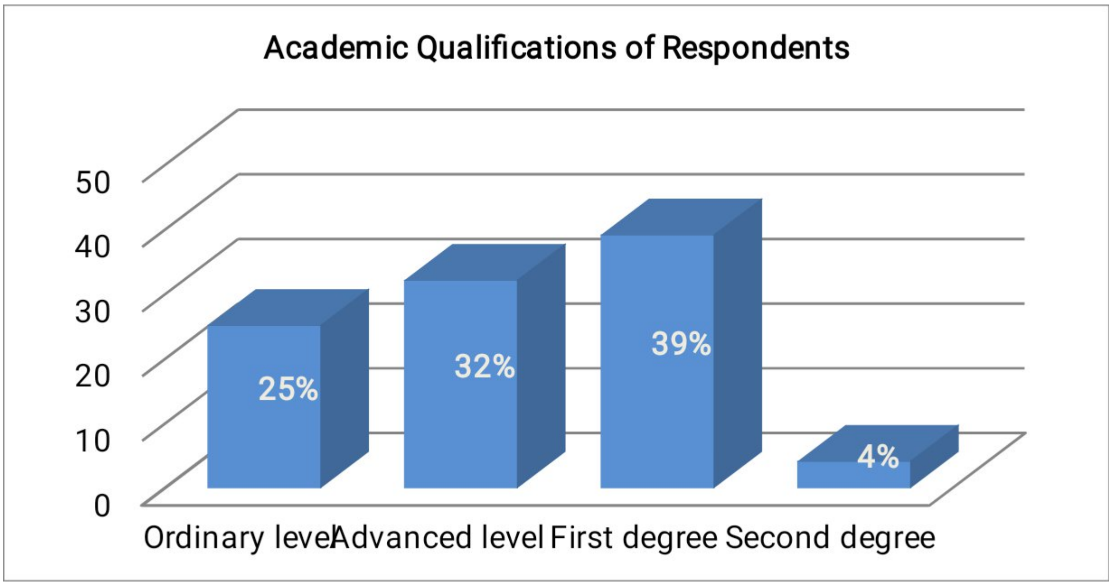


**Figure 4.1 Academic qualifications of respondents/participants (N=120)**

The demographic characteristics for the respondents by academic qualifications are summarized in Figure 4.1. The various groups are almost identical in most respects. For example, respondents who were in possession of the Ordinary Level academic qualifications across the various categories constituted twenty-five percent (25%). Those in possession of Advanced Level constituted thirty-two percent (32%), and those with a degree qualification were forty-three percent (43%) of the respondents.

**4.3: Presentation of quantitative data**

This section contains quantitative data obtained through questionnaires. The data were gathered from middle managers and department leaders, as well as general staff members. The sample for the quantitative part of the study included twelve middle managers, seventy-five staff members, and four human resources personnel. Workers or general staff members' responses are presented first, followed by middle managers' comments, and finally by human resources' responses.

### 4.3.1 Descriptive statistics

The Likert type scale was utilized as the rating scale in the study's questionnaires. According to Leedy (2019), Likert scales are frequently employed alongside matrix questions. The items employed in Likert scales are often declarative in nature. According to Cresswell (2016), Likert scales are the simplest to create since they assume that each statement/item on the scale has equal attitudinal worth, importance, or weight in terms of reflecting an attitude toward the problem at hand. The numbers of a Likert scale are arranged in such a way that they reflect the presence or absence of the trait being measured. The data acquired was primarily quantitative in nature and was examined utilizing descriptive analytic techniques such as the Statistical Package for Social Sciences (SPSS). The qualitative data was evaluated descriptively. Below is a discussion of each variable's essential properties and measurement phrases. This study examined how Corporate Governance parameters such as board size, board makeup, CEO Duality, and Leverage effect performance. Dependent and independent variables were divided into components: independent variables (board size, board composition, CEO Duality, and leverage) and dependent variables (performance indicators such as Return on Assets and Return on Equity). The following table describes the measuring words that will be utilized.

**Table 4.4 Summary for terms of measurement**

| **Variables** | **Terms of measurement** |
|---|---|
| BOS<br>(Board Size) | Total number of directors on the board |
| BODCOMP<br>(Board Composition) | Ratio of outside directors to total number of directors |
| CEODUAL<br>(CEO Duality) | Dummy variable 1 if CEO and Chairman are the same person; 0 if CEO and Chairman are different persons |
| LEVERAGE<br>Leverage % | Ratio of total liabilities to total assets |
| ROA<br>(Return on Assets) | Amount of net income as a percentage of total assets/Earnings before tax divided by total assets of the Company |

| | |
|---|---|
| ROE (Return on Equity) | Amount of net income returned as a percentage of shareholders equity. |

The above terms of measurement were useful in computing the descriptive statistics of the variables of the study which show the mean, median, standard deviation, minimum and maximum.

### 4.3.2 Correlation analysis

Correlation analysis is the statistical tool that can be used to determine the level of association of two variables (Glaser & Strauss, 2017). This analysis can be seen as the initial step in statistical modeling to determine the relationship between the dependent and independent variables. Prior to carrying out a multiple regression analysis, a correlation matrix was developed to analyze the relationships between the independent variables as this would assist in developing a prediction multiple model. Correlation analysis helped to detect any chance of multicollinearity. The correlation value of 0 shows that there is no relationship between the dependent and the independent variables. On the other hand, a correlation of ±1.0 means there is a perfect positive or negative relationship (Glaser & Strauss, 2017). The values were interpreted between 0 (no relationship) and 1.0 (perfect relationship). The relationship was considered small when $r = \pm0.1$ to $\pm0.29$, while the relationship was considered medium when $r = \pm0.3$ to $\pm0.49$, and when $r = \pm0.5$ and above, the relationship was considered strong.

### 4.3.3 Regression analysis

Multiple regression analysis is a statistical method utilized to determine the relationship between one dependent variable and one or more independent variables (Hair et al., 2010). This study employed a multiple linear regression analysis using Return on Assets (ROA) and Return on Equity (ROE) as proxy for the SOE's financial performance as dependent variables and independent variables comprising of Board Size, Board Composition, CEO Duality and Leverage.

***Normality test***

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Normality of the variables was examined using skewness and kurtosis. According to Kline (2011), the univariate normality of variables can be assumed if the skewness statistic is within the interval (-3.0, 3.0) and the kurtosis statistic lying in the interval (-10.0, 10.0).

***Multicollinearity test***

The issue of multicollinearity may arise if two or more variables are highly correlated. It may affect the estimation of the regression parameters (Hair et al., 2010). Multicollinearity was tested by examining the correlation matrix.

***Multiple regression model***

This study employed the following model.

$Y_{it} = \beta_o + \beta_1 BOS + \beta_2 BODCOMP + \beta_3 CEODUAL + \beta_4 LEVERAGE$

$+ e_t$ Where:

$Y_{it}$ represents firm performance variables which are: Return on Assets and Return on Equity for insurance firms at time t.

BOS represents Board Size,

BODCOMP represents Board Composition,

CEODUAL represents CEO Duality

LEVERAGE represents Leverage as a Corporate Governance variable and $e_t$, the error term which accounts for other possible factors that could influence Yit that are not captured in the model.

Since different financial performance proxies were employed, the above model was therefore modified as below to determine the relationship between firm performance and Corporate Governance of insurance firms in Kenya.

**Equation 3.1**

$ROA_{it} = f(BOS_t, BODCOMP_t, CEODUAL_t, LEVERAGE_{t)}$……………………………... (1)

$ROA_{it} = \beta_o + \beta_1 BOS_t + \beta_2 BODCOMP_t + \beta_3 CEODUAL_t + \beta_4 LEVERAGE_t + e_t$ ……... (2)

**Equation 3.2**

$ROE_{it} = f(BOS_t, BODCOMP_t, CEODUAL_t, LEVERAGE_{t)}$……………………………... (3)

$ROE_{it} = \beta_o + \beta_1 BOS_t + \beta_2 BODCOMP_t + \beta_3 CEODUAL_t + \beta_4 LEVERAGE_t + e_t$ ……... (4)

Where: ROA and ROE represent firm performance variables which are: Return on assets and return on equity for Insurance firms at time t.

**Board Size**

The study sought to establish the effects of board size on the financial performance of the state enterprises.

**Table 4.5 Effect of board size on the financial performance of state-owned enterprises**

| | Not at all | Small extent | Moderate extent | Large extent | Very large extent | Mean | Std Deviation |
|---|---|---|---|---|---|---|---|
| Size of the board affects the financeperformance of | 6 | 6 | 6 | 12 | 2 | 2.9375 | 1.28938 |
| The board meets regularly during the year to review | | 0 | 0 | 4 | 4 | 24 | 4.6250 |
| The board considers strategic matters and other issues | | | 0 | | 2 | 0 | 4 26 |
| Dialogue and meetings between the board and senior management are held outside formal board meetings. | 2 | 2 | 14 | 14 | 0 | 3.2500 | .85635 |
| Board members usually avail themselves to support management on areas of their expertise. | 2 | 4 | 6 | 10 | 10 | 3.6875 | 1.25000 |
| The board is effective at monitoring senior management | 0 | 4 | 6 | 12 | 10 | 3.8750 | 1.02470 |

| | | | | | | |
|---|---|---|---|---|---|---|
| The board undertakes self-evaluation and review of its performance | 0 | 0 | 10 | 16 | 6 | 3.8750 | .71880 |

The study discovered that the majority of respondents rated the following to a very high degree: the board considers strategic matters and other issues that impact the Company's performance, as shown by a mean of 4.6875, and the board meets regularly throughout the year to review the Company's financial performance and operations, as shown by an average of 4.6250. Those rated highly are those in which the board conducts self-evaluation and review of its performance, the board is effective at monitoring senior management (mean of 3.8750 in each case), and board members typically offer their assistance to management in areas of their expertise (mean of 3.6875). Those ranked moderately, conversation and meetings between the board and senior management take place outside of official board meetings (mean = 3.25), and the size of the board has an impact on the financial performance of state-owned businesses (mean = 2.9375). This was corroborated by a low standard deviation, indicating that respondents shared similar viewpoints.

These findings support the conclusions of Hermalin and Weisbach (2003), who argued that larger boards may be less effective than smaller boards. Large boards may lead to more agency problems since some directors may act as free riders. Vafeas (2000) also found that organizations with the smallest boards (minimum of five board members) are more educated about the company's earnings and consequently have superior monitoring capabilities. Yokishawa and Phan (2004) discovered a negative correlation between board size and performance (measured by market-to-book ratio and return on assets) among Japanese enterprises. In terms of whether insurance businesses have a corporate governance policy, the survey found that state-owned organizations have, as evidenced by 100% of respondents saying yes. According to the study's findings on whether state-owned enterprises had board charters, 100% of respondents answered yes.

**Board Composition**

In this section the study sought to ascertain the effects of board composition on financial performance of the state-owned enterprises.

**Table 4.6 Rating the effects of board composition on the financial performance of SOEs**

| | Not at all | Small extent | Moderate extent | Large extent | Very large extent | Mean | Std Deviation |
|---|---|---|---|---|---|---|---|
| Board compositionaffect the financial performance of a firm | 4 | 4 | 8 | 12 | 4 | 3.2500 | 1.23828 |
| Board composition affects the way the board communicates with other stakeholders | 0 | 2 | 4 | 16 | 10 | 4.0625 | .85391 |
| The number of non-executive directors on the board affect the performance of the insurance Companies | 0 | 4 | 10 | 16 | 2 | 3.5000 | .81650 |
| Outside directors are better able to challenge and discipline the CEO and management | 0 | 2 | 2 | 12 | 16 | 4.3125 | .87321 |
| Boards composed of directors with good mix of skills, experience and competences can | 0 | 0 | 2 | 8 | 22 | 4.6250 | .61914 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| take the business to greater heights | | | | | | | |
| The board should be responsible for selecting top management staff | 0 | 4 | 10 | 6 | 12 | 3.8125 | 1.10868 |
| Boards perform better where expatriates sit on them | 4 | 6 | 12 | 8 | 2 | 2.9375 | 1.12361 |
| The work of the board includes active monitoring of the activities of management and resolution of internal conflicts. | 4 | 8 | 6 | 10 | 4 | 3.0625 | 1.28938 |
| An expatriate CEO has superior knowledge and is likely to improve the performance of an insurance firm | 10 | 8 | 8 | 6 | 0 | 2.3125 | 1.13835 |

From the findings, most of the respondents rated Boards composed of directors with good mix of skills, experience and competences can take the business to greater heights to a very great extent as shown by mean of 4.6250. Respondents rated the following to great extent; outside directors are better able to challenge and discipline the CEO and management as shown by mean of 4.3125, board composition affects the way the board communicates with other stakeholders as shown by mean of 4.0625, the board should be responsible for selecting top management staff as shown by mean of 3.8125 and the number of non-executive directors on the board affect the performance of the insurance Companies as shown by mean of 3.5, those rated as affecting performance to moderate extent were board composition affect the financial performance of a firm as shown by mean 3.25, the work of the board includes active monitoring of the activities of management and resolution of internal conflicts as shown by mean of 3.0625 and boards perform better where expatriates sit on them as shown by mean of 2.9375. On the item that an expatriate CEO has superior knowledge and is likely to improve the performance of a state-owned enterprise, the respondents rated it to small extent as affecting performance as shown by mean 2.3125.

The findings of the study concur with the findings of Dalton et al., (1998) who states that independent directors are important because inside or dependent directors may have no access to external information and resources that are enjoyed by the company's outside or independent directors. Staikouras et al. (2007) found that board composition does not affect company performance although its relationship with performance was found to be positive. Adusei (2010) also found that board composition had a positive effect on company efficiency.

**CEO Duality**

The study further sought to examine the effect of CEO duality on the financial performance of state-owned companies.

**Table 4.7 Rating the effects of CEO duality on the financial performance of SOEs**

| | Not at al | Small exten | Moderate exte | Large exten | Very large exte | Mean | Std Deviatio |
|---|---|---|---|---|---|---|---|
| Roles of Chairman of Board and CEO should be clearly defined and not vested in the same person | 2 | 0 | 2 | 4 | 24 | 4.5000 | 1.09545 |
| CEO tenure should be fixed | 10 | 0 | 8 | 10 | 4 | 2.9375 | 1.48183 |
| CEO salary should be linked to performance of the firm | 4 | 0 | 2 | 10 | 16 | 4.0625 | 1.34009 |
| The monitoring role of board is weaker when the CEO is also Chair | 4 | 0 | 2 | 4 | 22 | 4.2500 | 1.39044 |

On the respondents rating the effects of CEO duality on the performance of ***SOEs***, the study found that majority of the respondents stated that roles of chairman of board and CEO should be clearly defined and not vested in the same person to a very great extent as shown by mean of 4.50, those rated to great extent as affecting performance were the monitoring role of board is weaker when the CEO is also chair as shown by mean of 4.25 and CEO salary should be linked to performance of the company as shown by mean of 4.0625, CEO tenure should be fixed was rated to moderate extent as affecting performance. Bhagat and Jefferis, (2022) found that the tenure of a CEO is also an important determinant of the firm's performance.

**Leverage**

In this section the study sought to examine the effects of leverage on the financial performance of the SOEs

**Table 4.8 Effects of leverage on the financial performance of insurance companies**

| | Not at al | Small exten | Moderate exte | Large exten | Very large exte | Mean | Std Deviatior |
|---|---|---|---|---|---|---|---|
| Debts affect the performance of a firm | 0 | 4 | 6 | 6 | 16 | 4.0625 | 1.12361 |
| Firms with huge debts may perform better than firms with little or no debts | 8 | 8 | 8 | 4 | 4 | 2.6250 | 1.36015 |
| Large creditors such as banks should be represented on the board of directors | 12 | 4 | 6 | 6 | 4 | 2.5625 | 1.50416 |

From the findings on respondents' rating, it was revealed that majority of the respondents rated that debts affect the performance of a firm to great extent as shown by mean of 4.0625, those rated as affecting performance to moderate extent were; companies with huge debts may perform better than companies with little or no debts as shown by mean of 2.6250 and large creditors such as state SOEs should be represented on the board of directors as shown by mean of 2.5625. Shleifer and Vishny (1997) argue that debt owed to large creditors such as SOEs is believed to be a useful tool for reducing the agency problem. Empirical evidence seems to be in support of this assertion. Shleifer and Vishny (1997) in a review article, cite the works of Kaplan and Minton (1994) and Kang and Shivdasani (1995), who found higher incidence of management turnover in Japan in response to poor performance in companies that have a principal relationship relative to companies that do not.

**Financial Performance**

In this section the study sought to determine other factors affecting the financial performance of SOEs

**Table 4.9 Corporate Governance practices contribution to annual gross profit**

| | Frequency | Percent |
|---|---|---|
| 10 to 20% | 4 | 12.5 |
| 21 to 30% | 10 | 31.3 |
| 41 to 50% | 8 | 25.0 |
| More than 50% | 10 | 31.3 |
| Total | 32 | 100.0 |

From the finding on the proportion of annual gross profit attributed to Corporate Governance practices, the study found that those who indicated more than 50% and 21 to 30% were shown by 31.3% in each case, 25% of the respondents indicated 41 to 50% whereas 12.5% of the respondent indicated 10 to 20 %, this is an indication that more than 20% of annual gross profit could be attributed to Corporate Governance practices.

**Table 4.10 Corporate Governance practices contribution to overall goals**

| | Frequency | Percent |
|---|---|---|
| 21 to 30% | 12 | 37.5 |
| 41 to 50% | 6 | 18.8 |
| More than 50% | 14 | 43.8 |
| Total | 32 | 100.0 |

From the finding on the proportion of overall goals achieved attributed to corporate governance practices, the study found that most of the respondents as shown by 43.5% indicated more than 50%, 37.5% of the respondent indicated 21 to 30 whereas 18.8% of the respondent indicated 41 to 50%, this is an indication that more than 40% of overall goals achieved in the insurance firms could be attributed to Corporate Governance practices.

**Table 4.11 Factors affecting the financial performance of SOEs**

| | ot at all | Small extent | Moderate extent | Large extent | Very large extent | Mean | Std Deviatior |
|---|---|---|---|---|---|---|---|
| Size of the board of directors | 4 | 12 | 12 | 0 | 4 | 2.6250 | 1.14746 |
| Composition of the board of directors | 0 | 0 | 4 | 20 | 8 | 3.8625 | 9.99979 |
| Separation of the role of CEO and Chairman of the board | 0 | 0 | 6 | 6 | 20 | 4.5625 | 12.67527 |
| The willingness of investors and lenders to put their money in the firm | 2 | 0 | 2 | 10 | 18 | 4.3125 | 1.07819 |
| Large creditors are represented on the board | 8 | 4 | 12 | 4 | 4 | 3.8125 | 4.99625 |
| CEOs salary is linked to performance of the firm | 4 | 6 | 4 | 10 | 8 | 3.3750 | 1.40831 |
| Checks and balances | 0 | 2 | 8 | 4 | 18 | 4.1875 | 1.04682 |
| Business experience and entrepreneurship skills of the CEO | 0 | 0 | 4 | 4 | 24 | 4.6250 | .71880 |

The study sought to determine the various factors that affect the financial performance of insurance companies. From the findings, majority of the respondents rated the following as affecting financial performance to a very great extent; business experience and entrepreneurship skills of the CEO as shown by mean 4.6250 and separation of the role of CEO and chairman of the board as shown by mean of 4.5625, those rated to large extent as affecting performance are the willingness of investors and lenders to put their money in the firm as shown by mean 4.3125 ,checks and balances as shown by mean of 4.1875, composition of the board of directors as shown by mean of 3.8625 and large creditors are represented on the board as shown by mean of 3.8125. Those rated to moderate extent CEOs salary is linked to performance of the firm as shown by mean of 3.3750 and size of the board of directors as shown by mean 2.6250.

**4.4 Descriptive Analysis**

**Table 4.12 Descriptive data**

| | Year | Board Size | Board Composition | CEO Duality | Leverage | ROA | ROE |
|---|---|---|---|---|---|---|---|
| JUB | 2007 | 8 | 0.50 | 0 | 0.78 | 0.037 | 0.184 |
| | 2008 | 8 | 0.38 | 0 | 0.84 | 0.035 | 0.248 |
| | 2009 | 8 | 0.38 | 0 | 0.84 | 0.038 | 0.270 |
| | 2010 | 8 | 0.25 | 0 | 0.82 | 0.060 | 0.360 |
| | 2011 | 8 | 0.38 | 0 | 0.82 | 0.046 | 0.285 |
| PAN | 2007 | 7 | 0.57 | 0 | 0.76 | 0.034 | 1.650 |
| | 2008 | 7 | 0.71 | 0 | 0.81 | -0.016 | -0.532 |
| | 2009 | 7 | 0.67 | 0 | 0.82 | 0.018 | 0.395 |
| | 2010 | 7 | 0.57 | 0 | 0.83 | 0.055 | 1.191 |
| | 2011 | 7 | 0.71 | 0 | 0.84 | 0.068 | 1.238 |

Secondary data was collected from the firms' financial statements and report for the years between 2007 and
2011. The study collected data on Return On Assets which was measured as amount of net income returned as a percentage of total assets, Return On Equity which was measured as the amount of net income returned as a percentage of shareholder equity, the various independent variables were Board Size which was measured by the number of directors, Board Composition which was measured as the ratio of outside directors to total number of directors, CEO Duality which was

measured as dummy variable 1 if CEO and Chairman are the same person; 0 if CEO and Chairman are different persons and Leverage which was measured as ratio of total liabilities to total assets. To test multicollinearity, the researcher conducted a Pearson Product Moment correlation.

### 4.5 Correlation analysis

**Table 4.13 Correlations coefficient**

| | | Board Size | Board Composition | CEO Duality | Leverage | ROA | ROE |
|---|---|---|---|---|---|---|---|
| Board Size | Pearson Correlation | 1 | .364 | .034 | .172 | -.073 | -.402 |
| | Sig. (2-tailed) | | .302 | .926 | .634 | .842 | .249 |
| | N | 10 | 10 | 10 | 10 | 10 | 10 |
| Board Composition | Pearson Correlation | .364 | 1 | .594 | .148 | .396 | .178 |
| | Sig. (2-tailed) | .302 | | .070 | .683 | .257 | .623 |
| | N | 10 | 10 | 10 | 10 | 10 | 10 |
| CEO Duality | Pearson Correlation | .034 | .594 | 1 | .361 | .276 | .444 |
| | Sig. (2-tailed) | .926 | .070 | | .305 | .440 | .198 |
| | N | 10 | 10 | 10 | 10 | 10 | 10 |
| Leverage | Pearson Correlation | .172 | .148 | .361 | 1 | .264 | .213 |
| | Sig. (2-tailed) | .634 | .683 | .305 | | .461 | .555 |
| | N | 10 | 10 | 10 | 10 | 10 | 10 |
| ROA | Pearson Correlation | -.073 | .396 | .276 | .264 | 1 | .610 |
| | Sig. (2-tailed) | .842 | .257 | .440 | .461 | | .061 |
| | N | 10 | 10 | 10 | 10 | 10 | 10 |
| ROE | Pearson Correlation | -.402 | .178 | .444 | .213 | .610 | 1 |
| | Sig. (2-tailed) | .249 | .623 | .198 | .555 | .061 | |
| | N | 10 | 10 | 10 | 10 | 10 | 10 |

On the correlation of the study variables, the researcher conducted a Pearson Product Moment correlation. From the findings on the correlation analysis between Return On Assets and various CG practices, the study found that there was positive correlation coefficient between Return On Assets and Board Composition as shown by correlation factor of 0.396, the study also found a positive correlation between ROA and CEO duality as shown by correlation coefficient of 0.276, association between ROA and Leverage was found to have positive relationship as shown by correlation coefficient of 0.264. However, ROA and Board Size were found to have negative correlation with a correlation coefficient of -0.073.

From the finding on the correlation analysis between ROE and various Corporate Governance practices, the study found that there was a positive correlation coefficient between ROE and Board Composition as shown by correlation factor of 0.178. The study also found a positive correlation between ROE and CEO Duality as shown by correlation coefficient of 0.444. Association between ROE and Leverage was found to have positive relationship as shown by correlation coefficient of 0.213. However, ROE and Board Size were found to have negative correlation with a correlation coefficient of -0.402. This is an indication that there was positive relationship between performance of state-owned enterprises and separation of role of CEO and chair, leverage and board composition, whereas the performance was found to be negatively correlated to board size.

### 4.6 Regression Analysis

In this study, a multiple regression analysis was conducted to test the influence among predictor variables. The research used Statistical Package for Social Sciences (SPSS V 20) to code, enter and compute the measurements of the multiple regressions

**Regression analysis on ROA**

**Table 4.14 Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .969[a] | .939 | .921 | .01575 |

Adjusted R squared is coefficient of determination which tells us about the variation in the dependent variable due to changes in the independent variable. From the findings in the above table, the value of adjusted R squared was 0.921, an indication that there was variation of 92.1% on the financial performance (ROA) of state-owned enterprises due to changes in board size, board composition, CEO duality and Leverage at 95% confidence interval. This shows that 92.1% changes in the financial performance of insurance companies could be accounted for by Board size, Board Composition, CEO duality and Leverage. R is the correlation coefficient which shows the relationship between the study variables. The findings show that there was a strong positive relationship between the study variables as shown by 0.969.

**Table 4.15 ANOVA[a]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | .004 | 4 | .001 | 3.869 | .015[b] |
| | Residual | .001 | 5 | .000 | | |
| | Total | .005 | 9 | | | |
| | | | | | | |

From the ANOVA statistics in table above, the processed data, which is the population parameters, had a significance level of 0.015 which shows that the data is ideal for making a conclusion on the population's parameter as the value of significance (p-value) is less than 5%. The calculated was greater than the critical value (2.262 <3.869) an indication that Board size, Board Composition, CEO duality and Leverage were significantly influencing financial performance (ROA) of SOEs in Zimbabwe. The significance value was less than 0.05 an indication that the model was statistically significant.

**Table 4.16 Coefficients**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .455 | .231 | | 1.973 | .106 |
| | Board Size | -.016 | .009 | -.444 | -1.815 | .009 |
| | Board Composition | .182 | .050 | 1.231 | 3.616 | .036 |
| | CEO Duality | .053 | .017 | 1.075 | 3.159 | .025 |
| | Leverage | .204 | .240 | .230 | .850 | .028 |

From the data in the above table the established regression equation was

$Y = 0.455 - 0.016 X_1 + 0.182 X_2 + 0.053 X_3 + 0.204 X_4$

From the above regression equation it was revealed that board Size, board composition, CEO duality and leverage to a constant zero , financial performance of insurance companies would stand at 0.455 , a unit increase in board size would lead to decrease in financial performance (ROA) of state-owned enterprises by a factor of 0.016, unit increase in board composition would lead to increase in financial performance of these companies by a factor of 0.182 , a unit increase in CEO duality would lead to increase in financial performance of the companies by a factor of 0.053 and unit increase in leverage would lead to increase in financial performance of the companies by a factor of 0.204. At 5% level of significance and 95% level of confidence, board composition had a 0. 036 level of significance; leverage showed a 0.028 level of significance; CEO duality had a 0.025 level of significance while board size showed 0.009 level of significance hence the most significant factor is board size. Overall board size had the greatest effect on the financial performance of state-owned enterprises, followed by CEO duality, then leverage and board composition had the least effect to the financial performance of these companies. All the variables were significant ($p<0.05$).

**Regression on ROE**

**Table 4.17 Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .943[a] | .889 | .879 | .46258 |

Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable, from the findings in the above table the value of adjusted R squared was 0.879 an indication that there was variation of 87.9% on the financial performance (ROE) of the state owned companies due to changes in board size, board composition, CEO duality and leverage at 95% confidence interval. This shows that 87.9% changes in the financial performance of state-owned companies could be accounted for by board size, board composition, CEO duality and leverage. R is the correlation coefficient which shows the relationship between the study variables, from the findings shown in the table above there was a strong positive relationship between the study variables as shown by 0.943.

**Table 4.18 ANOVA**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 2.625 | 4 | .656 | 3.366 | .025[b] |
| | Residual | 1.070 | 5 | .214 | | |
| | Total | 3.694 | 9 | | | |

From the ANOVA statistics in table above, the processed data, which is the population parameters, had a significance level of 0.025 which shows that the data is ideal for making a conclusion on the population's parameter as the value of significance (p-value) is less than 5%. The calculated was greater than the critical value (2.262 < 3.366) an indication that board size, board composition, CEO duality and leverage were significantly influencing financial performance (ROE) of state-owned enterprises in Zimbabwe. The significance value was less than 0.05 an indication that the model was statistically significant.

**Table 4.19 Coefficients**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.573 | .775 | | 2.889 | .034 |
| | Board Size | -.509 | .253 | -.536 | -2.013 | .011 |
| | Board Composition | 3.103 | 1.482 | .776 | 2.094 | .040 |
| | CEO Duality | 1.483 | .492 | 1.118 | 3.016 | .030 |
| | Leverage | 1.317 | 7.063 | .640 | 2.168 | .032 |

From the data in the above table, the established regression equation was

$Y = 1.573 - 0.509 X_1 + 3.103 X_2 + 1.483 X_3 + 1.317 X_4$

From the above regression equation, it was revealed that board size, board composition, CEO duality and leverage to a constant zero, financial performance (ROE) of insurance companies would stand at 1.573. A unit increase in board size would lead to decrease in financial performance of insurance companies by a factor of 0.509, unit increase in board composition would lead to increase in financial performance of state owned companies by a factor of 3.103 , a unit increase in CEO duality would lead to increase in financial performance of insurance companies by a factor of 1.483 and unit increase in Leverage would lead to increase in financial performance of state owned companies by a factor of 1.317. At 5% level of significance and 95% level of confidence, board composition had a 0. 040 level of significance; leverage showed a 0.032 level of significance, CEO duality had a 0.030 level of significance while board size showed 0.011 level of significance hence the most significant factor is board size. Overall board size had the greatest effect on the financial performance of state-owned companies, followed by CEO duality, then leverage and board composition had the least effect to the financial performance of insurance companies. All the variables were significant ($p<0.05$).

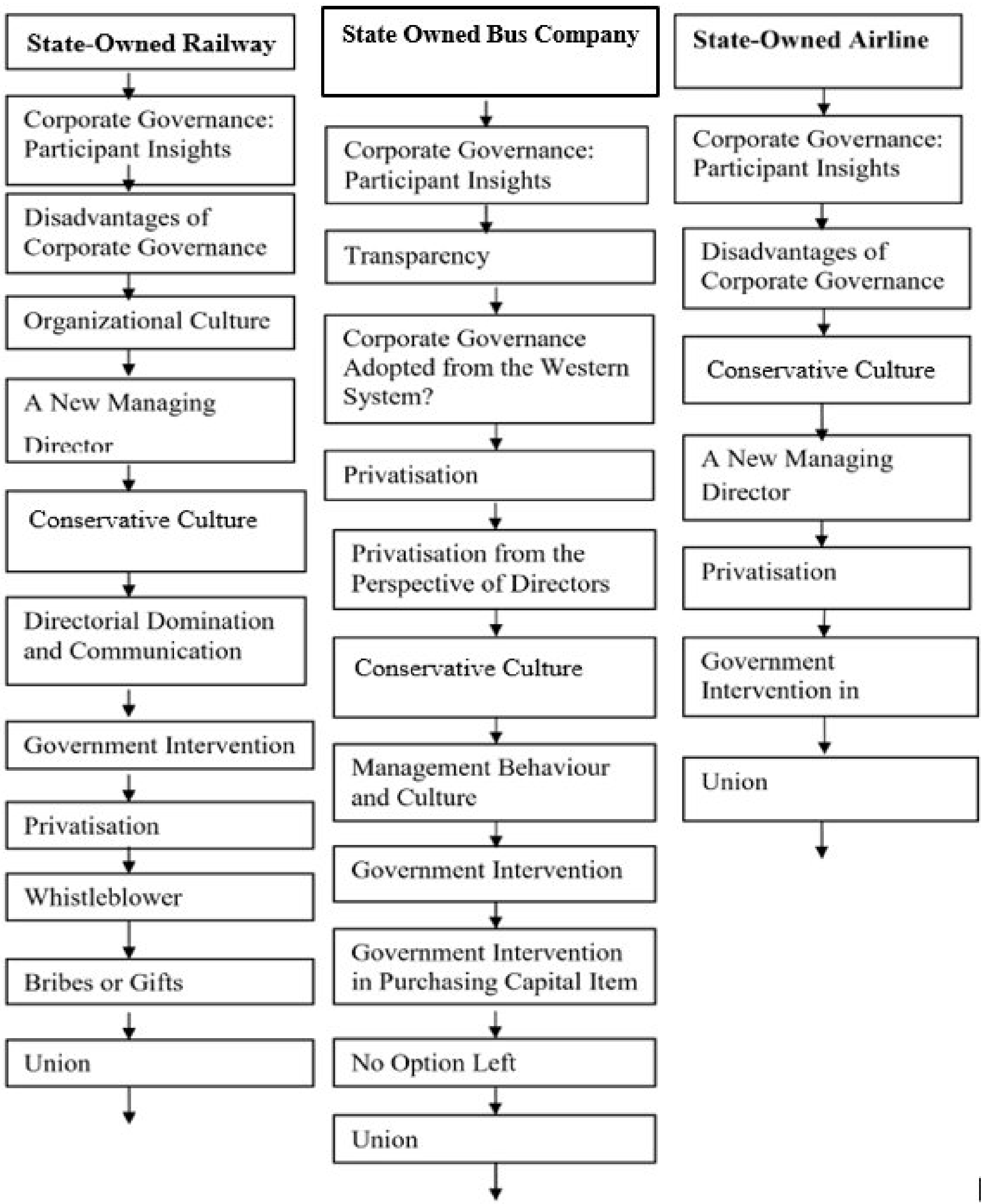
### 4.7 Presentation of qualitative data

This section presents data from the face –to-face interviews held with various participants. As already alluded to above, the interview questions were derived from the objectives of this study.

Data is grouped around the five research objectives which guided this study.

### 4.7.1 Summary of qualitative data

The data from participants from the three SOEs that were used in this study is summarized in Figure 4.2 below.


State-Owned Railway
Corporate Governance: Participant Insights
Disadvantages of Corporate Governance
Organizational Culture
A New Managing Director
Conservative Culture
Directorial Domination and Communication
Government Intervention
Privatisation
Whistleblower
Bribes or Gifts
Union
State Owned Bus Company
Corporate Governance: Participant Insights
Transparency
Corporate Governance Adopted from the Western System?
Privatisation
Privatisation from the Perspective of Directors
Conservative Culture
Management Behaviour and Culture
Government Intervention
Government Intervention in Purchasing Capital Item
No Option Left
Union
State-Owned Airline
Corporate Governance: Participant Insights
Disadvantages of Corporate Governance
Conservative Culture
A New Managing Director
Privatisation
Government Intervention in
Union

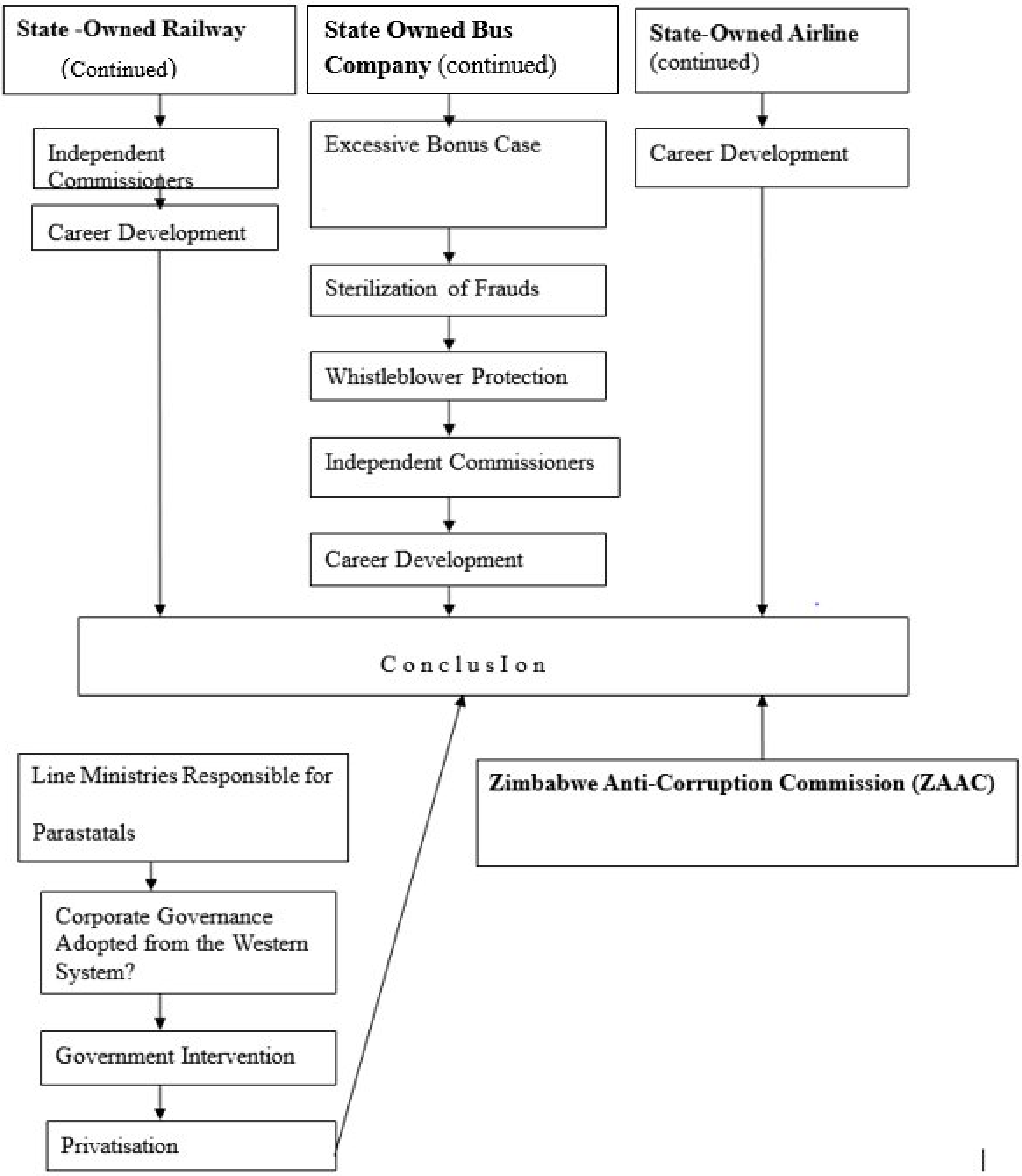



Figure 4.2 Summary of qualitative findings

### 4.7.2 State-Owned Railway

Several factors influenced the development of Zimbabwe's railways, including the need to establish a line to serve the mining and agricultural enterprises that were rapidly expanding along the Zimbabwean watershed and elsewhere, as well as to connect the landlocked country to seaports in Mozambique and South Africa. Constructed during British colonial control and known as Rhodesia Railways until 1980, Zimbabwe's National Railways has had to face the growing demand for railway logistics head on. Riding the rails of its previous self, Zimbabwe's national parastatal maintains approximately 3,400 kilometers of railway lines with both passenger and freight services, serving as an important transit hub in southern Africa.

During the researcher's visit to the bank for this study, many respondents brought up the topic of a big corporate fraud in late 2003 involving a bogus letter of credit for US$1.9 billion. This issue implicated numerous senior employees, including the branch manager. At the time, the code of conduct and manual existed, but the letter of credit case emerged because the people involved in the fraud case lacked integrity and had no heart or sense of ownership for the bank (P36).

### 4.7.3 Corporate Governance: Participant Insights

In the headquarters of the state-owned railway researched, framed copies of the four pillars of corporate governance that is, responsibility, accountability, fairness, and transparency were found by the researcher in the corridors and offices of management. Although the concept of corporate governance sounded good to some respondents, for many the message about corporate governance was not clear. They could see that corporate governance was a conceptually good thing, but the concept was too abstract for them. Some impressions of respondents follow:

For respondents at the senior level, good corporate governance has already changed what is accepted as the standard of quality of a company (P34, P36, P37 and P38). According to P34, "…In the global market it is necessary to have a rating from a recognized rating institution such as Moody's or S&P, which is important for the way the company is perceived. The SOEs also want to enter the world market to attract investors or in other words to go public because there are insufficient local investors. Hence, good corporate governance (GCG) must be implemented. Generally, GCG, with its variables, constitutes good and sound management practice" (P34).

According to P36 (one of the regional managers), a GCG workshop was held in 2002, supervised by overseas consultants. At the time, the Minister of SOEs announced that all SOEs must implement GCG. While there are clear manuals and processes in place, it is unclear whether they will be followed. Employees must comprehend the challenges and implement GCG to ensure success (P36).

From the head office, P36 (one of the senior management) indicated that employees have been required to comply with corporate governance since the early 2000s, and that the railway company has issued the code of conduct and constantly monitored its execution. However, comprehension of strong corporate governance processes was limited, and it was only seen as a politically appealing slogan. This happens at every level of management.

To some degree his comments aligned with those of P34. P34 said that the philosophy of GCG was not clear. According to him the only guidance the staff had about GCG was in the "form of a pocket-sized manual Furthermore, he stated that they had not been involved in the planning of the implementation of GCG, and they would merely implement it on a day- to day-basis. The branch was unaware of the notion and procedure of corporate governance. P36 went on: "Everything comes from the company's headquarters". According to P36, strong corporate governance was defined as a rule of conduct supplied in a pocket-sized book. The contents are about how a well-run public firm should operate. The branch was only involved in the implementation process, not the planning. P38 (one of the managers) asked bluntly, "What are the parameters for measuring GCG?"

### 4.7.4 Disadvantages of Corporate Governance

Some participants believe that corporate governance has downsides. P37, one of the Harare branch managers, argued persuasively that the way corporate governance has grown increases bureaucracy and makes the system onerous. He went on to add that the existence of GCG has made management more rigorous in its credit judgments. GCG is good risk-wise, but not in terms of customer service (P37). P38, one of Harare's branch managers, shared P37's viewpoint. Both stated that when a consumer files a complaint with GCG, he is now experiencing delayed service, regardless of whether he is a long-term or loyal customer. Prior to GCG, the system for measuring credit risk, known as four eyes and four Cs, was sufficient. In addition to internal controls, the company's external controls include the Central Railway and the State Auditor. Corporate governance limits their decision-making. Furthermore, people are fearful of being penalized for making incorrect decisions based on GCG (P37 and P38).

### 4.7.5 Organizational Culture

According to P36, the code of conduct and going public have changed the culture in this company. In the past, the management treated employees disrespectfully, but now they are supposed to treat the employees as valuable assets. For example, the company previously refused to pay overtime, but it is now paid. Management is now paying attention to employees, and employees must respond responsibly to the business. The code of conduct has no legal status. However, if employees do not follow the regulations, management may urge them to retire early. This is equivalent to a penalty (P36). Finally, he stated that the new work culture reflected in the regulations had altered the behavior of employees, including management (P36). However, a few staff have resisted the shift and will be gradually replaced over time.

P37 agreed with P36's comment that to some extent, this company's culture had altered. He stated that in the past, when the employees' bosses needed to enter their cars, the subordinates were compelled to open the doors. Furthermore, when superiors from the headquarters visited regional offices, it was mandatory for subordinates to do anything to impress them. These all happened before the firm became public. After the company became public, this corporate behavior became ingrained in the corporate culture. This behavior was prohibited by business regulations, and spending and associated activities, including entertainment charges for head office staff visiting regional offices, were discontinued.

The employees' conduct changed when the company went public. They become more customer-oriented. They gained boldness in expressing their thoughts and asking questions (P34, P35, and P36). However, the new managing director preferred the existing culture and did not want employees to express questions (P34 and P35). This will be addressed further in the section on Managing Director Hegemony.

#### 4.7.6 A New Managing Director from Outside

The letter-of-credit case was the reason behind the ruling government appointing the new managing director of the business from outside the railways. According to P34 and P35, the hiring of the new managing director has an impact on the letter-of-credit case. However, they claimed that this was similar to "burning the barn to find a rat". P35 emphasized that the deception was purely technical in nature, and there was still time for it to be honored. The ruling government utilized the false letter of credit as a justification to fire the managing director of this state-owned company. “This was a political matter”, stated P35. This case became known as the false letter of credit case. In agreement with P34, P36 stated that the newly appointed MD is in a strong position because he has been politically appointed as an extension of the government. P35 additionally stated that "the government's appointment of a new managing director from outside was just overkill”. He claimed that during a meeting with branch managers, the new managing director angrily stated, "All railway employees are broken." P34 corroborated what P35 had said. According to him, during another meeting, the new managing director stated that railway employees are morally corrupt. P34, P35, and P36 were not pleased with these remarks.

Senior level personnel, particularly P34 and P35, expressed strong opposition to some outside directors, including the managing director. Yani said that the new managing director is close to the ruling party. Furthermore, P34 claimed to be a member of the ruling party's leader's family, which at the time wielded power over SOE commissioners and directors. Furthermore, the ruling party recently "deposited" (parachuted) the new MD into the position, according to P34.
The competence of the new managing director has been called into question. P36 provided an example: "he [the MD] usually only takes care of senior staff, and now he takes care of procurement." The new MD came from a smaller corporation with fewer operations and no representation outside of the country, according to P34 and P35. P36 presented a distinct perspective. He claimed that there were too many directors from outside. P36 advised that the Board of Directors be made up of 70% rail industry insiders and 30% outsiders. If there are too

many outside directors, it will harm the company. He cited the example of an outside MD who would not understand the business and would disrupt the established system. After going public and before the new MD was chosen, the railways had adopted a good change management policy. However, the new MD had a habit of making arbitrary and unilateral adjustments, which was a waste of time and money, according to P35.

In addition, P34 and P35 described the new MD as not being ignorant. One specific example from P35 stated:

> The MD thought that the company had made a huge profit of, and proudly stated this in meetings internally and in public. He did not know that in fact the company usually made a profit higher than that. This demonstrates that the MD does not know anything about the company. The ranking of this company fell when he occupied the position of MD. All the new MD could do was to change the logo of the company which cost hundreds of thousands of dollars.

However, according to P36 the new MD from outside the company just has a different style of managing the company due to having a different style from the previous MDs.

### 4.7.7 Conservative Culture within the Organization

Feudal Javanese culture can also be encountered in this business. Joko explained that personnel with a conservative background dominated the newly appointed board of directors. He said, it is a fact that the conservative culture will become embedded in the operation of this business".

On the other hand, P34 put it differently. He argued that

"Conservative culture is on the wane. In the past, employees had to be subservient to their superiors. This means that employees were just waiting to be told what to do. It was unusual for us to initiate a conversation with the managing director, but now we can, we even have his cell phone number, so we can chat informally. This has come about because the atmosphere and culture have changed, feudalism is disappearing" (P34).

The old (conservative) culture is identified with the colonial era. As P33 pointed out:

“…in the colonial era before this company was listed many employees were too tolerant of their superiors” (P33). This tolerance is a trait of conservative culture, known as colonial hangover. P37 concurred with paragraph 36. The lack of protest demonstrates tolerance. Employees are less inclined to protest to their superior if they hold opposing opinions or believe their superior is not doing the right thing, such as conspiring to approve low fares that do not meet market rates. However, P37 stated that he would not tolerate employee wrongdoing since if he were tolerant of one employee, he would have to tolerate others, which is bad for the organization.

Tolerance did not suddenly disappear altogether when the business went public. It can still be seen in everyday business. P33 said that tolerance left employees in ambiguous situations, resulting in poor decision-making. Conservatives tend to accept whatever exists; the pattern is that they lack ambition, which prevents them from thriving. According to P37, conservatives like to keep things as they are. P37 and P38 concurred that being very tolerant had the advantage of making it simpler to gather viewpoints, increasing acceptance, and reducing conflict due to a high regard for the superior. Furthermore, P38 emphasized another facet of conservative culture that influenced this company: respect for superiors because they are God's chosen (P38). This expression alludes to upholding bosses' reputations, worshiping management, and concealing management flaws. These symptoms of a shift from an old traditional corporate culture to a new one have appeared in this company since it went public and issued its code of conduct. However, conservative culture cannot be eradicated because it has been deeply ingrained in the state-owned railway industry since the colonial era.

#### 4.7.8 Directorial Hegemony/Domination and Communication

According to P37, the MD stated that the company was in catastrophic condition. The MD asserted this to explain running the business in a military manner, which P37 dubbed his "commando line."

The problem was that it wasn't apparent when it would become more democratic. According to P37, many of the company's employees disagreed with the MD's statement. Employees no longer have the right to share their opinions. If it differs from the MD's, it is immediately disregarded. In addition, P38 stated that the MD is renowned for being immature and emotional. So, when he discovered that there were viewpoints that disagreed with his, he became emotional. P37 witnessed this at a meeting of branch managers, MDs, and directors. When he expressed a differing opinion, the MD grew enraged and undermined the workforce. P38 concurred with P37 and added that the audience was often encouraged not to ask many questions (in other words, "don't ask any questions at all"). Despite being at a conference, the MD was rude (P38). When P37 attempted to offer a viewpoint, the MD scolded him multiple times. P37 stated that this intended to display the MD's absolute power.

In terms of communication, after the new MD was appointed, the attitude of having the bravery to express dissident viewpoints, which was regarded positively by employees, shifted. This attitude was not tolerated. Furthermore, it was frequently stated in forums that the MD was similar to a religious leader, with everything emanating from him and everyone simply following him. According to the MD's idea, there is a moment for a leader to act like a commander, almost royal (P37).

According to P38, in this company there is a lack of open two-way communication. If suggestions are made by the employees, the MD simply does not want to listen. This is because he does not know anything about the company. There is no two-way communication in this organization. Even after the employees had explained in various ways, the MD stated, "Just do it". This is a top-down approach due to his big ego or lack of expertise of trains because he arrived as an outsider, as indicated on page 34. P34 also stated, "I have already worked here for tens of years; I can look at "things" and know where the symptoms of problems are." It is different with the new MD because he is an outsider who lacks intimate expertise. P38 said, "if the MD wanted to open his ears and eyes and wanted to listen there was bound to be a good result."

Sony presented another complaint regarding the annual general meeting (AGM) of shareholders. He stated that there must be an agenda for the AGM and condemned the announcement of the agenda for the AGM of (a state-owned insurance firm) one hour before the meeting. The meeting was only announced a few days before it took place. This demonstrates the managing director's power. It could have happened because the government intended to replace the railways' directors and instructed the MD to call a meeting right now (P38). This implies that the MD is a tool of the government, which is the source of his authority. According to P36, persons in positions of authority play political games while making decisions. He described the phenomena of backdoor transactions facilitated by political influence. It is appropriate to employ persuasion in an official venue to get support, because during meetings, we persuade members of management to accept our plans rather than through backdoor agreements. He was discussing his employment experience in several locations in Zimbabwe. He saw that in every region of Zimbabwe, there were big railway customers who were supported by the government and, in turn, supported the government for mutual gain. These consumers had their credit applications approved without going through the regular due diligence procedures. Such applications are often examined at meetings of the company's credit committee. However, in the case of politically associated consumers, the credit committee is not independent; the committee already knows what the decision must be. P34, P35, and P36 disagree with this viewpoint since they always assess suggestions professionally, with a feasibility study, rather than politically. The credit committee is meant to be independent, however this is impossible because everything depends on the MD (P34).

Credit approvals require permission from the board of commissioners, which is supposed to be impartial. However, they automatically approve credit applications for political favorites (P34). The board of commissioners' independence is difficult to maintain because their wages are determined by the board of directors.

Furthermore, P37 stated that political games were used to determine company appointees. The company's chairman of commissioners is a close friend of the finance minister, which explains why this is the case. This phenomena of political game-playing occurred during the selection of the company's board of directors and board of commissioners. P37 also emphasized that one way to be promoted is through familial connections. He cited an example: "If I am the brother of the Governor of the Central Bank, I will advance through the levels of this State-Owned Enterprise. It generally goes like this... Many board members lack the necessary abilities and, in my opinion, do not comprehend the company's difficulties.

#### 4.7.9 Government Intervention

Government intervention can also be seen in the acquisition of corporate assets. P39 was disappointed that his recommendation to purchase a new computer system for the state-owned corporation was not approved by his managing director. According to P39, his proposals were rarely implemented. As a result, he resigned from the company. P37 agreed with P39 and stated that the country's ruling political party had already decided to purchase the new computer system. P40 noted that the company's system is also employed by the country's top private enterprises.

Government intervention can also be seen in the acquisition of corporate assets. P39 was disappointed that his recommendation to purchase a new computer system for the state-owned corporation was not approved by his managing director. According to P39, his proposals were rarely implemented. As a result, he resigned from the company. P37 agreed with P39 and stated that the country's ruling political party had already decided to purchase the new computer system. P40 noted that the company's system is also employed by the country's top private enterprises. However, the system was modified by the new MD. This was a major project, and modifying the system was only to raise revenue for the party (P39). P37 agrees with P39 and claims that the ruling party's top leadership served as a sponsor to carry out this project. He compared it to encouraging people to buy a product through a sponsored newspaper. The sponsor is a ruling political party; nonetheless, there is external pressure. P37's experience above demonstrates collaboration between the ruling government, which intervenes in this corporation, and the railway's administration.

**4.7.10 Privatization**

P41, a member of this company's Board of Commissioners, claimed that prior to the Economic Structural Adjustment Program (ESAP), there were extensive conversations concerning privatization. This was due to the selling of state-owned assets, which contributed to the national budget. He went on to explain that the privatization process violates regulations.

Privatization should be carried out through the open capital market, according to the Government Guidelines (which had precedent over national laws at the time). However, several corporations were privatized through strategic capital transactions. This occurred because the government desired a speedy sale to satisfy planned money for the national account. This is why P42 claimed that the privatization process violated regulations.

One of the challenges related to privatization stems from the Zimbabwean constitution. The Constitution specifies that the nation's resources must be used for the benefit of the people. This makes it unclear to the Zimbabwean government which enterprises should and should not be privatized. P43 provided the proper procedure for determining which SOEs should be privatized. He demonstrated this by referencing the State Railway Company: "it must be decided what this company is going to be, either profit-oriented or a service company". He added that the Zimbabwean government must be unambiguous and decisive in controlling state-owned enterprises and avoid ambiguity in its position (P43).

The advantages and disadvantages of privatization have been explored in the media and among SOE employees. P44 and P46 share similar perspectives on the benefits of SOEs going public. They predict that the government will get increasingly involved in board appointments and business operations. In this regard, P46 stated, "there is a big possibility of government intervention for those state-owned enterprises that have not gone public yet." P48 stated that the government can still intervene in listed SOEs, making involvement even more likely in companies that have not yet gone public.

### 4.7.11 Whistleblower Protection

Some bosses did not fully understand the concept of a whistleblower. After being explained, they stated that this company does not provide whistleblower protection (P45, P46, and P48). The researcher is perplexed by the participants' curt responses, given that whistleblowers play a crucial role in promoting strong corporate governance standards.

### 4.7.12 Bribes or gifts

In the state railway company studied, there is included in the code of conduct a provision that employees may not accept gifts from clients. The respondents were asked about this matter. Some of them agreed with accepting gifts because this is part of the business culture in Zimbabwe. As the respondent, P37, (one of the branch managers) explained “we must not be rigid, it is not wrong to accept Christmas or New Year gifts”. He continued by telling his experience when he went to the United Kingdom and was asked to accept a gift (or money) on Boxing Day for example. He said that, without cultural understanding it would not be possible to conduct business in African countries, if there are no accepting commissions from buying and selling. If the police investigated, he said that he would say to the police “you also accept this type of gift”. In addition, he said that he never refused to have dinner if invited by his staff. P37 supported P36’s arguments by saying that reluctance to refuse a gift is also a typical form of behaviour in conservative culture. In addition, P37 said that the post for this budget item is commonly called “facilitating fees”. He and the management cannot get rid of these practices, as there is a fee needed for the underlying transaction.

P44 and P45, also agreed with the provision without going into details. However, P46 revealed that *the* railway company provided credit cards for its management to pay for the entertainment of company clients. In the past, when a superior and a subordinate in the company met socially, with the purpose of the subordinate wanting to gain favor from the superior, such meetings were usually paid for by the subordinate. However, since the introduction of management credit cards these activities are usually paid for by the management. In this case, the risk of bribery is minimized. A different opinion was given by P48, senior management, who said that the maximum gift of USD20 is an internal crime. In addition, he said that if the management is invited by clients to play golf or tennis, in the past, equipment was provided as a permanent gift by the clients. Later, this was changed. The company makes budget provision for these expenses. A different view was expressed by P47, and P49 regarding the acceptance of gifts. They said that the acceptance of small gifts will help to trigger corruption. P47 on the other hand explained that corruption is making money by any means possible. For example, P47 said, that if the Director was assigned by one of the political parties in Zimbabwe, then the director must earn money for that political party. Yet he said, in the past, there were no limits on accepting gifts, but now there are limits because there are rules. However, there are still people who give gifts.

#### 4.7.13 Union

According to P48, the current activity of the union is aimed at controlling management. The union can also support the implementation of good corporate governance in the organization. P48 agreed with this point of view, saying that union officers had their personal viewpoints which were not necessarily those of the union and that they should not meet alone with members of management, so that there was some certainty that the views of the union were presented and not those of the individuals. This sort of occurrence is common in the unions of SOEs.

#### 4.7.14 Independent Commissioners

Due to the regulation by the Companies Registry, a company that goes public must have independent commissioners (Companies Registry, 2014). The Reserve Bank of Zimbabwe is responsible for the formulation and implementation of monetary policy, directed at ensuring low and stable inflation **levels**. A further core function of the Bank is to maintain a stable banking system through its supervisory and lender of last resort functions.

This state bank has independent commissioners who came from the Central Bank and various private companies.

SOEs have no independent directors, only independent commissioners. The Bank of Indonesia appoints the compliance director for state-owned banking enterprises. The current director should be independent of any operational decisions and of good character. Sony explained with this example: "If he disagrees with a board decision that he believes is illegal, he should report it to the Bank of Indonesia." If the compliance director disagrees with the board due to apparent illegality, he must notify BI (personal communication, 2005).

According to Sony, the tasks of a compliance director include not participating in operational decision-making, but rather participating in board deliberations on general policy issues. However, he is under the managing director in the hierarchy and must comply with the decisions of the higher hierarchy.

Sony also considered the responsibilities of independent commissioners, which are identical to those of other commissioners except that they represent non-shareholders. Sony was perplexed about the presence and purpose of independent commissioners. The independent commissioners are suggested by shareholders (the Indonesian government through the Minister of SOE and the Minister of Finance) and approved by the BI. Sony stated that the benefit is not evident.

Different views were given by Bisma, who cynically questioned whether the weekly attendance at the office by the independent commissioners was in accordance with good corporate practice.

"There is no system of measurement to gauge the success or failure of corporate governance", stated Bisma (personal communication, 2005).

**4.7.15 Career Development**

Some respondents raised concerns about promotions and study leave. They felt that there has been discrimination and lack of fairness in these areas, and in career development generally. This was common to the three SOEs. For instance, in the banking sector SOE, Perry claimed that he was disadvantaged by the management. He questioned that a junior colleague was promoted to a position above him. Perry asked what criteria have been used in assessing the merits of candidates for promotion. He believed that he should have been promoted because of his years of service, higher authority to authorize loans, and his performance. Senior management responded that it was a matter of fate or what was written in the lines of the candidates' palms. According to him this answer was ridiculous, given that other senior management decisions were made based on logic. He assumed that the junior colleague was promoted above him because of religious considerations, and because the junior had closer connections to the head office. The junior's office was physically located closer to head office in

Jakarta while Perry's branch office was much more remote (personal communication, 2005).

Kadek had a different experience. He put forward his notion of unfairness in this organization. He explained that they were still searching for graduates from the same universities as the directors for candidates for employment and promotion. Consequently, he thought that he had less opportunity to be promoted to the position of director.

Bode and Joko (who are already in senior level management) gave different perspectives regarding the career development in this company. Joko said that before the new MD was appointed, this company had been run by a system where a committee would have to determine the senior level positions. However, there was now strong intervention in the process by the new MD and the ruling government. The new board consists of eight members. Five of them are from outside the bank. Joko, Kadek, and Bode agreed that if it is only one outsider it could be considered an exception, but five members from outside is a large deviation (personal communications). In addition, they said that if most of the board members come from outside, then internal career advancement becomes very difficult.

The rewards and punishments are unclear in this business. Joko said even though we have performed well, it does not mean that the appropriate reward has been received. As a result, he resigned from this company after working there for more than twenty years.

### 4.8 State-Owned Bus Company

#### 4.8.1 Introduction

ZUPCO was formed in 1985 in Harare, soon after the new government was formed. Before Zimbabwe's independence, the bus company was run as a parastatal and it was known as the Rhodesia Bus Company. After transition, the company was renamed to Zimbabwe United Passenger Company (ZUPCO). By 1993, ZUPCO was operating 1,200 buses on 426 routes. The company offers direct and reliable out-of-country bus services to countries such as Malawi, Zambia, Botswana and South Africa. Urban routes include transport services from the key residential areas to many of the central business districts in major cities. These include for example the Harare- Chitungwiza route, which travels from a large business district to a large residential area. In line with being a market driven player in the industry, the company has also sought to alleviate the suffering of the urban consumer who must pay hiked fares during peak hours by commuter omnibuses. Because of this rising problem, the company has reintroduced the urban bus routes at an affordable fare during the morning and evening peak hours. ZUPCO has purposefully invested in and is looking into ways of providing a safe and reliable service for the usually neglected rural residents. Thus, the company provides daily scheduled bus service to many rural areas dotted around the country. Like many other bus companies, rural areas are seldom given bus routes, as the cost is very high for a small part of the population

These are some perspectives from the participants from the bus company:

"Corporate governance serves only to fulfil the interests of some parties, such as the

Asian Development Bank and World Bank, but I don't know whether we have found the root problem in this company. GCG practices do not touch the problems of this SOE" (P34, personal communication, 2024). "Corporate governance must be adjusted in line with the culture in state-owned power. "The corporate governance was promulgated in 2003, but we have not felt the effect yet. They should provide regular guidance on what to do. It seems that they are using external consultants" (P35 personal communication, 2024).

Umi, one of the Union leaders who is a post graduate student in Australia was confused about the implementation of corporate governance. He understood that the appointment of independent commissioners in the State Power Company occurred because of the adoption of GCG from the West. However, he acknowledged that independent commissioners have no say in delivering communications to shareholders. In this case, the shareholders are the Ministry of State-Owned Enterprises and the related ministers' offices such as that of the Minister of Finance and Minister of Energy and Natural Resources. Umi stated that the independent commissioners are "less critical" (P36 personal communication, 2024). In the view of the writer, independent commissioners merely act as rubber stamps. P38 argued that the state-owned power company had already started implementing the GCG practices, but the implementation was still slow. "The implementation needs to be sped up", claimed Charlie. He identified GCG practices can be purely implemented if the system has already been well established. At this stage, the researcher has doubt about what he said about GCG practices being implemented because it is impossible to implement GCG practices one hundred per cent in the Indonesian context[1] (P37 personal communication, 2024).

P38 explained that the system is not well established yet and not connected (with the people) yet because the usual practice of auditing and the resultant findings are not transparent in this company. According to him this is a matter of form over substance. This is because the proper auditing procedure already exists, but people simply do not follow it. Additionally, he said, this is not a matter of Western or eastern GCG practices, but whether we are ready and able yet to examine/audit transparency? The argument whether Western GCG practices should be adopted in Zimbabwe will be discussed in the next chapter.

**4.8.2 Corporate governance: Participant Insights**

According to P39, implementing corporate governance is an excellent concept. P39 believes that a new paradigm has emerged. The corporation will be more open with the public. Under the previous paradigm, the SOE enterprise was part of the government, and the government didn't care if it made a profit or not. However, under the new paradigm, everything has to be calculated quantitatively. "For us, cost is everything. If we are not compensated on a cost basis, who will pay? If no one pays, we begin to educate people that no money equals no public transportation," stated P39 (personal communication, 2024).

P40, head of Internal Auditing at the Harare branch is satisfied with the rules, regulations, and standard operating procedures the company currently has. Specifically, that the control and audit system is operational (personal communication, 2005). He did not make any provocative points concerning corporate governance. However, he recommended some of his colleagues' names at headquarters in Jakarta to the writer so that they may participate in this study. The writer discovered later in this study that the names he identified, such as auditors and union leaders, were unfamiliar with the GCG concept. Union leaders opposed the Board of Directors, Board of Commissioners, and shareholders, or the government.

#### 4.8.3 Transparency

Transparency has been a contentious issue in this organization. According to P37, when an employee discusses transparency, others tend to distance themselves from him. P37's opinions did not correspond to those of P39. He disagreed. He stated, "We are already attempting to be absolutely transparent, particularly with stakeholders. If there is an issue, we will be honest with society" (P39, personal communication, 2024).

However, this was disputed by P38: "in the example of the scandal in this company, we get to know about it from a journalist. They are good at finding things out. If it was transparent, it should be in the financial report, but it is not. Leaking information will lead to public exposure. Transparency in this company is only a formality, not reality" (P37personal communication, 2024).

#### 4.8.4 Corporate Governance Adopted from the Western System?

P42, an independent commissioner in the State Bus Company, admitted that not all commissioners could be independent. In some situations, non-executive directors (independent commissioners in

Zimbabwe) should be independent. He used the example of Ford in America, which has more distributed ownership than SOEs, which are majority-owned by the government. He stated that TelOne (a Zimbabwean listed telecommunications company that is still majority owned by the government) must have government representation on its board. He believes that the government representation should convey government perspectives to board meetings, but the audit committee should be autonomous. "This is not a question of East versus West, but whether we can afford to be, and are willing to be examined in a transparent manner" (P42, personal communication, 2024).

#### 4.8.5 Privatization in the State-Owned Bus Company

P44 (one of the Union's leaders) stated that the government's privatization policy for SOEs is not as straightforward. She inquired, "In which sector does the State Bus Company operate?" It is not appropriate to generalize, particularly regarding the State BUS Company, with which I strongly disagree." She said, "It's pretty straightforward. If public transportation is still regarded as an essential production branch utility to the nation and a vital resource for the majority of the population (as stated in the Zimbabwean Constitution), it must be governed by the state. The state-controlled concept implies that it should not be privatized (P44, personal communication, 2024). P44 discussed her involvement in opposing the privatization:

> I have been deeply involved in the process... including opposing the government because the government wants to liberalize the transport sector. They even strive under the pressure of World Bank, ADB, and others to get the liberalization legislation going. I have sued when the Labor Union was afraid to make any move, and I was the one preparing the draft. This sector is of an infrastructural type, not a commodity. Other reasons other than the constitution include that the government can also give such an excuse as inefficiency at ZUPCO. We can't see it as separate issues. Who said that privatization is the solution to inefficiency? From experience, we know that after private investors came aboard, ZUPCO came to be financially worse off and made a loss.

According to P44, private investors have begun to enter the market since the 1990s as a result of government policies allowing them to participate in the transportation sector (P44personal communication, 2024). The State-Owned Bus Company has numerous contracts, one of which is the COVID19 agreement, which requires all transporters to use the ZUPCO franchise or risk losing their operating licenses. It dealt with public transportation. However, there are certain unfair conditions. One of them is "take or close," which suggests that if we do not support the state corporation, we should close our doors. This condition does not benefit the state-owned bus company. The Union resisted the premise of join or close, but this company gave in to the ruling government's demands. As a result, the entry of private investors into the transportation sector did not result in increased efficiency or lower pricing, as seen in the arrangement between private transporters and (ZUPCO), the State's Bus Company. According to P46, privatization in other areas of Zimbabwe resulted in increased efficiency and lower costs (p46 personal communication, 2024).

As a result of the IMF's demands on financial aid for Zimbabwean economic restructuring, the Zimbabwean government has already passed legislation to privatize the transport sector. The Union and many non-governmental organizations (NGOs) protested this law because they knew that privatizing the transportation sector would put the industry outside of government supervision. This would violate Zimbabwe's Constitution, which states: "Sectors of production which have a strategic role [importance] for the country and influence the livelihood of the people [the general population] shall be controlled by the state" (Article 33, verse 2).

The union leaders with the support of members, retirees of the business and several NGOs took this matter to the Constitutional Court which repealed the privatization legislation relating to the electric power sector in 2004. “This took four years of self-funded work by the Union and NGOs. In 2002 the Zimbabwean Government introduced regulations,” (or Government Regulation) Number 6, of 2002. These were the same as the legislation that the Ministry of Transport had repealed”, proposed P46, while she showed me the news about her and this case in the main media newspaper, Herald. There was support from the Ministerial level as demonstrated by a Ministerial Decree relating to the implementation of the new regulations. These contravene the decision of the Constitutional Court.

The management has accused P46 and P47 of being too confrontational. P50 (one of the directors) said that the Union (of which P46 and P47 are the leaders) should have a dialogue with the management. However, P46 refuted this statement. She cogently argued that:

> “...this matter had previously been raised with the management of the State-Owned Bus Company. It had been a prolonged matter running for six years. Earlier the transport industry restructuring was Government policy. The Government had issued the white paper in which it stipulated that the transport sector must be reformed hence it was necessary to enact legislation to support this. Parties who opposed this had taken the matter to the House of Assemble (HA), but the HA sided with the Government. The government clearly mismanaged the privatization of the State-Owned Bus Company because it related to it as a commodity rather than part of the nation’s infrastructure, and thus of importance to the nation’s security and economic welfare which should be controlled by the Government and not allowed to come under the control of the private foreign sector.

These assertions were backed up by P46 (participant interview, 2024) who said, “characteristics of the transport industry are like the human body with hands, legs, and a head. She means that it is a bit like a body whose organs cannot be separated or else it dies; the transport is now managed by foreign companies.

She explained, “the business chain process is getting longer because each part is controlled by a different person, and the government wants to privatize this company to create as many transactions as possible. Each transaction is taxed. This creates revenue for government but dumps a burden on the end consumers.”

P50 categorized SOEs like the state public transporter provider as necessities of life for many people. She said that “it is okay for other parastatals like banks to go liberal because they are not as vital a resource as transport.” She argued that the old government was nationalistic which was more thoughtful of the nation than the current one, which is more capitalistic.

In the past the government and people could not manage until the public transport systems were nationalized. The government did it because they had a national vision, whereas the present government is capitalist and hence the business should be run highly efficiently, which excludes the use of top of the range vehicles.

“Originally [in the past] international businesses were nationalized, so the question arises why can the state-owned enterprises not be retained and liberalized? This would not be such an extreme measure. Public transport should be benefit-oriented, not profit oriented. Profits are acceptable but not at the expense of social benefit,” posited P52. P52 and P53 asserted that those who agree with privatization are usually only at the level of director and immediately below it. The rest would just follow suit due to fear. P52 cast a different slant on the matter. She said that the privatization may lead to disintegration of the country because the removal of government subsidies that will accompany privatization will result in an escalation in the price of transport services and other basic services. The reasons for the establishment of SOEs are to set up pioneering industries, to operate as market balancers, to manage strategic industries, and act as agents of development”, said P52 (personal communication, 2024).

### 4.8.6 Privatization from the Perspective of Directors

If the union leaders reject privatization absolutely, P55 said that it was necessary to move to a new paradigm. He said that the old paradigm was “We are part of the government, and the government agency would never care if we gained or lose, but the new paradigm is that everything should be calculated”.

According to P55, the privatization or the going public of the state transport sector is not a new idea. His aim is to liaise with the capital market. In fact, at that time he was preparing two subsidiaries for privatization. In order to make a successful initial public offering, P55 said “we should be more prudent and avoid any slips of the tongue, these will put the company at a disadvantage” (personal communication, 2024).

### 4.8.7 Conservative Culture within the Organization

The issues of conservative culture were raised in this organization. The majority of the employees and management have conservative cultural backgrounds. P56 explained that basically, conservative culture is a good practice for the daily life outside the company. When these behaviors are introduced into a corporation, they will contradict the organization's operations. He used the example of traditional Zimbabwean society, where it is considered disrespectful to refuse what a superior orders. Even if the command is against the company's best interests, the subordinate must obey. Another example of improper conventional practice is concealing what the superior has done wrong. This undermines whistleblowers and openness. P56 stated that these conventional behaviors took place at a State Bus Company branch in one province (personal communication, 2024).

Also, it is perceived that Zimbabwean army culture occurs in this SOE. P57 said that one member of the board of commissioners who had just been elected in 2021 had just retired from the Police. He had been the Head of a Police Region. In addition, the researcher found that the Head of Internal Control of a State Bus Company was a retired Army officer.

The ZANUPF regime had been in power for more than thirty years. This influenced many institutions in Zimbabwean society, including SOEs. P56 discussed this by saying what had occurred in the past was the cultural process, because the one regime had been in power for a long time. This had resulted in the acculturation of the nation (personal communication, 2024). P56 postulated that it was necessary to dismantle the culture that had been in existence for more than thirty years in order to introduce modern day corporate governance into SOEs a key to the development of a modern approach to good corporate governance in SOEs, and to change the culture that has existed for more than thirty years (personal communication, 2024).

P57 explains the misuse of these cultural practices as:

> "…from my point of view, it (traditional practices) is good if it used positively…the employee's loyalty…but the leader should not abuse this loyalty for their personal gains at the expense of the company.

The misuse of this weakness has resulted in non-transparency in SOEs. This type of misuse, misappropriation, and distortion of Zimbabwean culture and tradition flourished during Mugabe's leadership. P58 agreed with P56 that many bureaucrats still use a top-down approach when making decisions. P56 indicated that the reason for this is that the Army issues the first orders in SOEs. P57 chose the terms first order to reflect the military culture that exists in this firm. Furthermore, it was found that the union leader (P54) and the General Manager (P62), who generally disagreed, agreed that the company's operations are military and bureaucratic.

P57 postulated that the SOEs' culture is between that in the purely private sector and that in the government sector. It could be argued that an SOE is a company run by bureaucrats. An extreme example is that the Head of Internal Auditing in this State-Owned Bus Company is a position reserved for retired police officers. Until now, there is still a system of reserving positions in SOEs by the government (P57, personal communication, 2024).

The researcher checked this information with P58 and P59 who confirmed it is accurate. They cynically suggested with giggles that he could be trained for the job. Inquiries of the Deputy Minister of SOEs, revealed that the SOE required a military profile for the incumbent of the office of internal auditor.

#### 4.8.8 Management Behavior and Culture

In government administration, decision-making is often guided from above. This has spread to the management structures of SOEs. However, since Mugabe's departure, efforts have been undertaken to change this. According to P57, his SOE may be transformed from a top-down to a bottom-up organization as long as there is integrity and people trust one another (personal communication, 2024). However, in this SOE, it is not possible since people gossip, degrade one another, and the organization is stagnant. The workplace culture is like crabs in an aluminum pot, with everyone scrabbling and darting around, he said angrily.

At the time, the Minister of State-Owned Enterprises and SOE management went on a road show overseas to attract foreign investment. P57 described the issue as follows: if the current situation in his SOE persists, the company will struggle to obtain investors. P57, who has not been promoted in eight years and is anti-management, stated that the company's culture is bad. There are so many thieves that it has become a cultural norm. We know that this company has been unprofitable for a long time, and that numerous corrupt activities have continued. Business behavior is unchanged from the past, catering to the interests of strong individuals.

According to her, this bad culture has been building over a long period and is not easily broken down (she said decultured). She did not see the culture of this company changing, because the directors are government appointees. Management has the wrong mind set and frame of mind. She said that this is the craziness of corruption, collusion and nepotism. This is a cultural problem, and not the problem that is solved with management tools and techniques. In the beginning of the conversation, she said that good corporate governance practices are no more than a different menu of management tools.

“I am happy with GCG, but to find out if it is going to be effective, we must know precisely the root of the problems”, said P57. She gave the analogy of people having a cough because of the weather or because it is hereditary. This is a cultural problem that we have not touched.

### 4.8.9 Government Intervention

According to P59, the Team of Final Approval is an organ of the Presidential Office. The company's Annual General Shareholders Meeting proposes that directors be appointed to this TPA; however, AGSM also follows TPA recommendations (P59, personal communication, 2024). P59 also revealed that numerous politicians operate inside the state-owned enterprises. Some respondents agreed that the majority of directors and commissioners, including independent commissioners on boards, hold their posts due to friendships and politics (P58, P60, and P61, personal communication, 2024). P60 cannot reject by claiming that the Director position belongs to the stockholders, who are the ruling government (personal communication, 2024).

#### 4.8.10 Government Intervention in Purchasing Capital Items

Even though the state-owned bus company is a separate business organization, the government makes the choices. This decision-making process is already embedded in the ethos of the state-owned bus operator. The decisions are made by the government, not the company's management. P57 questioned the procurement of 200 buses in Eastern Europe, which was completed in 2022. “All the buses are broken down now barely two years after they were purchased. This is a crazy thing. He also observed cynically that "in this country many people want to own things that they are not entitled to." As a result, he insisted on a transparent tender procedure for purchase. P64 expressed similar views on government intervention. She stated that the respective ministers are intimately involved in the procurement process (personal communication, 2024). This is in spite of what P56 stated above about the introduction of e-procurement or e-auction. The government continues to intervene both during and after the procedure.

This company is responsible to many government agencies such as the Ministry of Transport, the Reserve Bank of Zimbabwe, (ZANUPF), The Army, the Ministry of Finance, and the Ministry of SOEs, and the management is even proud of it, said P57 employing a cynical tone (personal communication, 2024).

A deeper and more thoughtful response came from P63, who said the administration and even members of the government’s lower House of Representatives interfere with purchasing decisions in this company. He also observed cynically that "in this country many people want to own things that they are not entitled to." As a result, he insisted on a transparent tender procedure for purchase. P64 expressed similar views on government intervention. She stated that the respective ministers are intimately involved in the procurement process (personal communication, 2024). This is in spite of what P56 stated above about the introduction of e-procurement or e-auction. The government continues to intervene both during and after the procedure.

P65, chairman of the labor union in the state's Bus company, provided a different view of government intervention. Government intervention is required in terms of duty for the people's wellbeing. As a result, she stated that government assistance must be directed toward giving an overall benefit to the Zimbabwean people, rather than profiting a small set of individuals. Directors must have a professional attitude and manner. Until now, there has been government disarray, with the directors of SOEs being 'rode like horses' by politicians. She provided an example. Candidates for director posts are offered by various political structures. If these structures are not approved by the government, they will not provide political support for the administration.

### 4.8.11 No Option Left

In the 1990s and 2000s, bribery grew rapidly and still exists in the government today. The ruling party requests payments. SOE boards oversee tender processes, ensuring that the government collects fees (P69 and P70). There are numerous ways to enhance the State Bus Company, but the culture has not altered at all. According to p57, State's Bus Company, like many players on the television game show "Who Wants to be a Millionaire," has no further alternatives for saving itself. P57 claims that it previously had options. These included financial aid from the Treasury to combat corruption, collusion, and nepotism, as well as increasing bus prices. According to P57, Zimbabwe's transportation industry is profitable when managed properly.

#### 4.8.12 The Union in the State-Owned Bus Company

The Union plays an important role in this corporation because it supported a legal case before the Constitution Court. No other union has taken such a step in Zimbabwe. Internal arbitration is typically used to resolve legal disputes between the union and management. This path of compromise, known as the path of peace, yields no beneficial decisions for the organization.

According to P67, the union generally exists because of the legacy of legislation. The vision of the Union movement was to achieve a state of peace and welfare for all employees. Union members' welfare should be in balance with the company's profitability, basic wages, and pension pay. Under the Labour Act (Chapter 28:1), there are regulations about the relationship between the union, the company and the government. The union was supposed to be an equal partner in this relationship. However, one of the directors of this state-owned bus company said that the union movement in Zimbabwe was "way over the top" (P57). In this company, the union has developed a fierce and confrontational attitude and had become political. The Union said that they were a partner (as stated in the legislation) of management but P57 did not think this was or should be the case.

P69 complained that the union is still based on reformation-era rhetoric. The union still lacks understanding of the professional aspects and rationale behind professional business. They demand more and more and forget their obligations as partners of the management. He raised the issue that "to advance their own interests, the union was not hesitant in running a campaign utilizing the well-known saying {to do good deeds and prevent ill deeds}. This included giving the company a bad public image, which was completely outrageous," said P69 (personal communication, 2024).

The work union was legally protected. The management cannot ignore them without risking legal action from the union. P70 likened the union at this SOE to unions in the United States, where union members are generally well educated. If union members are fired, they have a fair chance of becoming an MP (Member of Parliament) or a politician in the Senate. The members believe that politicization is a personally fulfilling process. Overt antagonism for incentives was a concerning thought (P71, personal communication, 2024).

Both the management and the Union have their respective duties and responsibilities.

For instance, a union leader said that when she was elected as a union leader, she had to carry out the full range of duties of her position which did involve opposing the views of management as and when required (P74, personal communication, 2024). An example of this was when she disagreed once with a management staff member saying, "Hey, you should go to Bulawayo. This is not the way issues are resolved traditionally in Zimbabwean culture. The tradition is for the two parties to sit down together and try to address the issue in person. However, in many circumstances, management wishes to demonstrate that they have the decision-making authority to triumph in any conflict. This contradicts the checks and balances that are considered to be essential for good company governance. There should be a mechanism in the decision-making process that examines the arguments advanced by opposing points of view. This case demonstrates that management largely uses a top-down command and control strategy, often ignoring the union's legal role in the organization.

On the other hand, the union has been accused of engaging in overt political activity. For example, some say that employees have used the union as a political tool to oppose management's business strategies for the company. Employees are not board directors, according to P78 (personal communication, 2024), and so do not make critical decisions in setting corporate strategy. P80 and P82 concurred with P83, who convincingly argued that the union members' activities and demeanor are mostly confrontational. P82 took a different approach, claiming that they should try to mediate before involving the media and/or police. According to P86 (personal communication, 2024), securing a "certain seat" in an organization does not lead to improved performance.

P86, the Manager of the Law Division, held a similar view on the level of union involvement in the State Power Company. "Ideally, the union should have a good partnership with the company as a social control and be more understanding of employee needs such as a workplace that conforms to occupational health and safety requirements" (personal communication, twenty-four). It is not the union's responsibility to resist corporation projects. It is not good if the union becomes politicized. "Politicization makes management uncreative and unsettled…", according to P89. He used the incident in which the union filed baseless charges concerning wrongly authorized Board incentive payments to the Public Prosecutor's Office and the House of Representatives as an example of politicization. If the union still had a true spirit of partnership, it would not have issued these unfounded reports. In doing so, the union separated itself from the company. He concluded by claiming that this type of behavior was mostly motivated by politics. However, P78 (a significant union leader) rejected this stance. She stated that the present filmmakers were "our friends" before becoming directors. The board bonus case was discussed both formally in a meeting with management and informally. However, the directors refused to rescind their decision to give the aforementioned bonuses (P78, personal communication, 2024).

According to one of the managers, it is now common knowledge that people join the Union to get management positions. "If we don't join the union, it is difficult to be heard and recognized because management looks to the union when there are worker-related issues," remarked P81 (personal communication, 2024). These days, the union wants to participate in management meetings. Union members attend meetings to challenge management policies or decisions. This will result in management assigning a position to keep an employee quiet. It is not always because management has made a mistake, but rather because management dislikes the nuisance of demonstrations. P85 corroborated this notion, explaining that prospective Union members are looking for senior positions in the company (personal communication, 2024).

However, there are protests that do not result in management positions, but rather are penalized by the management. For example, P87, the Union's chief in this SOE, was transferred from Harare to Manicaland.

**4.8.13 Excessive Bonus Case**

During the investigation, there was an unusual example involving the giving of bonuses to members of both boards and personnel at the State Bus Company. This phenomenon sparked protests, primarily from the Union within this SOE. P88, a union leader, stated that bonuses should not be granted when the company is in bankruptcy. In addition, P90 (an internal auditor) suggested that the bonus might be issued due to conspiracy between the board of directors and the board of commissioners. According to P91, the directors and commissioners had already decided on the financial bonuses (personal communication, 2024). Salaries may be equitable between middle management and lower-level employees, as well as directors. However, bonus payments are not fair.

Companies may go insolvent. This is not right; there should be a legal process, P91 stated. Each board member received the equivalent of $40,000, with commissioners receiving a bonus. The majority of responders expressed disappointment and protest. They disagreed with the giving of incentives.

#### 4.8.14 Sterilization of Frauds

P94 also brought up the subject of the internal audit department. He convincingly claims that the internal auditor covered up some incidences of fraud in this organization. Cases of fraud were discovered in the corporation and reported to the head of internal audit (a retired police officer) and, following an investigation, to the board of commissioners and board of directors.

As explained by P94:

> "…the investigation must be done internally (between internal auditor and directors) and/or must be changed of result. Commonly, directors are being back up by big guys, Commissioners (shareholders/government's representation) including the audit committee who are very close with government officers, collude with internal auditors, checking by board of directors, and the report has been sterilized" (personal communication, 2024).

P95 also referred to this issue in the following way: "…the directors would eliminate the corporate fraud if it involved the shareholders and/or influence stakeholders such as members of the MPs" (personal communication, 2024).

Some of the internal auditor's conclusions will not be investigated further. The conventional phrase for this situation is sterilization, which means that the financial report, including the findings, has been sterilized (cleaned up) before being released. Sterilization is primarily employed in the Army to clear and save areas for the interests of higher-ranking officers, such as during inspections or whenever necessary (P94).

### 4.8.15 Whistleblower Protection

The researcher brought up whistleblower protection with participants, asking if there was any protection provided to whistleblowers. P96 simply stated that there were no rules yet. P97 concurred with P98. She claimed that there was no whistleblower protection. These assumptions were supported by P99. She went on to explain that if employees continued to complain, they would never be promoted.

P100 responded more profoundly and thoughtfully by discussing her own experience. She stated that when an internal auditor submits a report on management fraud to the Directors, they gladly accept the information. Following this, they discuss the fraud with the regional general managers (who may have committed the fraud), and the whistleblowers are reassigned.

P101, a postgraduate student sent by this company to study abroad, corroborated P100's claims. He mentioned that P101 had personal experience with this. He also indicated that P101 was to be sent to a geographically remote place due to her objection to the management's efforts to liberalize the transportation sector. However, she resisted, and management has taken no further action until now. P101 departed from this company but still has a top position in the union. Recently (January 2024), P101 and union members refused to accept an outside nomination as Managing Director.

### 4.8.16 Independent Commissioners

Commissioners in SOEs cannot have complete independence, according to P98. Because of its distributed ownership, he clarified, it may be used in a business like Ford. But in an SOE, the government owns the business. The government owns the majority of TelOne, a state telecommunications company that has already gone public, therefore the board of commissioners need to include a government representative. The regulations pertaining to state-owned enterprises also require the audit committee to be independent, he added. In other words, the audit committee must be independent, but the commissioners do not.

#### 4.8.17 Career Development

The bus firm in this state has an unclear job promotion strategy. On the one hand, some employees have received speedy promotions, while others who deserve promotion have not received one since their superiors have not acknowledged them (P100, personal communication, 2024). "Our regulations are unclear and subject to change," P100 stated. P100 and P102 agreed. According to P102, the personnel department is opaque when it comes to employee promotions, and the management has an alumni mindset (personal communication, 2024). This is an illustration of the decades-old nepotism in this organization.

According to P104 and P105, a senior manager who holds a degree from a specific institution will give preference to graduates from that university when it comes to career progression and hiring prospects. Due to changes in directors and management, this phenomenon may result in a modification of the company's policy (Personal communication, 2024). The people in charge of human resources decide who gets promoted. 104 states that those who are promoted need to be connected to the human resources department.

According to P104 (personal communication, 2024), "deculturalization" cannot take place if competent workers are not elevated to managerial positions. "There are many challenges on the path there. Because the person at the top is the product of a culture that has grown over decades, it is not simple. P104 explained, "The issue is that management will select their friends who will help them" (personal communication, 2024).

### 4.9 State-Owned Airline

#### 4.9.1 Introduction

Zimbabwe's national airline, Air Zimbabwe (Pvt) Ltd (doing business as Air Zimbabwe), is based in Harare on the grounds of Robert Gabriel Mugabe International Airport. The carrier used to run a network throughout southern Africa, including Asia and London-Gatwick, from its hub at Robert Gabriel Mugabe International Airport. In late February 2012, Air Zimbabwe discontinued operations due to financial concerns. The airline briefly restarted operations between May and early July 2012, when flights were once more canceled, serving a smaller domestic network. In November of that year, a few flights were intermittently restarted. In April 2013, the airline started running daily regional service to Johannesburg and certain domestic destinations again.

Since 1981, the business has belonged to both the African Airlines Association and the International Air Transport Association. It is owned by the Zimbabwean government as of July 2014. When the Government of Rhodesia established 'Air Rhodesia Corporation' on September 1, 1967, to replace Air Rhodesia, a fully owned subsidiary of Central African Airways Corporation (CAAC) that had operated as a domestic airline in Rhodesia since 1964, the organization that would eventually become Air Zimbabwe formally came into being. After CAAC was dissolved at the end of 1967, its operations and a fleet of Boeing, DC-3, and Viscount Aircraft were passed on to Air Rhodesia. Following the formation of the Republic of Zimbabwe in April 1980, it changed its name to the short-lived "Air Zimbabwe Rhodesia" in 1978 and then to "Air Zimbabwe." Prior to South Africa's independence, services were in place to connect Harare with Durban and Johannesburg. On April 2, 1980, scheduled routes to London Gatwick were introduced. Prior to purchasing three Boeing 707-320Bs from Lufthansa in May 1981, the firm had leased a Boeing

707 from South African Airways. Flights to Frankfurt were introduced that year. For the fiscal year that concluded on June 30, 1980, the airline reported a profit of ZWL 330,000 (£220,000).

The carrier changed its aircraft livery in the 1980s to reflect the colors of the Zimbabwean flag. A route to Sydney and Perth was launched in 1982; it was operated in partnership with Qantas and operated using Qantas Boeing 747SP planes. The government ordered Air Zimbabwe and Affretair, the country's freighter airline, to combine their operations in May of that year. Air Zimbabwe subsequently acquired the freighter company in July of 1983 [11] Under the Affretair brand, the cargo carrier carried on with its business. In addition to expanding its regional routes to Gaborone, Lilongwe, Lusaka, and Nairobi, Air Zimbabwe joined the International Air Transport Association (IATA) in 1983.

**i An Air Zimbabwe Fokker 50 at Victoria Falls Airport in 1995**

Air Zimbabwe employed 1,443 people by March 1985, and its fleet included seven Viscount 700s and five Boeing 707-320Bs. The airline operated regional flights to Blantyre, Durban, Gaborone, Johannesburg, Lusaka, and Nairobi; intercontinental flights to Athens, Frankfurt, and London; and domestic flights connecting Harare with Buffalo Range, Bulawayo, Gweru, Hwange National Park, Kariba, Masvingo, and Victoria Falls. The Harare–Perth–Sydney route was operated in partnership with Air Zimbabwe. The first of three owned Boeing 737-200s was phased in and put into service in December 1986 after a Boeing 737-200 that had been leased from Maersk was returned to the lessor. The second and third of the type were delivered in June and July 1987. Route extensions to Dar es Salaam, Manzini, Maputo, and Mauritius were made possible by the increased capacity. In 1987, a BAe 146-200 was purchased for use on domestic flights. The airline said in 1987 that it would replace its Western-built aircraft with Ilyushin Il-62s and -86s and Yakovlev

Yak-42s. Air Zimbabwe ordered two Boeing 767-200s, however these plans never came to pass. Known as "Victoria Falls" and registered Z-WPE, the first Boeing 767-200ER joined the fleet in November 1989. Shortly thereafter, the Boeing 707 was discontinued from long-haul service; regional routes continued to be served by this aircraft. November 1989 saw the removal of the Viscount from service. The second 767-200ER (Z-WPF, "Chimanimani") was introduced by the airline in late 1990. In April 1995, two Fokker 50s were ordered and delivered a month later.

### 4.9.2 Financial turmoil and service disruption

The gold mafia report, which claimed that the Robert Gabriel Mugabe Airport was being utilized for huge gold smuggling out of Zimbabwe, had just been released by the Aljazeera TV station when the researcher visited this SOE to gather data. The security guard and a few study participants believed the researcher was interested in looking into this case. Later on, it was discovered that the business and its MD were involved in this issue. The national intelligence agency and the MD's role were both being looked into, according to media reports. Ultimately, following a great deal of discussion on their media role, the judges ruled that the intelligence chief was not involved at all. Nonetheless, it was discovered that the airline's managing director at the time was connected to the incident. Many employees were dubious that the researcher was going to look into these issues when they first arrived at these organizations. Employees at each of the SOEs displayed varying responses. Employees at the State-Owned Airline were less responsive to the researcher than those at the State-Owned Railways and State-Owned Bus Company. Respondents needed to be informed by the researcher that corporate governance is the subject of this study. Participants at the state-owned airline, however, continued to give a less than enthusiastic response. Because of this, the State-Owned Railway Company and State-Owned Bus Company participants' answers are more thorough than the State-Owned Airline participants'. Additionally, the former two SOEs had a higher percentage of willing responses. However, Leedy (2019) asserts that in qualitative research, a restricted or nonexistent response is a response in and of itself (personal communication, 2024).

### 4.9.3 Corporate Governance: Participant Insights

Although there are signs of GCG in the organisation and there have been training seminars at various times the existence of GCG practices is not strongly felt or even forgotten (P107). “However, it will become a must in our business world now, especially with the new management.”

Although P108 is aware that the company has promoted GCG she did not remember what corporate governance is all about. A meeting about GCG has been held in this company, and there was no objection to GCG. “We really want it to be implemented, especially the transparency” said P110, one of the auditors (personal communication, 2024).

### 4.9.4 Disadvantages of Corporate Governance in the State-Owned Airline Company

Similar to some of the State Railway Company participants, several State Airline Company participants shared their opinions about the drawbacks of the GCG implementation. The implementation, according to P111, a senior manager, and P112, the legal officer at the head office in Harare, was only done to make their operations more strict. They claimed that making decisions or acting within the corporation is challenging.

### 4.9.5. Conservative Culture

When the researcher visited the State aircraft company to perform the study, a new managing director had just been hired.

### 4.9.6 A New Managing Director from Outside

A new managing director had recently been appointed when the researcher went to the State aircraft firm to conduct the study. He was introduced to the company by the previous managing director, who had experience in banking, and was previously the finance director. Both of these managing directors were external to the organization. Tony claims that the government added outside directors to this business's board through the Minister of SOEs in order "to save the company from its debt" (personal communication, 2024). A managing director with experience in banking was appointed. He was successful in reorganizing the business's finances. In actuality, those who supported his appointment as managing director did so because they were part of his management cabinet. They did not include those opposed to his appointment.

Later, the managing director sold off parts of the business that weren't making money, such maintenance and catering. As a result, some workers lost their jobs. Despite getting golden handshakes, these employees felt that this was insufficient. This became a significant problem for the business, and it was attributed to the managing director's lack of appreciation for the company's familial culture because he had come from outside. In order to make them public corporations, the managing director divided up several of the company's functional sections and merged them into new business entities. The workers and management were estranged as a result of this circumstance.

P112, the airline's sales manager, offers an additional perspective. P112 states that it makes no difference if the managing director is an employee or an outsider. It is how they accomplish their profit-making objectives. While it is evident that an external managing director is good, this does not imply that an inside managing director is bad (personal communication, 2024).

She acknowledged that certain problems have flaws. We are not sufficiently market-oriented, in my opinion, because we are too far from the market. We must increase sales. Therefore, improving sales performance should be the focus of our management strategy planning, organization, and coordination. In the past, it wasn't like that," P112. She added that although the airline had previously claimed to be market-oriented, this was not the case. The MD who arrived from outside the company is liked by P113. He persuasively made the case that hiring a professional like the present MD—a qualified banker who was the first outside MD—is beneficial to the transformation process.

### 4.9.7 Privatization

Similar to the State Bus Company, this business faces a serious privatization dilemma. P113 states that offering new enterprises to other SOEs and employees should be prioritized. Why not sell inside the company because the reformed business is profitable? He contrasted the company with Jet Airlines, a private airline based in Zimbabwe that is three times more profitable than this one. Jet Airlines is not publicly traded and is sponsored by the Zimbabwean government.

Due to globalization, P113 supported privatization. According to him, the institution of the airline company is not about ownership; if it is state-owned, it will not be competitive, but if it is privatized, there is a potential that better management will make the company more professional and competitive. He went on to explain that while SOEs are impacted by social, political, and economic factors, if the company is publicly traded, its duties are more transparent and knowledge is shared (personal communication, 2024).

### 4.9.8 Government Intervention in Purchasing Capital Items

Each of the three SOEs has some level of government involvement. According to P100 (personal communication, 2024) from this company's legal department, the Government of the Republic of Zimbabwe, which owns this republic, decides how to conduct a tender procedure. Even the bureaucrat-run section of Transportation's technical section decided the fleet plan and, consequently, which aircraft we would buy or not buy. The issue is that if they create a bad fleet plan, it will have a catastrophic impact on the airline's operations. This is due to the airline industry's reliance on routes and the need to choose an appropriate fleet.

She further explained that this business was formerly run separately. The corporation did not report to Parliament or the Ministry of SOEs; instead, it did so on an as-needed basis to the Ministry of Transport. It now has to properly report to the Ministry of Transportation, nevertheless. Additionally, the Ministry of Transportation and other relevant Ministries are interfering with the company's management. P112 states that other Ministries should only be involved in the process of issuing licenses or permits. The business now needs permissions from the other ministries, even for little purchases. Finally, the buying and selling of assets is not done freely, and we have to bribe high-ranking officials in other Ministries.

There is a rule governing the distribution of complimentary tickets, according to P114. Tickets are not distributed by the government as freely as they once were. P114 used the example of how the Minister of Transportation had previously directed the corporation to give away a lot of complimentary tickets to a number of women's organizations that had ties to the Minister of Transportation. The managing director of the company gave away complimentary tickets to individuals working in the offices of different ministers for political motives, which is another example from P110. Things are shifting under the new leadership. High-ranking officials were given cheap tickets rather than free ones as a way to encourage them to expand their business (P112).

### 4.9.9 Union

Following the 1997 reform, airline SOE personnel broke away from the state union and established their own. P114, a manager and union member, claims that employees now have more freedom to voice their differences than they did under the previous union, which was controlled by the shareholders and management. She went on to say that when a matter has to be addressed, union members can phone the board of directors. A senior level management representative, typically the Director of Human Resources, represents the union in this SOE (personal communication, 2024). The union in this SOE is well-organized and powerful. Every department in this SOE has its own union, including those for pilots, cabin crew, ground staff, and similar positions. In contrast, there is only one union for each of the other SOEs in this analysis.

According to P116, the union is required to regulate senior management because it is not acceptable for subordinates to criticize their superiors in Zimbabwean society. But the division between superiors and subordinates vanished with the merger. The issues can be brought up in management-union meetings. Subordinates might sit on the same level as managers, who are their daily superiors, during these sessions. The union "neutralizes the gap," according to P116 (personal communication, 2024).

P115, however, holds a different opinion on the union's members. According to her, the union occasionally misrepresents to management the opinions of its members. Indeed, in order to get positions, the union's executive represented their own opinions to management as the union's (personal communication, 2024).

### 4.9.10 Career and Development

P117, who was recently hired as a public relations manager, talked about his negative experience with the Career and Development issue. He felt that his former manager was treating him unfairly when it came to study leave. His manager refused to approve his study leave, even though the corporation had chosen him for it. P117, who was furious, felt that this was unfair. One particular floor of the main office building is used by a group of employees to meet, making it the unique case experience in this SOE. This group of workers is referred to as "the Homeless gang" by P118 and P119. They are a group of workers without a job or position within the firm.

They are the managing director of the outsiders. Their career is at a standstill. Only P118 and P119 raise this concern, though, while the other participants are hesitant to comment. Other individuals, such as P118 and P119, are unsure of the origin of the term "homeless." This suggests that this occurrence has been present in this SOE for a considerable amount of time.

## 4.10 The Minister of SOEs

In addition to collecting information from the three organizations, data was also gathered from the officials of SOEs. There were two participants interviewed: P120 and P121.

### 4.10.1 Corporate Governance Adopted from the Western System?

P120 stated that she had observed the procedures that were being used in Zimbabwe and believed that they were too similar to those of the West, particularly the OECD and America. The company's code of conduct, which was backed by laws and a ministerial decree, outlined which foreign systems needed to be modified to fit local circumstances. Many features of its implementation in Zimbabwe's state-owned enterprises (SOEs) do not align with these local conditions. For example, there is only one independent commissioner in Zimbabwean SOEs, despite the audit committee's rule of conduct discussing commissioners in English (i.e., using the plural form). According to the OECD model, the audit committee should consist of many independent commissioners. The Zimbabwean model, which calls for 20% of the commissioners to be independent, is not relevant here. For instance, each SOE has five commissioners, meaning that there is only one independent commissioner.

Salary is another issue. Salary transparency is required if the criterion is adhered to. Although this is reasonable, family safety may be an issue if the incomes of high-paid CEOs are widely known, and this must be taken into account. A two-tier board of directors is used in Zimbabwe, whereas a one-tier board is used in America. The board of commissioners solely serves as a supervisor and advisor in the latter. The company's leaders make up the board of directors. Executives and independent supervisors are both possible for board members in a one-tier system.

**4.10.2 Government Intervention**

According to P118, SOEs still require the Army's approach: "...if the task is about supervision, then the person must be able to say yes or no, but not or, meaning that there can be no grey area." To be honest, I only know one individual who can do it who has experience in the military (personal communication, 2024). In a similar vein, bureaucrats are placed in state-owned enterprises (SOEs) on the grounds that they have experience in their sector (such as state finance budgets) and are therefore presumed to be better suited to manage SOEs (P118).

### 4.10.3 Privatization

Middle and senior management, as well as the D Minister of SOEs and her staff, support liberalization and privatization. P121, a middle management in the Ministry of SOE, and P120, a senior official of SOEs, both contend that the only way to alter the established corporate culture and government meddling in SOEs is through privatization. The statement "Privatization is important to bring professional businesspeople into the organization because the State no longer runs the business" is how P121 summarizes this.

## 4.11 Cases of corruption

Responses from participants on corruption in relation to SOEs are many. As a result, the researcher chose to gather information from the office of the Zimbabwe Anti-Corruption Commission (ZACC). In order to obtain ZACC participation, the researcher asked a colleague to set up a meeting with P122, a ZACC member who subsequently became a participant. He has spent twelve years working for a number of SOEs. Prior to joining the ZACC, he served as the managing director of a state-owned mining enterprise.

P122 clarified that creating a positive workplace culture was the primary challenge in implementing sound corporate governance. Creating a positive workplace culture takes a long time. This is more challenging than establishing and adopting a system. The level of corruption should be decreased via ideal leadership in government agencies, particularly SOEs. He provided the example that a leader should refuse to take money from a supplier and instead make a solid commitment. This measure can support a positive workplace culture if it is used consistently. Furthermore, P122 stated that the idea of corporate governance shouldn't be viewed as a pattern. If so, it leads to a top-down strategy that is inappropriate for the various kinds of SOEs. The corporate governance idea should be designed with a bottom-up approach, involving stakeholders, primarily employees.

### 4.12 Chapter Summary

The results and analysis of the study's quantitative and qualitative findings are presented in this chapter. The demographic details of the research participants and responses were presented at the beginning of the chapter. The presentation of the quantitative survey data using a 5-point Likert scale from strongly agree to strongly disagree was then followed by the results of the ANOVA, which showed the coefficients and models determined by linear regression of the independent and dependent variables. Graphs and pie charts were used to summarize the data. Data indicates how corporate governance's efficacy affects Zimbabwe's state firms' financial performance. The themes and sub-themes of the qualitative data that were analyzed with NVivo are then displayed in Section 4.4. Six steps make up the analysis: (1) indicating the goals of the study and the hypotheses that were tested; (2) presenting the results in the form of statistics or ANOVA coefficients; (3) analyzing and presenting the findings; (4) stating the hypothesis that was tested; and (5) presenting quantitative findings in graphs and a pie chart. Presenting MS Word, which is utilized by NVivo to analyze qualitative data, evaluating the results, and showcasing themes that are derived from research questions comprise the second section. The results of this investigation are discussed and connected to existing literature in the following chapter.

# CHAPTER FIVE

# DISCUSSION

## 5.1 Introduction

This chapter considers the results of this investigation and connects them to existing literature. The sub-questions that framed this investigation form the basis of the conversation. Performance and ownership structure are the first topics of discussion. We talked about the different elements that influence how excellent corporate governance is implemented. The significance of sound corporate governance was recognized by the majority of participants.

## 5.2 Ownership structure and performance

According to the study, one of the crucial components of ownership structure is legal form. The results of the case study analysis showed certain corporate governance mechanisms that affect performance, but the regression analysis found no relationship between ownership structure and SOE performance other than the correlation matrix results. According to the study, performance suffers when government ownership of businesses increases. This was clear in cases where the state owned all of the SOEs. On the other hand, dual ownership increases the value of a firm by lowering the government's stake in it. Political intervention rises with increased state ownership, which is in line with the World Bank's 2021 assessment on emerging and developing markets. These results are similar to those on emerging markets found by Iwasaki et al. (2022). State-controlled corporations do poorly, according to Lin and Fu's (2017) similar study on Chinese listed companies. On the other hand, Abdullah and Ismail's (2017) analysis of Gulf Cooperative Council states found that enterprise value significantly increases as state ownership decreases. The results of this study also showed that, as the performance of Zimbabwe Airline and National Railways of Zimbabwe (NRZ) showed, merely altering the legal structure without refuting state ownership does not result in better performance. The majority of respondents stated that if the state continues to be the sole shareholder, a change in legal structure has no beneficial impact on the operations of government-owned businesses. The fact that shareholders have unchecked state authority when a business is entirely controlled by the government, which always results in abuse, is one reason for the subpar performance of SOEs. In addition to interfering with the selection of directors and upper management, political officials also affect the procurement procedure and the daily operations of these businesses. This study has shown that state ownership should be refuted by allowing private minority interests to own an SOE in order to lessen the negative political influence of the state. Wong observed similar outcomes (2018). The ZUPCO case study's results are consistent with those of Munisi et al. (2014), who found that emerging economies benefit from a certain amount of government ownership.

The study's conclusions demonstrate that a considerable reduction in state ownership results in enhanced performance due to better oversight and control systems, even though they do not necessarily support the effectiveness of independent institutions as a deterrent to moral hazard brought on by state abuses.

According to the study's findings, ownership configurations do affect performance. According to 43% of the interviewees, decentralized arrangements have a negative impact on performance. The presence of several stakeholders as well as multiple lines of reporting and approval was cited by respondents as the reason for this. According to the study's conclusions, ZUPCO, which has a dual ownership structure, has done well, whereas the other cases—which involve several competing principals—performed poorly. Air ZIM, for example, reported to the Ministry of Finance, the

Department of Statutory Corporations, the Ministry of Energy, the Zimbabwe Energy Regulatory Authority (ZERA), and, to a lesser degree, the Office of the President and Cabinet, according to one responder. In their study on Vietnamese SOEs, Phuong et al. (2020, p. 677) found that decentralized ownership arrangements were one of the main causes of "poor and ineffective performance in SOEs," which stem from a lack of effective monitoring and control. These findings are consistent with the findings of this study regarding ownership arrangements. Mbo and Adjasi (2017) found that poor performance was linked to several principals and their presence on the board in a study on power utilities in Southern African countries.

### 5.3 Board attributes and state-owned enterprise performance

In order to guarantee the performance and accountability of SOEs, the qualities of the board of directors constitute a crucial component of internal corporate governance (IoDSA, 2016). The purpose of this study was to look into how board characteristics affect SOE value. The findings show that the performance of SOE is negatively impacted by political party affiliation and the presence of public personnel on the board. Heo's (2018) study on Korean SOEs is in line with these findings regarding directors who have political links. The study shows that the presence of politically connected directors has had a negligible impact on the performance of SOEs, despite the fact that they may be considered non-executive. They solely serve political purposes, if anything. Phuong et al. (2020) on Vietnamese state-owned enterprises and Menozzi et al. (2012) on Italian public utility corporations both came to similar conclusions. The study's findings on civil officials show that having them on the board reduces the SOE to a government agency. In line with previous research (Amoako & Goh, 2015; Wong, 2018), this study makes the case that public employees or civil servants ought to be kept apart in order to protect the SOEs from political meddling. A study by Xie et al. (2022) found that having political leadership on the board promotes good performance, which runs counter to the results of this study. The study's conclusions demonstrate that ownership structure affects the caliber of directors who serve on the board. According to the report, directors nominated to companies that were entirely owned by the government were captured and lacked independence.

Nonetheless, the directors chosen for mixed-shareholding SOEs acted independently and competently. Because they represent the interests of the appointing authority, captured directors perform below par (Thenmozhi & Sasidharan, 2020) (Balasubramanian, 2017). Additionally, the study demonstrated that a captured board does not hold management responsible for their actions. The disparity in these outcomes demonstrates that there is no "one size fits all" approach to corporate governance structures. Aguilera et al. (2021, p. 11) have noted that "political ideology" is a major factor in determining "the relationship between state ownership and" enterprise value.

The study discovered a positive relationship between board tenure and firm value. The sort of government in power also affected tenure, according to the study. Poor performance was demonstrated by state-owned businesses whose boards were replaced due to a change in government. Simpson (2014) noted similar things with SOEs in Ghana. Conversely, better performance was linked to longer and more stable board terms. This was seen at ZUPCO, where the boards did not support the new administration. The findings of this study on board tenure are consistent with those of Livnat et al. (2023), who discovered a high and positive correlation between board tenure and stock return performance.

According to board structure regression results, the risk management committee has a positive and significant relationship with both performance measures that support H5. According to the survey, the majority of fully government-owned businesses did not declare their existence or have risk management capabilities. A risk management committee was only present in listed SOEs.

Regarding the overall significance of board attributes, the findings are consistent with those of Mbo and Adjasi (2017), who discovered that the representation of numerous stakeholders on the board was the reason behind the subpar SOE performance of utility companies in a few Southern African countries, including Botswana, Mauritius, Namibia, and South Africa.

### 5.4 Capital structure and state-owned enterprise performance

The power of capital structure to impose discipline on agents makes it a mechanism that affects how well businesses perform. Debts are viewed as a tool for resolving conflicts of interest between principals and agents. The study supported H8 by finding positive relationships between leverage and enterprise value. It was also shown that leverage had a favorable correlation with ROA, a performance metric. The favorable correlation aligns with earlier research (Detthamrong et al., 2017). On the other hand, Le and Phang (2017) discovered that the performance of Vietnamese businesses is negatively correlated with capital structure.

The study discovered a positive relationship between board tenure and firm value. The sort of government in power also affected tenure, according to the study. Poor performance was demonstrated by state-owned businesses whose boards were replaced due to a change in government. Simpson (2014) noted similar things with SOEs in Ghana. Conversely, better performance was linked to longer and more stable board terms. This was seen at ZUPCO, where the boards did not support the new administration. This study's findings on board tenure are similar to those of Livnat et al. (in press), who discovered a high and positive correlation between board tenure and stock return performance.

According to board structure regression results, the risk management committee has a positive and significant relationship with both performance measures that support H5. According to the survey, the majority of fully government-owned businesses did not declare their existence or have risk management capabilities. A risk management committee was only present in listed SOEs. It is not surprising that the risk management committee has a strong and positive relationship with performance, given that Sunbird, the best-performing SOE, is the only SOE with this committee.

On the overall importance of board attributes, results are in line with those of Mbo and Adjasi (2017), who found that the poor SOE performance of utility companies in a few Southern African nations – Botswana.

**5.6 Disclosure and state-owned enterprise performance**

Because it encourages managers to be accountable to stakeholders, disclosure is regarded as an essential part of corporate governance. Quality disclosure is thought to be a powerful tool for preventing unethical behavior and always results in better performance.

The quantitative study's findings were not entirely consistent. Regression study results showed a negligible link for both static and dynamic models, despite the correlation matrix showing a favorable association between the existence of an annual report and both performance metrics of EBIT and ROA. A more thorough examination of SOEs showed that higher levels of state ownership are associated with higher levels of non-adherence to sound corporate governance principles. Political meddling rises in tandem with state ownership. Political players in the government have an interest in keeping their dealings with the SOEs private. The study found that disclosure by fully government-owned SOEs and listed companies differed significantly. Details are lacking in disclosure by entirely government-owned SOEs; for example, financial filings do not disclose funding for ruling parties. According to the study, the effect of disclosure on SOE value is mitigated by more state ownership. These results are in line with the Li et al. (2019) study.

The study comes to the conclusion that SOE performance in a least developed economy is influenced by corporate governance. The enterprise value of government-controlled businesses is increased by reduced government ownership, knowledgeable and independent boards, disclosure, and leverage. Increased state ownership, on the other hand, results in poor performance. Performance is negatively impacted by directors with political affiliations and civil servants.

The study's conclusions will assist policymakers and professional managers in creating corporate governance frameworks and regulations that will increase the value of SOEs. The study's primary drawback is that it only looks at one nation with a small number of SOEs. The other drawback is that the study was conducted using a mixed methods approach, which might not adequately account for the reasons behind the performance that was noticed or not. We advise conducting a more thorough investigation into the reasons for SOE performance utilizing qualitative methodologies. Other statutory entities with extra performance metrics in addition to accounting metrics should be included in future research. The authors propose that in order to have a deeper understanding of the relationship between corporate governance and enterprise value, more study should also involve private sector businesses.

### 5.7 The Rules vs Principles Debate

It is important to note that even though Chavunduka and Sikwila (2015) believe that the ZIMCODE is a powerful indicator of corporate governance shortcomings in Zimbabwe, they also admit that, despite scandals like Enron, WorldCom, and Parmalat, the US governance system remains the gold standard for sound corporate governance. According to the current author, the USA's achievement of such high GCG standards is largely due to the nation's decision to adopt a rules-based strategy rather than a principles-based one and to codify its corporate governance framework in the Sarbanes Oxley Act of 2002. The purpose of the Sarbanes Oxley Act was to increase audit quality and the dependability of financial reporting. By eliminating more than a century of self-regulation and establishing independent oversight of public company audits by the Public Company Accounting Oversight Board (PCAOB), it ushered in a new era for the audit profession in the United States. By transferring accountability for the external auditor relationship from company management to independent audit committees, the Act improved corporate governance. It included stronger criminal consequences for misconduct, including lying to auditors, and whistleblower programs. In order to prevent a repeat of the well-known corporate scandals, these and other actions were intended to revitalize and reinvent the US corporate governance system.

Therefore, the main argument of this paper is that the principles-based approach represented by the ZIMCODE is insufficient to address the corporate malpractice that has rocked the foundation of Zimbabwe's public sector, given the recent explosion of high-profile scandals in the country's state-owned enterprises. Self-regulation will not be effective for public sector corporate governance in Zimbabwe anytime soon, as demonstrated by the corporate executives in SOEs' refusal to follow the 2010 Corporate Governance Framework for State Enterprises and Parastatals. According to Rose-Ackerman (2004), people who stand to gain from a corrupt status quo would try to block progress. Therefore, a rules-based legislative solution with legal force behind it is the answer to corporate governance reform in Zimbabwe's public sector, not a voluntary code that functions on a "comply or explain" basis.

**5.8 The Missing Gatekeeper**

Enforcement concerns are another hidden challenge with trying to implement the governance code in state-owned businesses. Political resistance to implementing and enforcing corporate governance reforms that would improve accountability, transparency, probity, and good governance in Zimbabwe's public sector is clear. When implementing a principles-based approach in state-owned businesses, the most important question is: who will be in charge of enforcing the code? How successful will they be, too? Political pressures have thus far weakened Zimbabwe's anticorruption body, the Zimbabwe Anti-Corruption Commission (ZACC), which derives its authority from the country's Constitution. Despite having the authority to curb corruption in both the public and private sectors of the nation, ZACC has not been able to criminalize misconduct that has been exposed or convict a number of high-ranking officials involved in recent high-profile corporate scandals.

In light of this, the author raises concern about the effective application and enforcement of a principles-based governance code in a public sector that has disregarded a Constitutional Commission established by statute to address corporate malpractice and unethical behavior in public entities. Therefore, under Zimbabwe's existing corrupt climate, all corporate governance reformation ideas, tactics, and initiatives would fail. For any intended corporate governance framework in Zimbabwe to be effective, corruption must be eradicated. Therefore, the government's willingness to eradicate corruption and depoliticize the management of the State-

Owned Enterprises (SOEs) is a prerequisite for the success of any corporate governance model in the public sector (Africa Corporate Governance Network, 2016; Mafi, 2014).

### 5.9 Hear No Evil, See No Evil, Speak No Evil

Any corporate governance system must have a strong framework for reporting wrongdoing and corporate malpractice in order to be successful; this is especially true if the system is based on principles and compliance is optional. The protection of whistleblowers who reveal wrongdoing in governments is acknowledged as the foundation of the public sector integrity framework, according to the Organization for Economic Co-operation and Development (2015). It is a vital component for preserving the public interest, encouraging a culture of public accountability, and in many nations, it is proving to be essential in the reporting of misconduct, fraud, and corruption. The Public Interest Disclosure Act (PIDA) of 1998 offers whistleblower protection in the United Kingdom, which has a principle-based corporate governance structure in the shape of The UK Corporate Governance Code. Similarly, whistleblower protection is offered under the Whistleblower Protection Act of 1989 in the United States, where the nation's corporate governance framework is founded on the rules-based Sarbanes Oxley Act.

There is no legal or other protection for whistleblowers in Zimbabwe. This conundrum is made worse by the numerous gagging laws, such as the Official Secrets Act [Chapter 11:09], which forbid workers in SOEs from sharing details about internal business operations. This puts potential whistleblowers in a risky position and makes it dangerous to publicly reveal corporate wrongdoing and hidden malfeasance in state-owned businesses. One important component of the first line of defense against misconduct in the public sector is a robust whistleblower program. It helps to prevent corporate malfeasance by enabling the early detection of any problems and encouraging employees to report any abnormalities without fear of reprisal.

### 5.10 Summary

According to the study, the SOEs' ownership structure had an impact on how well the businesses performed. Performance suffers in areas where government control of businesses increases. The enterprise value of government-controlled businesses is increased by reduced government ownership, knowledgeable and independent boards, disclosure, and leverage. Increased state ownership, on the other hand, results in poor performance. Performance is negatively impacted by directors with political affiliations and civil servants. The study discovered a positive relationship between board tenure and firm value. The sort of government in power also affected tenure, according to the study. Poor performance was demonstrated by state-owned businesses whose boards were replaced due to a change in government.

# CHAPTER SIX:

# CONCLUSIONS AND RECOMMENDATIONS

## 6.1 Introduction

This chapter's primary goal was to summarize the research's findings, draw a conclusion, and offer any appropriate recommendations. Along with recommendations for additional research, it also describes the contribution to the corpus of knowledge. The primary objective of the research, which was to evaluate the impact of corporate governance on the financial performance of state-owned enterprises in Zimbabwe, was addressed by the results and suggestions made. Three SOEs in Harare: A Case Study.

## 6.2 Summary of the research

According to Maina (2017), state-owned businesses are established by the government to offer the general public goods and services that the private sector is unable to offer, particularly at a reduced cost. The government is the biggest stakeholder and has a significant amount of voting power over SOEs in Zimbabwe, according to the study, and the minister of finance is engaged in choosing the board of directors. The study found that corporate governance has a significant impact on SOEs' financial performance when all other factors are held constant.

All of the research variables, with the exception of firm size, were found to be negatively correlated with the financial performance of SOEs in Zimbabwe by correlation and regression analysis. The results go counter to those of Maina (2017), Audile (2010), and Armstrong (2011), who discovered that all aspects of corporate governance had a favorable impact on an organization's financial success.

According to the reviewed literature (Lipton, 2012; Yermarch, 2016 & Jones, 2014), there is a negative correlation between the financial performance of state-owned enterprises (SOEs) and their board size, composition, and independent committees. This finding was consistent with the findings of the study. Furthermore, the study discovered a positive association between company size and financial performance of SOEs, consistent with Mansfield (1962), as noted in Maina (2017), that larger organizations benefit from economies of scale and thus perform significantly better than smaller ones. The results, however, contradict the findings of Yang and Cheng (2009), as mentioned in Maina (2017), who argued that tiny enterprises display flexibility, which is ideal in a changing economic environment, and hence do considerably better than larger firms.

**6.3 Conclusions**

The study concentrated on the impact of corporate governance on the financial performance of state-owned enterprises in Zimbabwe, namely Harare. The corporate governance attributes used in this study included business size, board size, independent committees, and board makeup.

The study discovered a positive association between firm size and financial performance of SOEs, consistent with Mansfield (1962), as reported in Maina (2017) that larger organizations benefit from economies of scale and thus perform significantly better than smaller ones. The study's findings, as framed in the empirical and theoretical framework, reveal that corporate governance has an impact on the financial performance of SOEs in Zimbabwe, as stakeholder theory suggests. Furthermore, the study discovered a negative association between board size, independent committees, and body compositions and SOE financial performance. These findings contradict those of Otieno (2010), who examined the impact of corporate administration on the exhibition of organizations listed on the Nairobi Securities Exchange (NSE) and discovered a positive relationship between execution and board structure, administration exposure issues, investor rights, and pay.

As a result, the study suggests that good corporate governance procedures are linked to better performance in state-owned enterprises. The study also concludes that SOEs in Zimbabwe should focus their efforts on these variables if they want to improve their financial performance; however, caution should be exercised because other factors outside the scope of corporate governance can have a significant impact on SOE performance.

### 6.3.1 Corporate Governance and Political Interference

Boards must be free of political involvement and be perceived to be such. In Zimbabwe, however, there is an undeniable link between politics and state-owned enterprise governance. This is partly due to the state's engagement in parastatal board appointments (Zvavahera and Ndoda, 2014). These board appointments have frequently been tainted with cronyism, with members appointed primarily for political reasons rather than pure merit. The situation is exacerbated in instances where the appointed board members have political connections. Such a situation opens the door for undue influence and political interference in the day to day running of the SOE. Fan, Wong and Zhang (2014) opine that because the government has the right to appoint the CEO, the CEO’s political affiliation provides a convenient proxy for political influence in the SOE. This complicates the SOE's governance structure and undermines the quality of corporate governance implemented in state-owned businesses. For example, in the aftermath of the Salary Gate scandal, which hit the country's parastatal sector from 2013 to 2014, it was revealed that corporate governance was alien at most of the affected state enterprises and parastatals, amid allegations that the responsible ministers were "running the show" (Rusvingo, 2014). Rose-Ackerman (2004) contends that all political systems must mediate the link between private wealth and public power. The Zimbabwean government's failure to arbitrate this relationship in the public sector has resulted in dysfunctional state-owned firms dominated by self-serving political objectives.

### 6.3.2 The Corporate Governance Framework for State Enterprises and Parastatals

Corporate governance in the Zimbabwe's public sector is not a new invention. Chavunduka and Sikwila (2015) seem to suggest that the ZIMCODE is siring corporate governance standards that have been nonexistent in the public sector. Corporate governance systems have always been part of SOEs, yet corporate managers have willfully decided not to comply with them. In 2010, the Ministry of State Enterprises and Parastatals established the Corporate Governance Framework for State Enterprises and Parastatals, which is similar to the ZIMCODE in language and spirit. Nonetheless, poor corporate governance practices persisted in SOEs, with major parastatals such as Premier Service Medical Aid Society (PSMAS), Zimbabwe Broadcasting Corporation (ZBC), Zimbabwe Revenue Authority (ZIMRA), Air Zimbabwe, and the Municipality of Harare becoming archetypes of serious corporate malfeasance over the last five years.

Weak corporate governance systems in SOEs and parastatals, coupled with unbridled political interference in the operations of state-owned enterprises have been the major causes of poor performance in SOEs. The whole system has not provided the fundamental checks and balances essential for sound corporate governance, creating fertile ground for corporate misdemeanor. The "Salary gate" scandal that rocked the country's public sector during the 2013-2014 period, which became one of the biggest public sector scandals in post-independence Zimbabwe, was just a delayed manifestation of the weak corporate governance systems in SOEs.

Creating an appropriate framework of corporate governance for the public sector is a top priority for Zimbabwe's economic growth. Unchecked corruption, political intervention, and poor governance standards in state-owned firms have all posed significant challenges to the country's public sector's growth and sustainability. As such, the public sector corporate governance system cannot be left in the custody of the principles-based "comply-or-explain" ZIMCODE; furtively hoping that the nation will witness much compliance and minimal explanation for non-compliance in state-owned firms. The recent emergence of corporate scandals in Zimbabwe's state-owned firms and parastatals have shown that the country's public sector is Current best practices progressively call for more clarification of the government's position as SEP owner, less fragmentation of ownership obligations across numerous institutions, improved role clarity, and increased accountability for SEP results.

Currently, there is no overarching legislation governing SEPs. Corporate governance obligations are dispersed over a variety of laws, rules, and codes enacted over time. This contributes to selective application and/or arbitrage in accordance with the varied requirements.

SEPs also fall under different line ministries with different oversight approaches and capacities. This results in SEPs not being subjected to the same level of ownership oversight and control.

The SEP operating environment is heavily institutionalized, with line ministries, the SERA, the OPC, the Ministry of Finance and Economic Development (MoFED), the MoFED's Debt Management Unit, and Parliament all having varying regulatory and/or oversight responsibilities and capacities. This increases the likelihood of loopholes in regulation and/or oversight. It also opens up the possibility of duplicating regulatory or oversight efforts when institutions do not interact with one another. Given the huge number of institutions providing SEP oversight, it is vital to establish each oversight body's role, streamline the oversight process, and, where necessary, enter into Memoranda of Understanding (MoUs) to lessen the regulatory burden on SEPs. OPC and SERA require additional resources, both technical and financial, to improve their performance.

The SEP regulatory environment in some sectors has to be strengthened further. Telecommunications, transportation, power, water, and other sectors are examples of SEPs that must be efficiently regulated. This requires removing self-regulation (when SEPs have both operational and regulatory responsibilities), dealing with regulatory resistance and capture, and addressing unethical procurement practices that pose a danger or are occurring.

The board of directors plays an important role in an organization's governance. The board is ultimately responsible for the stewardship and performance of an entity. Its makeup and functioning have a substantial impact on the entity's governance, as well as its operational and financial performance. An effective board must have highly skilled and competent members who can use objective, independent judgment to guide strategy creation and management. The board, executives, and external stakeholders must all have a clear knowledge of the board's role and obligations in order for the board to function with adequate autonomy, authority, and accountability. Furthermore, a good board employs operating procedures such as establishing board committees and offering specialized training and evaluation for directors to improve board function and decision-making. Board structure and composition so have an important role in determining board effectiveness.

In a considerable number of situations, boards changed as line ministers moved. This has an impact on the ongoing implementation of strategies. Abrupt changes in business strategies before the end of the strategy period can also have an impact on SEP performance in relation to their stated aims. Such adjustments can have a negative influence on performance monitoring.

Some boards lack an acceptable skill balance and have not been professionally trained to manage potential conflicts of interest. The cumulative skills and expertise of board members must be in line with SEP standards. Each Director should have relevant knowledge and abilities, which could be derived from a combination of industry, functional, and/or managerial expertise, as well as the appropriate mentality to effectively contribute to the board. Board members should also avoid deliberating on items containing a potential conflict of interest. Furthermore, SEP directors must comprehend and be sensitive to SEPs' national relevance, as well as the government's reform efforts.

Some boards are not supported by the proper committees. The Board should form committees to better address specialized themes and challenges. Although this may limit the level of involvement of all Directors in all matters, such committees ensure that particular specialist topics are thoroughly discussed by those with the necessary and relevant experience and insights. This makes Board meetings more efficient and effective, allowing the entire Board to dedicate more time to more important SEP topics.

Notices for board meetings and board materials are often distributed too late. This reduces the effectiveness of the boards. Even the best information and material will be useless to the Board unless it is sent in plenty of time for members to read and absorb it before the meeting. In the absence of any other statutory rules influencing the SEP, meeting agendas shall be distributed at least 14 calendar days in advance, while all Board materials and any pre-reading should be distributed at least 7 calendar days ahead of time. This gives the Director time to study the evidence and, if necessary, conduct independent studies or request additional information. The Board should reinforce this practice by not discussing last-minute agenda items during Board sessions. Genuinely urgent problems may fall outside of these timing standards, but these should be the exception rather than the rule.

In many circumstances, board training and evaluation do not occur. Board member training and evaluations are uncommon. Good practice requires and/or encourages boards to conduct regular reviews during their directorship term. This offers various benefits, including the following:

(i) understanding how board members contribute to the tasks of the board.

(ii) giving board members feedback as to how to improve their performance; and

(iii) sensitizing boards to the link between governance (compliance) on the one hand and performance on the other — both of which are necessary for an entity's success.

Some boards operate without a Board Charter or other document outlining the various duties of the Board. They are guided by the founding laws and the PFM Act, as well as, when applicable, the Companies Act and other relevant legislation containing corporate governance provisions. Boards could benefit from entity-specific guidance on board functioning. Such instructions would be more successful if outlined in a Board Charter tailored to each SEP. Several SEPs lack suitable systems for managing conflicts of interest and related party transactions. Although the PFM Act establishes explicit measures for managing conflict of interest and related party transactions, some SEPs fail to comply with these standards. The IFRS, through IAS 24 - *"Related Party Disclosures"*, articulates disclosure requirements about transactions and outstanding balances with an entity's related parties. The standard defines various classes of entities and people as related parties, and describes the disclosures required in respect of each of those parties, including compensation to key management personnel. However, in many cases, these disclosure requirements have not met with compliance. If in compliance, such disclosures would benefit the users of the financial statements.

**6.4 Recommendations**

Based on the findings of this research, the following are the recommendations.

- SOEs should focus their efforts on board size, independent committees and board compositions if they want to improve their financial performance as these showed a negative impact on Return on Assets for the SOEs.
- Decrease Finance regulatory cost (Finance Leadership)
- Permanent survey of Gross Margins (Financial Planning)
- Cost regulation projects (following framework) (Controllership)
- State owned enterprises should continue to invest in projects that will enable them to grow as the research found that firm size has positive impact on the financial performance of organizations.

- To the policy formulation agencies, just as suggested by Maina (2017), good corporate governance practices is an important attribute of every established organization either owned by the government or fully private, profit making or not for profit making therefore SOEs should continue carrying out corporate governance practice.
- Administrators should look at their organizations' current Corporate Governance procedures to decide if they are successful in arriving at authoritative objectives or if changes are expected to improve authoritative execution
- Senior-level administrators and every day operational administration ought to be required to take at least 20 hours of proceeding with instruction courses in Corporate Governance for their industry.

**6.5 Suggestion for further studies**

The separation of ownership and control is unquestionably the most important topic in corporate law and governance. The unusual corporate structure of Zimbabwe's state-owned firms, and how it effects corporate governance in the parastatal sector, is an important topic that requires additional examination. Future research in this area must focus on the corporate structure of Zimbabwe's state-owned enterprises in order to clearly define the State's position as the major shareholder in SOEs, as well as illuminate the relationship between the parent Ministry, the Board of Directors, and the Chief Executive Officer of the SOE, all in relation to the position and interests of other stakeholders in the public enterprises. Comparative studies should also be conducted, comparing Zimbabwe's SOE corporate governance system side by side with systems in other countries to draw evidence and lessons from similarities and differences in order to improve Zimbabwe's corporate governance landscape, particularly in the public sector.

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