GREAT ZIMBABWE UNIVERSITY

MUNHUMUTAPA SCHOOL OF COMMERCE

CORPORATE GOVERNANCE AND PERFORMANCE OF STATE-OWNED ENTITIES (SOEs)

DISSERTATION

BY

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DECLARATION

I, **TAFADZWA SAMUSHONGA (M212082)** declare that this is my piece work and has not been copied or duplicated from any other sources without acknowledging the source.

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I, the undersigned certify that I have read and recommended Great Zimbabwe University to acceptance; a project entitled "**CORPORATE GOVERNANCE AND PERFORMANCE OF STATE-OWNED ENTITIES (SOEs),**" submitted by Tafadzwa Samushonga in partial fulfilment of the requirements for Master of Commerce Degree in Professional Accounting and Corporate Governance.

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This research is dedicated to my family and parents.

ABSTRACT

The study examines the association of corporate governance characteristics with the performance of ZESA, NRZ and ZUPCO from 2012 to 2023. Interest in corporations has been triggered by the increase in international scandals and other corporate abuses, especially by government agencies and management Also due to its wide participation, the board is strongly linked to the components of the corporate governance system. The research sample consists of 168 employees working in managerial and supervisory positions in these companies. They are headquartered in Harare or Bulawayo. In the data analysis, the results of descriptive statistics were first presented, and then the correlation of research variables, regression analysis and results of sensitivity tests were presented. While board size, diversity, CEO duality and independence are the independent variables, return on assets (ROA) and return on equity (ROE) are the dependent variables. Dummy factors related to year and industry were used to assess the sensitivity of the data. The regression results show that board diversity and CEO duality positively affect the performance of Zimbabwean SOEs in terms of ROA and ROE. These findings are consistent with previous studies. There are no significant observations on the size or independence of the board. In other words, neither the size nor the independence of the board affects the performance of the SOE. This work makes equal contributions to practice and scholarship. Since Zimbabwe has not produced many contemporary academic works on this topic, this can serve as a revised study of the impact of government structure and other management systems on the performance of SOEs. Management, regulators and decision-makers can also use the study and its results to improve their understanding of the factors affecting the performance of SOEs and thus guide the company's management choices. Finally, the results can also be useful for other countries with similar situations characterized by high levels of corruption as measured by the Global Corruption Index.

Keywords

Corporate governance, Board Independence, Board Size, CEO Duality, Board Diversity, ROA and ROE.

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF APPENDICES

CHAPTER 1

INTRODUCTION

1.0 Introduction

The purpose of this study is to find out the effect of the system of corporate governance on the results of state enterprises. In many countries, SOEs influence development and expansion (Todorovica and Mojca, 2015). State-owned enterprises respond to economic changes in established and developing countries (Maune, 2017). There are many reasons for establishing or maintaining a state-owned enterprise (SOE). This is important because government agencies provide the most valuable resources to the country and society and account for the largest portion of the government budget. Jones and Mason in Todorovica and Mojca (2015) used the following components: effective responses to economic problems, history and tradition, knowledge and acceptance, and integration of political or economic power. In Gargis (2017), Friedmann and Garner used four categories: political ideology, defense issues, monopolistic corporate governance, and promotion and promotion of economic development.

1.1 Background to the study

The majority of economies, particularly those in developed nations, rely mostly on state-owned businesses (IMF, 2020). Corporate governance (CG) is a critical topic on the global business agenda to support and sustain business expansion, economic advancement, and community development (Ahmed and Anifowose, 2023). Corporate governance issues have received much public attention due to their importance to the financial stability of organizations and society as a whole, especially in light of recent corporate scandals (Maune, 2015). Essential industries include mining, energy, utilities, infrastructure, and, in some countries, financial services, are the most common sectors for SOEs (ADB, 2020 and OECD, 2018). Their influence on the world economy has increased dramatically in the last several years (OECD, 2018). For more than a decade, just one or two SOEs held the top spots in the league table; today, they account for about 20% of the biggest companies globally (Milhaupt and Pargendler, 2017). Therefore, SOEs must abide by strong corporate governance norms in order to preserve financial stability and foster global growth (OECD, 2015).

The global discussion surrounding corporate governance and disclosure has taken a significant turn since the start of the financial crisis and accordingly many countries modified their corporate governance policies (United Nations, 2010). Due to significant worldwide business failures like Enron, Tycon, Worldcom, and others that caused a global corporate crisis, the idea of CG has expanded. Accordingly, politicians, stock exchanges, investors, and regulators are all worried about this. Countries all across the world have adopted a governance structure to safeguard the interests of stakeholders in response to the global crisis. The first rule to be applied in the United States was the Sarbanes Oxley Act, which was released in July of 2002 (Peregrine and Elson, 2022). As a result, people started coming together to pursue common goals, the idea of CG has gained attention. However, strong corporate governance especially in SOEs is still impossible to be codified into law.

The African continent has numerous challenges that prevent companies from supplying the much-needed foreign direct investment (FDI). The main causes of many problems are a lack of entrepreneurship and a favorable business environment, which are essential for investment and economic prosperity. Other factors that hinder long-term investment decisions and the implementation of sustainability policies are social, political and economic factors that entail high risks. The high cost of doing business, which includes corrupt practices, poor corporate governance, and a lack of business ethics, is another issue (Asongu and Nwachukwu, 2018a). SOEs in Africa rely heavily on their national budgets (Maune, 2017). According to Mashavave (2017), state-owned companies in Africa depend on national funds to continue operating. State-owned companies play a crucial role in the economy of Africa. The International Monetary Fund (2020) asserts that SOEs have a distinct and more varied impact on the economy and people's lives than do governments directly through the provision of goods and services. In many nations, stateowned enterprises offer loans to businesses in addition to fundamental services like transportation, power, and water to individuals and businesses.

Furthermore, Zimbabwe has not been spared the worldwide SOE crisis concerning boards' supervision duties (Chigudu, 2021). The vices of company failures, scandals, and fraudulent operations include economic slowdown brought on by a loss of investor trust, unemployment, and a reduction in GDP. In addition to net losses, the 2018 Auditor General Report states that fund theft, nepotism, and corruption are just a few of the corporate governance issues that SOEs in Zimbabwe have faced. Because of this, SOEs have underperformed and remain a burden on the government (Rusvingo 2014). From 1990 to 2015, Zimbabwean SOEs did not perform well, according to Sikwila et al. (2015). Some examples of SOEs that performed poorly and almost failed include the National Social Security Agency (NSSA), the Cold Storage Commission (CSC), the Zimbabwe Broadcasting Corporation (ZBC) and the National Railways of Zimbabwe (NRZ). Subsequently, the Zimbabwean government introduced several legislative frameworks to tackle the problem of bad governance in state-owned enterprises (SOEs). These included the Public Entities Corporate Governance Act and the Zimbabwe Code on Corporate Governance (ZIMCODE), both passed in 2014, as well as the Public Entities Corporate Governance Act (PECGA) Chapter 10:31 in 2018.Chapter 10:31, 2018.

1.2 Statement of the problem

Zimbabwe's economy is highly dependent on state-owned enterprises (SOEs), particularly on the provision of main services such as energy, water, transportation, medical facilities and education (Department of Government, 2022, Chigudu, 2021, World Bank, 2017). In order to contribute to the development of gross domestic product and promote economic growth, state-owned enterprises (SOEs) must be transparent, capable and efficient in all aspects in order to achieve success in every economy (Todorovica and Moika, 2015). In Zimbabwe, most state-owned enterprises faced board failure and others were unable to increase profitability (Mashavave, 2017). In response to the failures and scandals of multinational companies, the connection between state-owned firms' performance and corporate governance has received renewed attention. Furthermore, previous studies have yielded conflicting results regarding the relationship between corporate governance factors and a company's financial metrics, suggesting that companies actually employ good corporate governance practices in their pursuit of profit maximization. State-owned companies in Zimbabwe functioned without a board, and for the preceding ten years, a few of them neglected to provide financial accounts to the auditor general (Public Accounts Committee Report, 2022). These errors show the challenges in the SOE corporate governance structures, which explains why their performance is deteriorating (Maune, 2017).

1.3 Justification of the study

Research has revolved mainly on importance of SOE governance and perform,ance, and its importance is increasing significantly (Gakpo, 2021). This is now an important issue for organizations of all sizes, communities, governments, and regulators. (Zvitambo and Mhizha, 2019; OECD, 2021). In Zimbabwe, the collapse of some public sector institutions has led to the refinement of corporate governance (Maune, 2017). Corporations and state-owned enterprises are currently reviewing their organizational frameworks and business models

(Maune, 2015). One of the main obstacles to developing effective ownership is ensuring transparent and fair governance in state-owned enterprises (SOEs) (Maune, 2015). Both the public and private sectors must focus on transparency and openness to ensure that state-owned enterprises (SOEs) are held accountable for their actions (Chigudu, 2020).

Additionally, the Zimbabwean government's interest in the issue led to the completion of a study on the impact of corporate governance on the financial performance of state-owned enterprises. The bulk of research projects were carried out in Asia, Africa, North America, South America, Antarctica, Europe, and Australia (Kaunda and Pelser, 2023). Some studies also use primary or secondary data collection methods. Additionally, there are legitimate concerns about whether companies employ good corporate governance practices to increase profits, as previous research on corporate governance and how to measure corporate profits has produced conflicting results (Marashdeh, 2014).

1.4 Purpose of the study

In light of the corporate scandals that have shook Zimbabwe's parastatals in recent years, the paper examines the relationship between corporate governance and SOE effectiveness.

1.5 Research objectives

1.5.1 Main research objective

To investigate the impact of corporate governance on SOE performance in Zimbabwe

1.5.1 Sub-research objectives

i. To investigate the impact of board independence on SOE performance in Zimbabwe.
ii. To clarify how Zimbabwe's SOE performance is impacted by dual leadership
iii. To look into how board size impacted SOE performance in Zimbabwe
iv. To impartially investigate the connection between board diversity and the performance of Zimbabwe's SOEs

1.6 Research questions

1.6.1 Main research question

What is the impact of corporate governance practices on SOE performance in Zimbabwe

1.6.2 Sub-research questions

i. What effect does board independence have on Zimbabwe's SOE performance?
ii. What impact does dual leadership have on Zimbabwe's SOE performance?
iii. How does the performance of Zimbabwe's state-owned businesses depend on the size of a board?
iv. What is the relationship between the diversity of SOE boards in Zimbabwe and their performance?

1.7 Statements of hypotheses

H_0: The performance of SOEs in Zimbabwe exhibits a significant positive link with the board's independence.
H_1: There is a significant inverse relationship between SOE performance in Zimbabwe and the CEO duality.
H_2: The performance of SOEs in Zimbabwe exhibits a notable positive link with the size of the board.
H_3: There is a significant positive relationship between board diversity and SOE performance.

1.8 Assumption of the study

The study assumes that SOE play a crucial role in shaping the socio-economic landscape of any nation. The effective performance of these entities is contingent upon various factors, with corporate governance standing out as a key determinant. In addition, the variables used during the study enhance reliability and validity of the study.

1.9 Significance of the study

1.9.1 Significance to practice

i. SOEs in Zimbabwe

The final chapter presents strategies and recommendations to enable SOEs to become more transparent and accountable to the government. It gives SOEs the tools they need to meet the challenges of stakeholder management. Corporate governance also boosts economic growth, creates jobs and expands the availability of finance and new investments.

ii. Policymakers

Good corporate governance procedures in SOEs are essential to the government's success. Their moral precepts and values serve as a guide for the conduct of social, political, and governmental actors. They also provide actors with a set of performance standards to work by.

1.9.2 Significance to theory

i. Researcher

The analysis clearly shows how important it is to maintain reliable management in SOEs. The study also helps the researcher understand the importance of corporate governance, which sets guidelines and best practices that define how a company should operate to meet the demands of all its stakeholders. Financial viability is the result of ethical business practices created through good governance.

ii. The university

The university will benefit greatly from the research because it can be used as a reference by other students. Once completed, the research will expand the university and the body of knowledge. To further investigate the relationship between management standards and the performance of SOEs, the researcher plans to work with an organisation.

1.10 Scope of the study

The primary goal of the study is to determine how corporate governance influences the operational effectiveness of Zimbabwean SOEs. ZUPCO, ZESA, and NRZ were chosen for the research. The research was done in Harare and Bulawayo. The senior officers, managers, and executives of these companies were specifically targeted by the researchers. Surveys and interviews with respondents were used to collect primary data. Secondary sources were gathered using a documentary review research instrument. The most recent 11-year period (2012–2023) that demonstrated trends in the researcher's study emphasis was taken into account.

1.11 Limitation of the study

1.11.1 Response rate

The study indicates that throughout the distribution of questionnaires and the gathering of interview data, a specific proportion of respondents were uncooperative. In addition to seeking permission to conduct the investigation, the investigator will explain to the subjects why their participation is important

1.11.2 Confidentiality issues

Information about the company's management system is considered private. Company guidelines limited the amount of information the company made available to external stakeholders. The researcher guarantees to the participants that the collected information will be used only for academic research.

1.11.3 Time limitations

The study was conducted over a six-month period due to scheduling restrictions. To meet the demands of her full-time employment and research study, the researcher will take time off from work.

1.12 Definition of terms

Corporate governance: Body of guidelines, directives, and practices that govern an organization's management. "Corporate governance" refers to the goals and practices of corporate governance. It demonstrates who is in charge, accountable, and in charge of making decisions. (Todorovica and Mojca, 2015).

1.12.1 Financial performance: the overall financial stability of the company. Every company finances its activities using a variety of financial assets, which generates revenue and, ultimately, profits (Maune, 2017).

1.12.2 SOE: an entity established or nationalized by an executive order or legislative act of the federal government, a province government, or both. Its objectives are to support government programs, control monopolies in the private sector, provide citizens with more affordable goods and services, generate revenue for the government, and supply goods and services to the country's distant locations. (OECD, 2021).

1.12.3 Board independence: Independence is a quality that people might have and is essential to professionalism and professional behavior. It entails avoiding being unduly influenced by a vested interest and getting rid of any barriers that might make it difficult to decide on the best course of action. Making the right decision without bias on a given issue requires the ability to "stand apart" from inappropriate influences and to be free from management capture (ACCA, 2023).

1.12.4 CEO duality: a business approach in which the chairman of the board of directors is also the chief executive officer of the company. In this case, the CEO has the immediate ability to make significant business decisions by exercising significant executive authority (Chigudu, 2020).

1.13 Research layout

The study report is structured into the following five chapters:

Chapter 1 (Introduction): The study report's introduction chapter starts by outlining the problem statement and giving some background data. It also contains a summary of the research report's chapter structure, the study's significance, and the goals and issues of the research.

Chapter 2 (Literature review): This chapter provides a thorough analysis of the pertinent literature. It contains a summary of previous research on the subject and associated theories. It also entails creating a theoretical framework and proposing hypotheses based on the literature review.

Chapter 3 (Research Methodology): This chapter describes the research approach that was used for the study. It covers the design of the study, data collection techniques, sampling strategy, research instrument, instrument construction, and the selected analytic method.

Chapter 4 (Research Results): The research findings are presented in this chapter. Both descriptive analyses produced by statistical programs like SPSS are included. This chapter contains a report and discussion of the findings.

Chapter 5 (Discussion and Conclusion): The research findings are discussed in this last chapter. It covers the study's limitations, explains the hypothesis testing, makes conclusions based on the data, and offers suggestions for other research projects.

1.14 Summary

This chapter is snapshot of the whole research project. This chapter has covered the following topics: background, problem statement, study objectives, significance, scope, delimitations, gap analysis, limitations, hypothesis, and summary. The review of the literature on the study variables is done in the next section.

CHAPTER II.

LITERATURE REVIEW

2.0 Introduction

This chapter critically assesses academic research on Zimbabwe's governance and SOE performance, focusing on key theories, models, and empirical data. It clarifies aspects of corporate governance and board diversity, using agency, stakeholder, and stewardship theories.

2.1 Conceptual literature review

2.1.1 Corporate governance

Corporate governance is a framework that guides and controls companies, covering aspects like action plans, transparency, internal control, and performance evaluation (Maune, 2015). The board of directors defines strategic goals, provides leadership, and reports to shareholders (Chigudu, 2020; Maune, 2015). Corporate governance differs from day-to-day operational administration by full-time executives. (Maune, 2017). The Zimbabwean government has implemented various legislative and regulatory frameworks to promote corporate accountability and transparency in the public sector, including the Companies Act 1952, the Public Finance and Administration Act 1955, the Zimbabwe Public Enterprises and State Enterprises Governance Framework and the Public Sector Risk Management Guidelines and Framework.

2.1.2 Performance

The performance variable is a widely used and dynamic expression that describes the more effective and efficient performance of a task (Marashdeh, 2014). Therefore, the company and its performance are analysed from several different perspectives using a resource-oriented theoretical approach (Maune, 2017). Based on stakeholder expectations, the company and its operations can be valued and evaluated based on profitability, growth, market value, return to shareholders, economic value added and customer satisfaction (Chigudu, 2020) . Financial analysis is a technique commonly used by creditors, investors and decision makers to evaluate companies and their operations. The performance and performance of the company can be determined based on the level of performance of the company and the market (Marashdeh, 2014). This is often called financial stability or financial health. The company and its performance can be evaluated using various financial indicators. According to Kiranmai and Mishra (2019), common financial measures are turnover, profit margin, sales growth, solvency, liquidity ratio, return on equity, return on assets and stock prices.

2.1.3 Conceptual framework

The conceptual model of the study is shown in Figure 2.1 below.

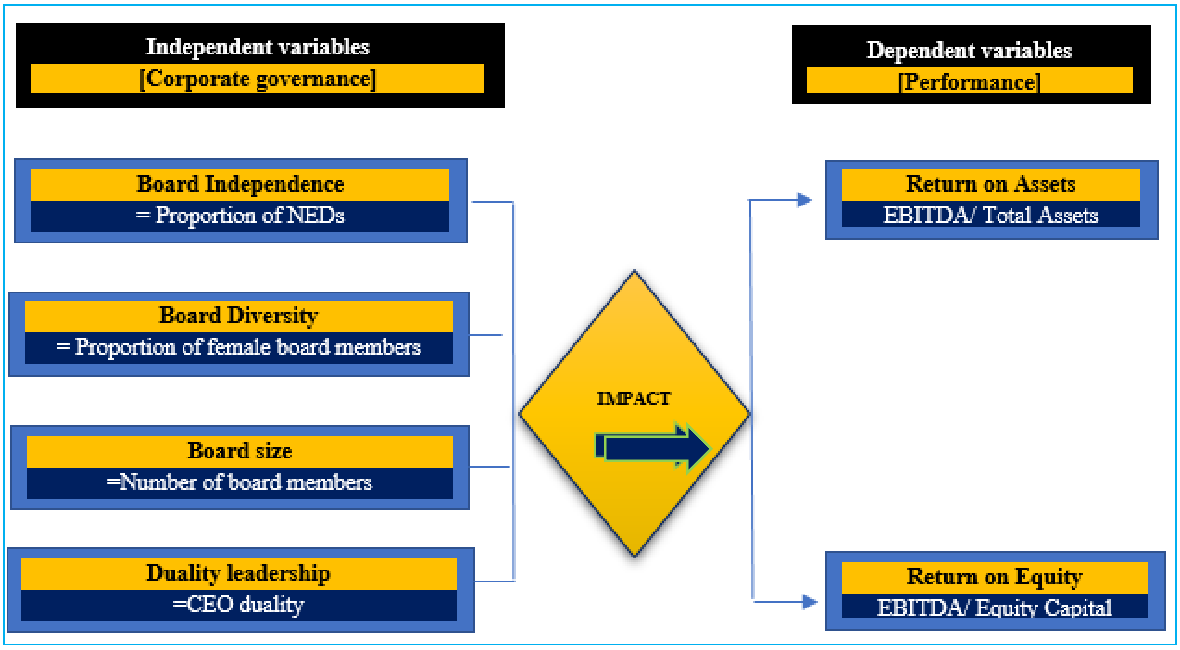

Figure 2.1: Conceptual model
Source: Primary data (2023)

2.1.4 Board independence and performance of SOEs

Independence is essential to manage things in various situations. People can have autonomy, which is an important part of professionalism and professional behavior (ACCA, 2023). This means removing all barriers to choose the best path and keeping the right under strong pressure from special interest groups (Krause et al., 2014). Shareholders appoint non-managers to represent their interests in the company and on the board (Karim, Mitra, & Khan, 2020). The board of a state-owned company is very important for the operation and management of the company (Fogel et al., 2014). Over the past decade, OECD governments have worked to invest in SOE boards, ensure their independence and protect them from excessive political interference (Gakp et al., 2021). Although these strategies have been successful, much remains to be done to achieve the challenging goals set out in the OECD Guidelines on the Governance of Public Enterprises.

Adhikar and Mitra (2016) define corporate governance as the set of norms, rules and practices that guide the management of businesses. The board decides most of the company's policies. Previous research has shown that board members have an advantage in corporate decision making (Gakp, et al., 2021). These changes include, among other things, rules regarding the appointment of board members and the division of responsibilities between the CEO and the chairman of the board (OECD, 2015). Most agree that, all things being equal, the independence of outside board members increases the value and performance of the company. Theoretical frameworks indicate that board independence improves organizational performance by enabling independent directors to fulfill supervisory responsibilities and reduce costs, thereby increasing corporate success. However, studies show slow performance due to highly independent directors in advanced firms (Baysinger and Butler in Milhaupt and Pargendler, 2017 and Bett 2022).

One of the main areas of study for scholars studying corporate governance is the relationship between outside directors and the board of directors (Frijling, 2016). There is agreement that outside directors are accountable for more managerial duties than inside directors (Chigudu, 2020). As a result, outside directors are more likely than internal directors to produce profits for shareholders, but it does not explain how this affects the firm's ability to succeed. The potential benefits of internal managers have been identified by others, including increased corporate spending on research and development and improved contextual data for evaluating senior managers (Todorovica and Mojca, 2015).

Hypothesis 1: There is a positive correlation between the independence of the board and the SOE performance in Zimbabwe..

2.1.5 CEO duality and SOE performance

CEO duality is a term used to describe a situation where the chairman of the company (COB) also fulfills the duties of the CEO (Mashavave, 2017). This dual function is created by a company naming a person as CEO and COB (Dogan, 2020). To function, a company must be both COB and CEO at the same time. This is known as CEO duality. Although the roles of COB and CEO are distinct, the duality of the CEO requires a person to fulfill both responsibilities simultaneously (Todorovica and Mojca, 2015). Considering that the COB has additional responsibilities such as ensuring that the board is functioning well and assisting the CEO in developing and implementing the plan. However, the duties of the managing director and CEO also include preparing plans approved by the board, ensuring the implementation of the company's plans and ensuring that the organization and operations are consistent with the core principles (Palanissamy, 2017).

The power associated with being a CEO and board member of a company cannot be denied (Qadorah and Fadzil, 2018). The advantage of the two-manager model is that one manager can provide clear direction because he alone is responsible for the entire company. In fact, it is a clear guide for the CEO and managers, stakeholders and subordinates for corporate strategy and business decisions (Palanissamy, 2017). In the context of a dual CEO, efficiency means high power. This is because the CEO and the board of directors assess how well the company's decision is meeting its goals. CEO duality saves time and speeds up the decision-making process (Rakhman, 2018).

In the case of CEO duality, a strong leader has advantages, such as providing a clear direction to leadership, but also weaknesses. In addition, the lack of transparency in government institutions is due to the dual role of the CEO. This happens because of the dual power of CEOs, reducing transparency and allowing them to hide everything that happens in the organization. Dual monitoring of managing directors and CEOs can undermine firm performance by reducing the size of the board of directors (Dayton, 1984):

Hypothesis 2: The CEO duality and the performance of State-Owned Enterprises (SOEs) in Zimbabwe are significantly and inversely connected.

2.1.6 Board size and SOE performance

Size is one of the most important features of a tablet. Before examining the dimensions of the frameworks presented in the literature, it is important to start with the accepted conclusions (Zvitambo and Mhizha, 2019). Board size refers to the total number of directors on the board. There is currently no minimum requirement for the number of board members—rather, it is decided by formula (Palanissamy, 2017). Because of this, standard board sizes differ greatly between countries according to the legislation pertaining to pertinent topics. For instance, Carter and Lorsch (2004) estimate that the average board of directors in European countries consists of approximately thirteen members. The benefits of having a large or small board for a company's performance have been the subject of conflicting study. Nonetheless, some research, such as that done by Mangena and Chamisa (2008), shows that the size of the board has no bearing on the company's success.

Recent research suggests that while larger boards of directors still exist, fewer directors may be more effective (Kyoungsun, 2018). However, there's no one-size-fits-all approach to board creation, and there are both benefits and drawbacks to having more directors (Turyakira, et al., 2023). Larger boards are better at monitoring and providing guidance due to their diversity of experiences and points of view (Turyakira et al., 2023). They also accumulate more information, leading to improved commercial success and fewer organizational issues (Kyoungsun, 2018). (Todorovica and Mojca, 2015).

Conversely, expanding the board may make it more difficult to take initiative, make strategic decisions, and engage effectively (Dogan, 2020). Ultimately, there are more advantages to having more directors than downsides. Free-riding, delayed decision-making, and issues with procedures and coordination are some of these drawbacks (Todorovica and Mojca, 2015). Smaller groups facilitate better coordination and communication, which leads to more involvement and social cohesiveness. Furthermore, because its procedures are less bureaucratic and more flexible, a smaller board can exercise control more successfully (Kyoungsun, 2018). Most previous studies on this topic have found a negative relationship between board size and productivity and firm value (Zvitambo and Mhizha, 2019). Therefore, in order to assess the aforementioned claims in the context of Zimbabwe, the following considerations stand out:

Hypothesis 3: There is a positive correlation between the size of the boards of State-Owned Enterprises (SOEs) in Zimbabwe and their performance

2.1.7 Board diversity and SOE performance

Diversity has been one of the most important concerns in corporate governance during the last few decades. Diversity is defined by Todorovica and Mojca (2015) as any unique characteristic that makes a person stand out from the others. Numerous ideas spring to mind while considering variety (Kyoungsun, 2018). Nonetheless, diversity has been widely categorized into two groups as a result of earlier research: observable diversity and non-observable diversity (Wong, 2018). While observable diversity on a board can be characterized by demographic differences like gender, age, nationality, and educational background, nonobservable diversity might include things like cultural values or personality qualities (Yang, et al., 2021). Researchers use different markers to measure diversity on the boards. Researchers look at the relationship between a diverse board and corporate success based on several factors, such as gender, age, ethnicity, education level, field of study, knowledge and socioeconomic background (Dogan, 2020). However, observable diversity is the main focus of disk diversity research. This is because unobserved characteristics are much more difficult to analyze (Kyoungsun, 2018). Similarly, this study uses perceived diversity to identify board diversity (Dogan, 2020).

A diverse board encourages innovation and diverse perspectives. People with different experiences and different backgrounds can face the same problem in different ways. Some studies have shown that more diverse groups stimulate creativity and generate a wider range of perspectives and problem-solving methods (Kyungseon, 2018). In other words, different groups think less. Diverse members can gain knowledge from many sources, which can foster creativity within the team (Todorovica & Mojca, 2015). For example, networks can provide access to independent sources of information (Garg, 2017). Better access to SEO recommended resources and links (Todorovica and Mojca, 2015). By selecting managers with different characteristics, companies gain access to multiple resources (Garg, 2017). Directors who have worked in the financial industry before, for example, could help businesses get in touch with particular investors. Directors with significant political clout may help businesses bargain with regulators or secure contracts for public works projects (Garg, 2017). These most likely won't be sufficient to meet the requirements for additional demographic characteristics such as ethnicity, gender, or age.

Performance incentives through mentoring and recognition: A diverse board can help junior employees believe that the company is committed to the advancement of minority employees and that being a minority employee does not prevent them from moving up the corporate ladder (Garg, 2017). Boardroom diversity may benefit the careers of minority top executives as well, since mentorship is probably essential for career advancement. It's unclear, though, if CEOs receive mentoring from outside directors (Todorovica and Mojca, 2015). Diversity in boardrooms is also an opportunity to maintain non-discrimination among minority managers, as high-level promotions are likely to be discussed by the board (Kyoungsun, 2018). In addition, diversity increases the legitimacy of SOEs, public relations and investor relations. Adherence to social norms may benefit some companies more than others. Businesses that deal in consumer goods, for instance, could wish to show that they care about society. Firms with many investment managers face pressure from investors to organize a diverse group of managers (Todorovica and Mojca, 2015). These companies pay more attention to the gender and race of their owners in addition to other demographic characteristics. The more diverse the company and its board of directors, the easier it is to persuade the public, the media, and the government (Garg, 2017).

On the other hand, it can lead to unpleasant feelings, the inability to work together and the difficulty of communication. Evidence of the relationship between pleasure and demographics can be found in the social psychology literature (Kyungsoon, 2018). Group fault lines are called imaginary dividing lines that can divide a group into subgroups based on one or more characteristics, as Lau and Murnighan (1998: 328) show in administrative documents. Major population characteristics can divide groups into manageable departments (Garg, 2017). Demographic diversity can enhance interpersonal attraction and cohesion within a group, inhibit intergroup communication, and create conflict. One of the problems facing diversity in corporate boards is the lack of communication between independent directors and senior directors (Zvitambo and Mhizha, 2019). Todorovica and Mojca (2015) note that executives provide outside directors with access to company-specific information. According to Garg (2017), executives may presume that directors with varying demographic origins hold distinct mindsets and worldviews. Executives' reluctance to disclose information to minority directors and selecting directors with insufficient experience or education can hinder the effectiveness of the board (Kyoungsun, 2018). Female directors' preferences can have an impact on gender diversity, leading to a board that is excessively active and inexperienced in spite of the rise in the share of women in senior executive roles (Garg, 2017). In addition, there may be some candidates who qualify as minority directors, so they may hold more board positions than senior directors. Managers who have a busy schedule are more likely to do bad things than those who don't have a busy schedule. (Zvitambo and Mahizha, 2019). This also leads to conflicts of interest in pushing the agenda of public institutions. Some managers may place their own goals above the company and its financial performance (Garg, 2017). When directors represent outside interests as well, that could be even more troubling (such as those of directors associated to the banking sector). Directors with a wider range of personal and professional goals may have more sway over a more diversified board. Zvitambo and Mhizha (2019) suggest that the primary cause of this risk is not diversity per se, but rather a failure to align with shareholder interests. During the director selection process, overemphasizing some qualities—such as functional background—may inadvertently lead to the nomination of individuals whose allegiances are not to the organization (Kyoungsun, 2018). To evaluate the above claim in the context of Zimbabwe, the following theory is developed:

Hypothesis 4: There exists a positive correlation between the success of State-Owned Enterprises (SOEs) in Zimbabwe and board diversity.

2.2 Theoretical literature review

2.2.1 Stewardship theory

Stewardship theory emphasizes psychological and social factors, while agency theory emphasizes the economic component. Unlike a self-interested person, a manager should be a manager who protects and optimizes the interests of the owners. Wealth, according to Davis et al. In other words, management theory believes that the foundation of manager-shareholder relationships is trust and empowerment, thereby reducing the costs associated with managershareholder control and regulation. Behaviour. Psychological and socio-cultural factors are the cause of leaders' behavior. According to Clark (2004), this has a positive effect on the company's performance. Furthermore, a manager's loyalty and connection to the company will eventually be impacted by the collectivist culture of the corporation (Clarke, 2004). Collective behavior is always regarded above individualistic behavior and improves organizational effectiveness because it promotes more cooperative decision-making and places a higher emphasis on achieving the group's goals collectively. Stewardship management theory suggest that boards with a majority of insiders are considered more successful because they have a broad and deep understanding of the company and its day-to-day operations, including technical skills and access to information (Muth and Donaldson, 1998). However, However, the theory tend to think that boards with more people are more efficient and effective because the board has fewer opportunities to monitor and manage the organisation.

2.2.2 Stakeholder theory

Stakeholder theory suggest that business leaders and managers should consider the interests of all stakeholders. In other words, the organisation should be managed and managed in such a way that everyone participates. Donaldson and Preston (1995) distinguish three approaches in their theory of emotions: normative, pragmatic and descriptive/motivational. The first method shows, with the help of a picture or a true story, what the organization is like, how the managers run the company, how the board reflects the needs of the organization and how the company works. Unlike corporate theory, which focuses on shareholder rights, interest group theory considers the interests of all stakeholders in the firm, including society and the environment (Letza et al., 2004). Additionally, stakeholder theory is defined by Pesqueux and Damak-Ayadi (2005) to explain how a sound stakeholder management strategy fosters growth, stability, and increased profitability, all of which benefit a company's performance.

2.2.3 Resource dependency theory

According to Hessels and Terjesen (2010), the concept of economic dependence focuses on the interaction between management and various environmental actors. The authors argue that this idea illustrates the firm's need to acquire resources from other partners and explains why a lack of capital makes it possible to develop technologies that use these resources in other ways. Hessels and Terjesen (2010) pointed out that the main point of resource dependence theory is that companies often. This clearly shows that providing the necessary money is one of the tasks of the board. Responsibilities, especially for independent members. Board resources include external knowledge, contacts, and enhancements, with board diversity and individual member experience crucial for managing capital and financial needs of the company (Pfeffer and Salancik, 1973). Pearce and Zahra (1992) argue that board diversity is important for firm survival. This is because profits are obtained by exchanging company resources with the external environment. Asset dependence theory explains many of the strategies that companies use to raise capital. Mizruchi and Stearns (1988) strongly recommended that companies appoint representatives of financial institutions to their boards of directors.

2.3 Empirical literature review

Kaunda and Pelser (2023) research endeavors to investigate the correlation between the corporate governance of least developed economies and the performance of state-owned firms. The study examined primary and secondary data from nine government agencies that operated between 2001 and 2016. This study was conducted using a quantitative approach. Fixed effects, random effects and generalized method of moments (GMM) were used in the regression analysis. The results show how corporate governance issues affect the success of state-owned enterprises in vulnerable countries. Increased control, reduced government control and oversight, and improved board structure can improve public company performance. On the other hand, less work is the result of more ownership. The research additionally indicates that political affiliations between public employees and directors in government-owned enterprises negatively impact the overall worth of the organization.

Additionally, Ngo et al., (2023) carried out research on relationship between board independence and the financial success of companies listed on the Vietnam Stock Exchange, using market competition as a parameter. This study used secondary data collected from the financial reports of companies listed on the Vietnam Stock Exchange from 2016 to 2020. This study was useful because it improved the scientific base of policy makers in Vietnam and helped listed companies to make board decisions, thereby improving financial efficiency. In addition, Bett (2022) summarizes major research findings on the relationship between corporate governance and performance. Moreover, countries that have succeeded in improving corporate governance standards have also succeeded in improving the business environment and performance of state-owned and private enterprises.

Hafssaand's 2022 study investigated the impact of corporate governance on the financial performance of listed Finnish companies using 682 observations from the Helsinki Stock Exchange. The study found that board meetings, CEO pairing, board size, and diversity were independent variables. The study found that CEO duality and board diversity positively impact Finnish listed companies' performance on ROA and ROE, with no significant impact from board meetings or size, indicating that firm performance is not affected by these factors.

Dogan (2020) investigated how the performance of 100 Dutch companies listed on Euronext Amsterdam in 2018 and 2019 was affected by board diversity. Return on Equity, Return on Equity and Tobin Q are used to evaluate a company and its success. Gender, age and ethnicity are characteristics of board diversity. Regression analysis using ordinary least squares (OLS) is used to examine how board diversity affects firm performance. Research and findings show that board diversity does not affect the company and its success. First, the results show no correlation between company performance and gender diversity. Second, there is not much data to support the idea that a diverse workforce improves company success. On the other hand, primary evidence indicates that age diversity has little impact on firm performance. Finally, the diversity of nationalities has little effect on the company's bottom line. Research and general observations show that board diversity does not significantly affect the company and its profitability. In addition, Frijling (2016) investigated the relationship between gender and independence. The researchers looked at inclusiveness, autonomy and gender differences when deciding on board composition. This study examines the effect of the Sarbanes-Oxley Act on board composition. That study found that after the passage of the Sarbanes-Oxley Act, independence was inversely correlated with business value, while gender differences were not significantly correlated with firm performance.

Maunei (2015) conducted a study to summarize the current state of corporate governance in Zimbabwe. Research shows that Zimbabwe is still one of the few countries without a national corporate governance law. This article explains the business management principles currently in place in Zimbabwe that can help you plan your project. Finally, Ahmadu (2013) investigated the relationship between business financial performance and autonomy using data from Nigeria. This study used cross-sectional data collected from the Nigerian Stock Exchange between 1996 and 2004 (between 89 and 205 companies for explanatory purposes) to assess the relationship between corporate governance and corporate governance.. While family relationships among board members have been found to limit company growth, research has shown that having senior executives on audit committees has a negative impact on company success.

2.4 Summary

This chapter reviews literature on corporate governance's impact on SOE performance, including conceptual literature review, empirical studies, and theories, and discusses study methodology and findings..

CHAPTER III

RESEARCH METHODOLOGY

3.0 Introduction

The literature on the relationship between SOE performance and corporate governance is presented in Chapter 2. The techniques or methods for gathering, processing, and presenting the results are provided in this chapter. More importantly, it emphasizes the rationale behind the chosen course of action and the methodical approach to solving the current issue. It also provides illustrations of how to collect, clean, and analyze data to increase its reliability and validity.

3.1 Research philosophy

This study utilized a pragmatic research philosophy, integrating quantitative and qualitative data to gain a comprehensive understanding of corporate governance and potential solutions. Combining methods improves the interpretability of quantitative results, describes and interprets data more effectively, and helps to appreciate the broader significance of qualitative findings from small samples (Harvard Catalyst, 2023). Pragmatic research designs incorporate operational decisions based on what will be most effective in addressing the research questions (Sekaran et al., 2019). This makes it possible for pragmatic researchers to approach study problems through original and creative research methods.

3.2 Research design

To assist gather information that accurately reflected the current situation, the researcher employed a descriptive design. The state of affairs is explained via descriptive research. The complexity of the study problem was one of the primary variables influencing the descriptive research design. Through the use of this methodology, participants were able to sufficiently explain how corporate governance affected the financial performance of SOEs, guaranteeing that all the data needed for the study was collected.

3.3 Research approach

The current study examined numerical data and produced conclusions using a deductive methodology. Garg (2017) integrated a deductive technique with a quantitative research strategy. It was believed that this tactic was suitable for the study. In a related study, Dogan (2020) tested the quantitative content analysis data using accepted theories. Todorovica et al. (2015) further state that it is unable to explain how social reality is produced and preserved. It does not fully explain how people understand themselves or one another (Yusuf et al., 2018).

3.4 Data sources

In this study, primary and secondary data collection techniques were applied. Information was collected from the respondents to determine the impact of corporate governance on SOE performance. The two main techniques for gathering data on corporate governance were questionnaires and interviews. However, SOE corporate governance performance quantitative data came from financial statements and annual reports

3.4.1 Primary data

This data is original since it is new and has never been gathered before. The basic justification for selecting primary data was that important information must be obtained for preliminary planning and desired outcomes (Księzak, 2016). Since primary data is separately collected for a particular project or study, it is more credible and distinct, increasing its reliability. However, there are drawbacks to using the main technique for gathering data. The information acquired may be biased because, according to Masud et al. (2018), the credibility of the data is determined by the correctness and attitude of the respondents. Primary data gathering can be expensive and time-consuming because it requires fieldwork. To plan interviews, collect questionnaire responses, and analyze the data, experienced researchers are required (Qadorah and Fadzil, 2018).

3.4.2 Secondary data

This type of data collected by someone else, and it has since been investigated statistically or in another way. Although Wang et al. (2020) indicate that sharing of the information is optional, the data was collected with the intention of using it for another purpose. Among the many advantages of secondary data are its speed and ease of access (Ngo et al., 2023). Researchers can update and evaluate the current data while balancing costs and time because it is readily available and does not require fieldwork (Mthombeni, 2021). Validity cannot be ascertained in a preset way; rather, data analysis is an acquired skill (Ngo *et al.*, 2023).

3.5 Research instruments

The major instruments used was structured surveys and interviews.

3.5.1 Questionnaires

Questionnaire forms in plain English were prepared as the main tool. It was accompanied by an introductory cover letter that described the purpose of the study and asked the respondents and ; consent The questionnaire consisted of closed questions in which the respondent is forced to choose from a list of answers given by the researcher. The purpose of part A was to create a profile of the respondents.. The three most sought-after demographic traits were experience, gender, and qualification level. The demographic factors were integrated in Section A to understand the characteristics of the staff members at ZESA, NRZ, and ZUPCO. The purpose of the statements in Section B was to ascertain how board independence impacted SOE operations. Section C discussed the relationship between SOE performance and dual leadership. Section D addressed questions about how board size affects SOE performance. Section E asks questions regarding SOE performance and board diversity.

No names of the respondents were asked and this can result in more accurate and reliable data because it is in line with the respondent freedom and anonymity principle. An introduction cover letter that offered respondents and the organization a respectable degree of privacy and confidentiality assurance was also included with the questionnaire. Because respondents feel more comfortable sharing their opinions and feelings in anonymity, bias is reduced. There is significantly less bias and administrative expense with the questionnaire approach. All targeted participants can receive and administer email surveys simultaneously. Data can be categorized and arranged using structured survey questions (Taliento, et al., 2019). The data may be gathered by the researcher or by another party with restrictions on its authenticity and dependability. Analyzing quantitative data is the initial step toward developing new concepts or confirming theories, according to positivism.

However, low response rates to questionnaires result in labor-intensive and time-consuming follow-ups. Many respondents indicated they were scared to answer personal questions for fear of becoming victims, despite the cover letters' assurances of anonymity and safety. Additionally, the format of the questionnaire provides a limited explanation of the answers provided by the respondents. When the questionnaire was open-ended, participants had greater opportunity to share their thoughts and opinions as well as provide recommendations and suggestions.

3.5.2 Interviews

The researcher employed virtual interviews. The researcher employed interviews to collect pertinent data for the study since they concentrated on details related to certain research questions and other issues that the questionnaires did not fully cover. Interviews came in two flavors: organized and unorganized. Interviews can be conducted in person, over the phone, via Zoom, Skype, or in a group environment, according to Youngsun (2018). The researcher was able to draw conclusions about interpersonal interactions during an interview by observing nonverbal communication. Because the interviewer had complete control over the informationgathering process, the response rate went up. The advantage of the interview was that more indepth information was gathered by merely probing or asking for clarification. Research methods such as open-ended questions, clarifications, follow-ups and reflective summaries were used to improve data quality. Although the interviews were long, the data were quite useful. Prejudices can arise during poorly handled interviews. Increase accuracy and minimize the number of respondents. At that time, the researcher used an audio recorder and an interview guide.

3.6 Target population

Two hundred employees from ZUPCO, NRZ, and ZESA were the target audience for this. The last ten years have been defined by scandals involving fraud and corruption at all three institutions. The study's primary focus was on SOE CEOs, managers, and supervisors.

Table 3.1: Target population structure

Designations	Population
Executives	20
Senior Managers	30
Middle Managers	70
Supervisors	100
TOTAL	**200**

Source: Primary data (2023)

3.7 Sampling

3.7.1 Sampling techniques

A sample accurately represents the entire population. A percentage of the population that is used to gain a deeper understanding of the whole is what Frijling (2016) describes as a sample size (n). Probability sampling means that each participant has an equal chance of being selected. A stratified sampling strategy was used in this study. Final participants are randomly and equally selected from each stratum using stratified sampling, which divides the population into subgroups or strata. The research set was classified using organizational frameworks. To offer a representative sample, choices are made at random from every level of the organization.

The basic idea behind the stratified sample technique is the elimination of selection bias. Before employing random sampling techniques, stratify the entire population to make sure the sample fairly represents the population. Another advantage of stratified random sampling is that, when used correctly, it ensures that each population group is equally represented in the sample. The researcher divided the population into four groups to create a sample of 168 participants for this study: supervisors, middle management, senior management, and management.. These individuals are capable of providing relevant information regarding corporate governance in response.

3.7.2 Sample size

The sample size was determined using Krejci and Morgan that is provided below.

$$s=X^2NP(1-P)+d^2(N-1)+X^2P(1-P)$$

Where:

s = required sample size

X^2 = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841).

N = the population size.

P = the population proportion (assumed to be .50 since this would provide the maximum sample size).

d = the degree of accuracy expressed as a proportion (.05).

Table 3.2: Sample based on Krejci and Morgan's method

Designation	Population	Sample
Executives	10	10
Senior Managers	20	19
Middle Managers	70	59
Supervisors	100	80
Total	**200**	**168**

Source: Primary data (2022)

3.8 Reliability and validity

The researcher used Microsoft Teams virtual interviews and questionnaires to evaluate the validity of the results. The construct reliability and well-fittingness of the variables measuring the latent components were evaluated using confirmatory factor analysis (CFA) (Mthombeni, et al., 2021). Tables, graphs, and charts were used in the analysis to give the research findings a clear visual representation. This is important since the validity of study findings is determined by the accuracy of data collection and processing procedures (Ngo, et al., 2023). The model's data was further evaluated and examined through extensive data analysis using Microsoft Excel and SPSS. We contrasted the similar themes among the participants from the telephone and team interviews with the results from the three modalities. In addition, member screening was used to increase the level of dependability.

3.9 Ethical consideration

The following ethical concerns were considered during the investigation:

- To maintain a positive reputation for the educational institution and students alike,
- The researcher collaborated actively and in close coordination with the designated supervisor to ensure quality control and minimize the likelihood of plagiarism.
- Before the research was turned in for review and grading, it was checked for plagiarism.
- The data collected was used on for the research and not other purposes
- The permission was requested and granted by the organisations used during the study.

3.10 Data analysis

The statistical tools utilized in this study for the quantitative analysis were Microsoft Excel and SPSS version 23. Capturing, cleaning, coding, analysis, and presentation are the steps in the SPSS data analysis process. In the study, pie charts, tables, and graphs were used to illustrate the data.

3.11 Summary

A summary of the methodological research techniques used in this investigation was provided in this research methodology chapter. Covered are the demographic, sample size and design, data collection and analysis techniques, and research design and methodology. It entails giving the quantitative findings from the study inquiry. Chapter Four provides a summary of the study project's key findings and outcomes via data analysis and presentations..

CHAPTER IV

DATA, ANALYSIS AND PRESENTATION

4.0 Introduction

This chapter critically reviews empirical research on corporate governance's effects on Zimbabwe's SOE performance using surveys, interviews, and document reviews. It critically evaluates conclusions and uses pie charts, bar charts, and tables for interpretation..

4.1 Demographic and background analysis

The study should consider participants' past experiences, gender, education level, current positions, and employment history with the SOE in Zimbabwe to gain valuable insights into the research issue, satisfaction levels, and perceptions, influencing conclusions (Popoola, et al., 2014; Zinyama, 2019).

4.1.1 Questionnaire response analysis

The surveys were distributed to 168 SOE workers in Harare and Bulawayo. The researcher specifically focused on senior managers, supervisors, and executive management for each of the following groups. The table displays the statistical data obtained from the questionnaire responses.

Table 4.1: Questionnaire response analysis

Designation	Population	Sample	Questionnaire Responses	Response rate (%)
Executives	10	10	6	60
Senior Managers	20	19	14	74
Middle Managers	70	59	45	76
Supervisors	100	80	**59**	74
TOTAL	**200**	**168**	**124**	**74**

Source: Primary data (2023)

As can be seen in Table 4.1, 124 out of 168 questionnaires were returned to the researcher. The study and results were considered representative of the target population when the response rate was 74. Zvitambo and Mhizha (2019) believe that the response rate of more. than 50% serves as confirmation of the validity of the research findings. Kyoungsun (2018) stated that a 40 percent response rate was considered sufficient. In addition, 40 percent of participants completed the survey, which enabled and confirmed the validity of the study and results.

4.1.2 Interview response analysis

Nineteen senior managers who had completed the questionnaires in the manner shown in the following table were selected by the researcher for interviews.

Table 4.2: Interview response analysis

Designation	Population	Sample	Interviews conducted	Response rate (%)
Senior managers	20	19	13	68
Total	**20**	**19**	**13**	**68**

Source: Primary data (2023)

Table 4.2 shows that 13 of the 19 interviews (68%) resulted in a satisfying conclusion. The impact of businesses on the performance of SOEs was the main focus of the interview. The majority of managers excused themselves from the interview by citing other meetings, hectic schedules, or connectivity problems. Forty percent of the responses are thought to be adequate for interviews, accor.ding to Nwanko (2014). To tackle the present research topic, a 57% interview response rate can be utilized (Garg, 2017).

4.1.3 Gender of the participants

Participants in the study were asked a question about the gender of the responses. The graph below shows the gender of the responders.

n=124

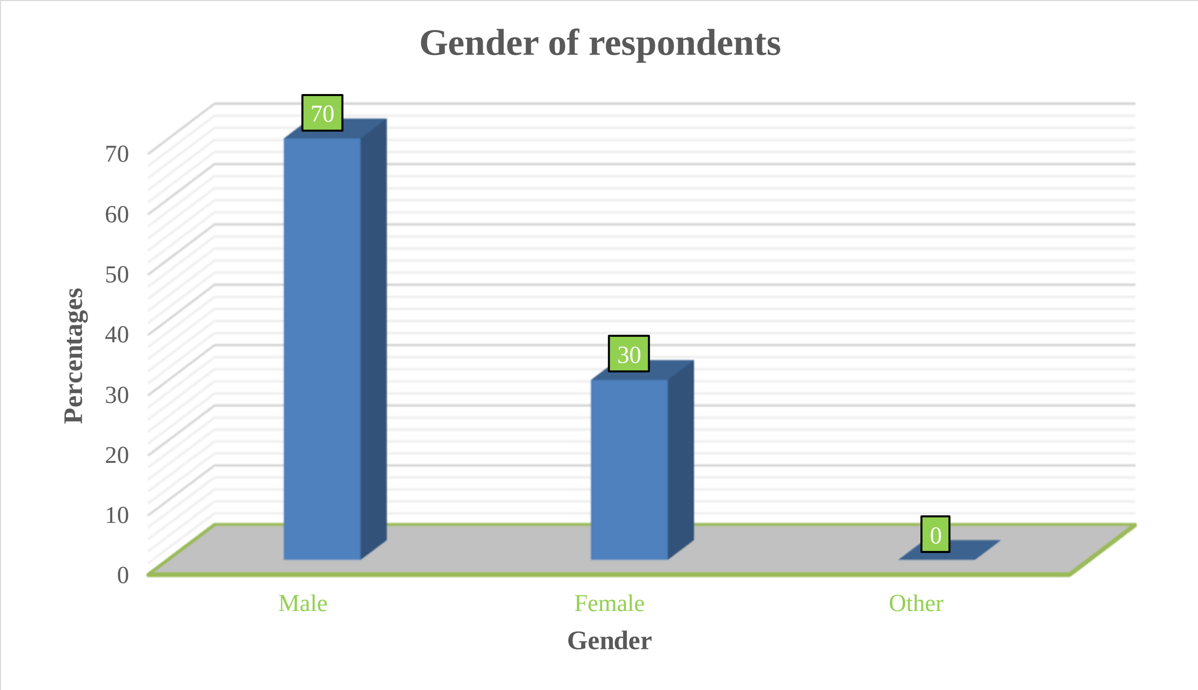

Figure 4.1: Gender of the respondents
Source: Primary data (2023)

Seventy-seven percent of the male respondents, or 87 out of 124, completed the survey, as shown in Figure 4.1 above. As no responder chose an alternative, women constituted 30% of the sample.

4.1.4 Highest level of educational qualification

The question on the questionnaire regarding the highest level of education is depicted in the graph below. The aim of the investigation was to determine each worker's level of subject matter expertise.

n =124

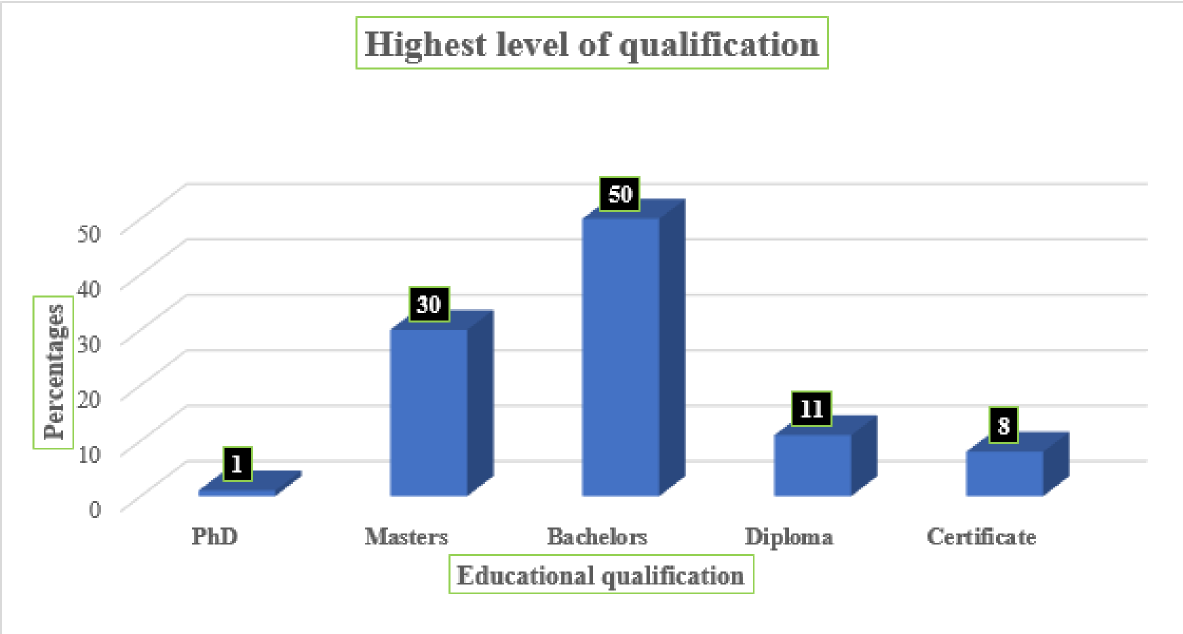

Figure 4.2: Highest level of educational qualifications
Source: Primary data (2023)

The result above shows that the percentage of management at ZESA, NRZ, and ZUPCO with PhDs is 1%; the percentage with master's degrees is 30%; the percentage with bachelor's degrees is 50%; the percentage with diplomas is 11%; and the percentage with certificates is 8%. As such, the researcher can conclude with confidence that the participants at all three businesses understand SOE corporate governance and performance problems (Garg, 2017). Moreover, the study assumes that they are able to easily reply to questionnaire questions. This supports that Zimbabweans have extraordinarily high literacy rate.

4.1.5 Employee length of service

One of the questionnaire's questions asked about each respondent's tenure at their particular company. Their level of experience and suitability for issues relating to performance and governance at their place of employment were evaluated by doing this. The graph below shows the employee tenure results.

n=124

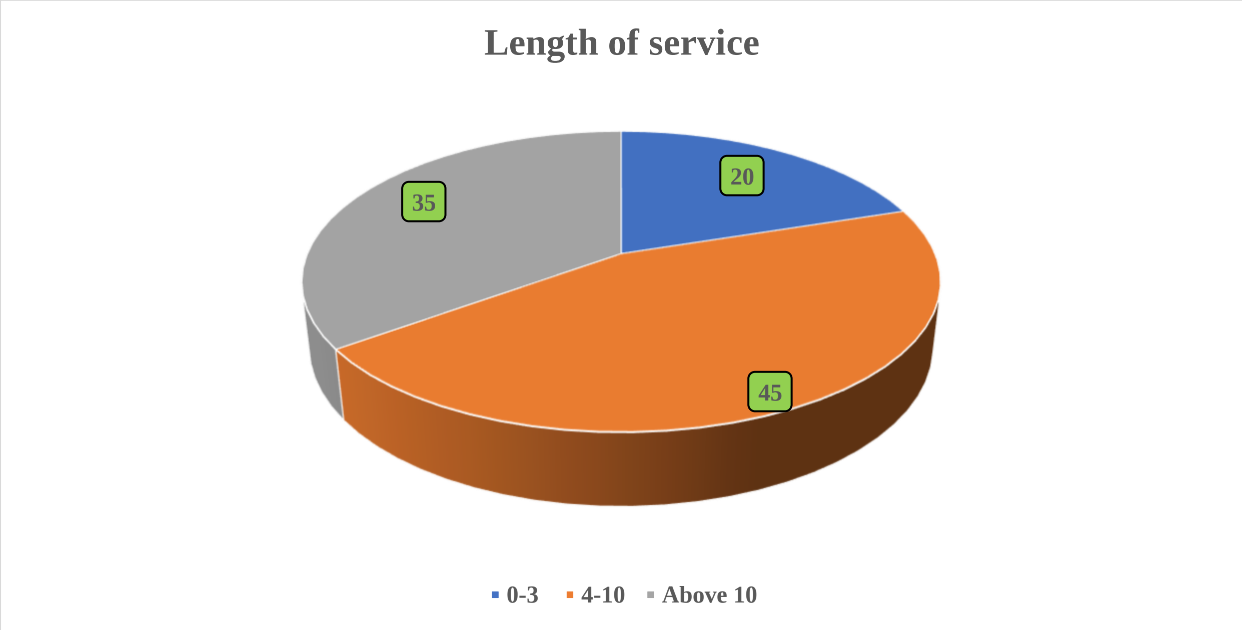

Figure 4.3: Length of service
Source: Primary data (2023)

20% of respondents had worked for their employers for less than 4 years, 45% for 5 to 10 years, and 35% for 10 years or more, as shown in Figure 4.3. This implies that a considerable percentage of the staff has been employed by the organization for more than 4 years. The majority of the respondents had backgrounds in performance and governance and had extensive tenures at NRZ, ZESA and ZUPCO. This improves the study's conclusions' validity and dependability.

4.1.6 Principles of SOE corporate governance

In accordance with G20 and OECD guidelines, the respondents were questioned on corporate governance concepts that support accountability and transparency in the SOE sector.

Table 4.3: Principles of SOE corporate governance

Principles of Corporate Governance	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	S. Dev
Ensuring the basis for an effective corporate governance framework	0.00%	0.00%	0.00%	37.90%	62.10%	4.61	0.49
Recognise the rights and role of stakeholders	0.00%	0.00%	7.30%	43.90%	48.80%	4.39	0.62
Disclosure and transparency	0.00%	8.30%	7.30%	50.90%	33.50%	4.15	0.88
The responsibilities of the board	1.30%	7.00%	16.50%	34.60%	40.60%	4.05	0.94
Average						**4.3**	**0.7325**

Source: Primary data (2023)

The results of the public sector corporate governance principles are discussed below:

4.1.6.1 Effective corporate governance framework

Table 4.3 shows that 37.9% of ZESA, NRZ and ZUPCO managers agreed, while 62.1% strongly agreed that Zimbabwean SOEs should establish effective corporate governance to ensure delivery of beads and lights. Therefore, according to the 100 respondents, corporate governance systems should promote free and open markets and efficient use of resources. According to OECD (2015), the framework should protect the rule of law and provide opportunities for monitoring and enforcement. Legal, regulatory and regulatory frameworks that allow market participants to enter into their own contracts are essential for effective business operations (Zvitambo and Mhizha, 2019).

4.1.6.2 The rights and role of stakeholders

The above table's results indicate that, although 7.30% of respondents were neutral, 48.80% of them strongly agreed that it's critical to acknowledge stakeholders' rights and roles in corporate governance. This indicates that 92.7% of participants believed the statement to be logical. According to OECD (2015), corporate governance frameworks should recognize stakeholders while promoting collaboration between companies and stakeholders to create profitable and stable business products, services. Rights defined by law or collective agreement.

4.1.6.3 Disclosure and transparency

According to the data in the above table, about 8.30% of respondents disagreed, 7.30% remained neutral, 50.90% agreed and 33.50% said that institutions should actively follow the Principles of Governance G20/OECD Corporate 2015. I believe. . Openness and transparency. All information about the company, including its ownership, management, soundness of management and financial condition, must be disclosed regularly and accurately in accordance with corporate governance practices. (OECD, 2015).

4.1.6.4 Board responsibility

In addition, as can be seen in the table above, 40.60% strongly supported the statement, 34.60% were positive, 16.50% were neutral and 1.30% were strongly opposed. This indicates that 75.2% of respondents believe that public institutions should ensure that their boards of directors perform their oversight functions well to improve accountability and transparency (Wong, 2018). Good governance by the board and management, as well as accountability to the company and shareholders, must be ensured through a corporate governance framework (OECD, 2015).

Finally, the average rating of the survey was 4.3, indicating that the majority of respondents agreed with this statement. However, the standard deviation is 0.73, indicating a wide range of responses that deviate significantly from the mean. This indicates that with the help of the G20/OECD Corporate Governance Principles, policy makers can review and improve the administrative, legal and regulatory framework for corporate governance to support financial sustainability, sustainable growth and economic prosperity (OECD, 2015).

4.1.7 Ways governments should intervene to improve the SOE governance

The survey aimed to determine the strategies that governments can use to enhance the corporate governance of SOEs as depicted in the table below.

Table 4.4: Ways government should intervene to improve SOE governance

Corporate governance elements	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	S. Dev
Developing a sound legal and regulatory framework for SOE governance	0.00%	0.00%	20.00%	37.90%	42.10%	4.61	0.49
Establishing a performance monitoring system for accountability	0.00%	10.00 %	7.30%	43.90%	38.80%	4.39	0.62
Enhancing financial and fiscal discipline of SOEs	0.00%	8.30%	7.30%	50.90%	33.50%	4.15	0.88
Professionalizing SOE boards	1.30%	7.00%	16.50%	34.60%	40.60%	4.05	0.94
Enhancing transparency and disclosure	4.10%	4.20%	15.60%	56.70%	19.40%	3.84	0.8
Building support and capacity for implementation	0.00%	0.00%	22.00%	48.20%	29.80%	4.03	0.69
Average						**4.17**	**0.74**

Source: Primary data (2023)

The study explores strategies that the government can employ to enhance the accountability of Service Sector Enterprises (SOEs):

4.1.7.1 Sound legal and regulatory framework for SOE governance

Table 4.7 indicates that 80% of respondents believe in the Zimbabwean government implementing a strong legal and regulatory framework to enhance the governance structure of SOEs.

4.1.7.2 Establishing a performance monitoring system for accountability

The majority of respondents (82.7%) believe in establishing accountability through a performance monitoring system, with 43.90% agreeing and 38.80% strongly agreeing.

4.1.7.3 Enhancing financial and fiscal discipline of SOEs

Table 4.7 indicates that 84.4% of respondents strongly agree with the statement that SOEs should improve their financial and fiscal discipline.

4.1.7.4 Professionalizing SOE board

Furthermore, the findings show that 40.60% extremely agree, 34.60% agree, 16.50% disagree, 7.00% disagree, and 1.30% strongly disagree with the importance of customizing SOE boards. To strengthen governance, the majority of respondents (75.2%) supported the professionalization of public company boards.

4.1.7.5 Enhancing transparency and disclosure

Our findings show that understanding and informing stakeholders is important for improving public corporate governance. Among the respondents who participated in the survey, 4.10% strongly disagree, 4.20% agree, 15.60% remained neutral, 56.70% agree and 19.40% very agree Therefore, 76.1% of respondents trust this statement.

4.1.7.6 Building support and capacity for implementation

The findings demonstrate how important transparency and disclosure to stakeholders are to improving SOE governance. 5.670% agreed, 19.40% strongly agreed, 4.10% strongly disagreed, and 4.20% agreed of those questioned. The remaining 15.60% were neutral. Therefore, 76.1% of the participants find the statement to be true.

4.1.7.7 Building support and capacity for implementation

Building support and capability for implementation is something that 22.00% of respondents strongly agree with, 48.20% agreed, and 22.00% were neutral about. This suggests that 78% of participants think the statement that was asked of them is true. Consequently, the average mean of the responses from the findings was 4.18, suggesting that the participants agreed with most of the statements, and the standard deviation of the responses was 0.736, indicating that they were scattered widely from the mean. According to the G20/OECD corporate governance principles, governments should strengthen the legal and regulatory framework for the governance of SOEs, establish performance monitoring and accountability systems, improve financial and financial management of SOEs, and invest in boards of directors of public companies, as well as transparency and disclosure. should be improved, develop support and implement capabilities to improve corporate governance. This was supported by studies conducted by the World Bank (2014) and the IMF (2020).

4.1.8 Zimbabwean government efforts to improve SOE corporate governance

The Zimbabwean government has implemented legislative and regulatory frameworks to strengthen the governance structure of State-Owned Enterprises (SOEs), as evidenced by the results of the participants' questions.

Table 4.5: Regulatory & legal frameworks enacted in Zimbabwe for SOEs

Zimbabwe Corporate Governance legal and Regulatory Frameworks	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	S. Dev
Corporate Governance Framework for State Enterprises and Parastatals in Zimbabwe (2010)	0.00%	0.00%	22.00%	48.20%	29.80%	4.03	0.69
National Code of Corporate Governance (2015)	0.00%	0.00%	13.80%	23.20%	63.00%	4.41	0.72
Public Entities Corporate Governance Act (2018)	0.00%	0.00%	8.30%	69.60%	22.10%	4.24	0.59
Companies and other Business Entities Act (2020)	0.00%	0.00%	10.30%	48.20%	41.50%	4.3	0.62
The Risk Management Guidelines and Framework for Public Sector (2023)	0.00%	0.00%	7.30%	43.90%	48.80%	4.39	0.62
Average						**4.274**	**0.648**

Source: Primary data (2023)

The result on legal and regulatory frameworks that cultivate SOE governance are discussed below:

4.1.8.1 The framework

The results from the table above show that 22.00% are neutral, 48.20% agree and 29.80% strongly agree that the corporate governance framework for government and semi-government companies in Zimbabwe takes place in the administrative capacities of the public companies sector.

4.1.8.2 The Code

The results in table 4.6 shows that 13.80% were neutral, 23.20% agree and 63.00% strongly agree that the National Code of Corporate Governance strengthen corporate governance in SOEs. Thus, 86.20% of the respondents believe that this regulatory framework is key in Zimbabwe corporate governance especially in the public sector entities.

4.1.8.3 Public Entities Corporate Governance Act

The results also show that 8.30% were neutral, 69.60% agree and 22.10% strongly agree with the statement. Ultimately, majority of the respondents (91.7%) believe the government of Zimbabwe has made a huge milestone by enacting this legal framework.

4.1.8.4 Companies and other Business Entities Act

Table 4.6 shows that 10.30% were neutral, 48.20% agree and 41.50% strongly agree with the topic stated. Thus, the majority of the respondents believe that the amendment of the Act Chapter (24;03) to Chapter (24:31) was a huge milestone in the governance of SOEs. This means 89.70% of the participant believed that the framework is very key to success and performance of SOE.

4.1.8.5 The Risk Management Guidelines and Framework for Public Sector (2023)

The table above also reveals that 7.30% were neutral, 43.90% agree whilst 48.80% strongly agree with the regulatory framework stated. Thus, 92.70% of the respondents indicated that this framework is a sign that the SOEs are heading towards profitable entities in Zimbabwe.
Therefore, the overall results showed that the average of the responses was 4.274, indicating that the respondents strongly supported all the stated legal and regulatory framework enacted by the government of Zimbabwe, while the standard deviation was 0.648, indicating that the responses received varied because they were far from the average. Overall, the results shows that the improvement in the legal framework in Zimbabwe will tighten SOE control environment and governance practices which will then translate to performance.

4.2 Descriptive statistics

The section summarises data collected by questionnaires inform of tables and graphs.

4.2.1 Significance of board independence in SOEs

Questions have been raised about the importance of board independence in improving SOE performance. The results are shown in the image below.

Table 4.6: Significance of board independence in SOEs

Corporate governance best practices	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**	**Mean**	**S.Dev**
Improved strategic decision making and operational performance	0.00%	0.00%	0.00%	37.90%	62.10%	4.61	0.49
Efficient resource allocation	0.00%	0.00%	7.30%	43.90%	48.80%	4.39	0.62
Reduced risk of corporate crises and scandals	0.00%	8.30%	7.30%	50.90%	33.50%	4.15	0.88
Objective evaluation of the succession planning and a level head in times of conflict	1.30%	7.00%	16.50%	34.60%	40.60%	4.05	0.94
Average						**4.3**	**0.7325**

Source: Primary data (2023)

The importance of board independence in enhancing SOE performance was one of the questions in the questionnaire. The figure below displays the results:

4.2.1.1 Improved strategic decision making and operational performance

Table 4.4's results showed that, while 62.1% strongly agreed, only 37.9% of respondents thought that board independence will strengthen operational and strategic decision-making. This is because new highly developed skill sets and a fresh perspective on operations are to blame. Consequently, every responder (100) feels that the SOE board ought to be autonomous in order to function without intervention and make impartial decisions.

4.2.1.2 Efficient resource allocation

The results in the table above show that 7.30% were neutral, 43.90% agree whilst 48.80% strongly agree that SOEs should be independent for efficient resource allocation. This means

92.7% of the respondents believe in this point of view. The entities should utilise the resources in an efficient manner to achieve growth and performance targets. An independent board will challenge management to utilise resources effectively and efficiently to reduce wastage, spillages and shrinkages.

4.2.1.3 Reduced risk of corporate crises and scandals

The results of the above table show that 8.30% disagree, 7.30% are neutral, 50.90% agree and 33.50% strongly agree that independent boards of directors reduce the risk of business problems and issues. Thus, the majority of participants (84.4%) believe in than statement posed in the questionnaire. This implies that the SOE should be independent to reduce the risk of corporate failure that have rocked in these entities in the past 2 decades.

4.2.1.4 Objective evaluation of the succession planning and a level head in times of conflict

The table 4.4 shows that 40.60% and 34.60% strongly agree with the assertion, while 16.50% disagree, 7.00% disagree, and 1.30% severely disagree. This shows that 75.2% of respondents believe that public companies should establish an adequate board of directors to develop a clear and objective succession plan. The independent board will resolve disputes at its own expense.

Finally, the overall mean of responses to the survey results was 4.3, indicating that participants agreed with most of the statements, and the standard deviation was 0.73, which is far from the mean, indicating that there was variation in the responses received. It has been shown that there is. This provides state-owned enterprises with new insights into their operations, provides highly skilled workers with a fresh perspective, objectively assesses succession plans, and acts as a mediator in times of dispute. This improves the company's reputation in the market (Frijling, 2016 and Arora and Sharma, 2016).

4.2.2 Negative effects of a conflicted board

A question about the detrimental effects of an compromised board was posed to the respondents based on their employment history with state-owned enterprises. The table below shows the outcomes.

Table 4.7: Negative effects of a conflicted board to SOE performance

Zimbabwe Corporate Governance Legal and Regulatory Frameworks	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	S.Dev
Multiple and often competing goals and objectives	0.00%	0.00%	7.30%	43.90%	48.80%	4.39	0.62
Politicized boards and management	0.00%	8.30%	7.30%	50.90%	33.50%	4.15	0.88
Low levels of transparency and accountability	1.30%	7.00%	16.50%	34.60%	40.60%	4.05	0.94
Not recognising the rights and role of stakeholders	4.10%	4.20%	15.60%	56.70%	19.40%	3.84	0.8
Average						**4.11**	**0.8**

Source: Primary data (2023)

The results above are discussed in the following sections:

4.2.2.1 Multiple and often competing goals and objectives Politicized boards and management

The result in table above suggest that 8.30% disagreed, 7.30% were neutral, 50.90% agreed and 33.50% strongly agreed that boardroom issues lead to the politics of Congress and the executive. Thus, the majority (84.4%) agreed that SOEs present special challenges due to their proximity to the government, high levels of corruption, and weak corporate governance practices (UNODC, 2023).

4.2.2.2 Politicized boards and management

The results show that 8.30% disagree, 7.30% were neutral, 50.90% agree and 33.50% strongly agree conflicted board may lead to politicized board and management. Accordingly, a majority (84.4%) agreed that state-owned enterprises are particularly exposed to corruption risks due to their proximity to the government, prevalence of corruption-prone sectors, and weak corporate governance practices (UNODC, 2023).

4.2.2.3 Low levels of transparency and accountability

The results reviews that 1.30% strongly disagree, 7.00% disagree, 16.50% neutral, 34.60% agree and 40.60% strongly disagree that the level of transparency and responsibility would decrease without the board of directors in private management. Therefore, the majority (75.2%)

consider that if the board of directors is not independent, there will be a lack of transparency, which is the main purpose of public institutions.

4.2.2.4 Restricted not recognising the rights and role of stakeholders

The following percentages of respondents agree with the assertion, as shown in table 4.9 above: 15.60% were neutral, 4.10% strongly disagree, 56.70% agree, and 19.40% strongly agree. Thus, the results indicate that the majority (76.1%) of the participants indicated that a board which is not independent and does not recognise rights of citizens and stakeholders. The average score of the responses shown in the survey results was 4.11, indicating that respondents strongly supported most of the statements. As a result, we can see that the standard deviation of the response is 0.8, which is far from the mean. According to Arora and Sharma (2016), lack of proper procedures in instruments results in board and management policies, lack of transparency and accountability, lack of understanding of rights and obligations of other important stakeholders and competition. purpose.

4.2.3 Significance of CEO duality on SOEs

Benefits of SOE dualities within SOE were posed to the responders. The graph displays
the results.

Table 4.8: Benefits of CEO duality to SOEs

Significance of CEO duality	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**	**Mean**	**S.Dev**
Clear direction of a single leader	0.00%	0.00%	7.30%	43.90%	48.80%	4.39	0.62
Efficiency and effectiveness	0.00%	8.30%	7.30%	50.90%	33.50%	4.15	0.88
Average						**4.27**	**0.75**

Source: Primary data (2023)

The results are shown in the table above are discussed in the following section:

4.2.3.1 Clear direction of a single leader

The results in the above table show that 7.30% of the respondents are neutral, 43.90% agree and 48.80% strongly agree. CEO duality is important because a single leader can provide clear direction for state-owned enterprises. This means that the majority of respondents (92.7%)

indicated that employees of ZESA, ZUPCO and NRZ believe in a situation where the CEO is also the chairman of the organisation.

4.2.3.2 Efficiency and effectiveness

The results shows that 8.30% disagree, 7.30% neutral, 50.90% agree and 33.50% strongly agree. Therefore, the majority (84.4%) agreed that CEO duality leads to efficiency and effectiveness in the organization.

As a result, according to the information, the average score of the responses was 4.27, indicating that the respondents strongly supported most of the statements, and the standard deviation of the responses was 0.75, indicating a wide range compared to the average. This is also similar to the findings of Palanissamyand (2017), who supported the idea of a dual CEO in public companies actively following the established direction.

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4.2.4 Drawbacks of CEO duality

The respondents were asked on the extent of CEO duality drawbacks on performance of SOEs. The results are displayed below.

Drawbacks of CEO duality	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**	**Mean**	**S.Dev**
Absence of segregation of duties	0.00%	0.00%	0.00%	37.90%	62.10%	4.61	0.49
Lack of transparency	0.00%	0.00%	7.30%	43.90%	48.80%	4.39	0.62
Average						**4.50**	**0.56**

Source: Primary data (2023)

The Discussion of the results on the drawbacks of CEO duality are shown in the section below:

4.2.4.1 Absence of segregation of duties

The results in table 4.9 show that 37.90% agree and 62.10% strongly agree that CEO duality can lead to lack of the segregation of duties. Thus, all the participants strongly agreed that their statement posed in the questionnaire.

4.2.4.2 Lack of transparency

The results in the above table shows that 7.30% were neutral, 43.90% agreed and 48.80% strongly agreed with this statement. This means that the majority of respondents (92.7%) said that the CEO is at a disadvantage due to lack of transparency. As shown in the results, the average response value was 4.5, indicating that the opinion of the majority of respondents was strongly supported. The standard deviation of the response is 0.75, indicating that it is far from the mean. Palanissamy (2017) suggests that the lack of openness in state-owned enterprises may be due to CEO duality.

4.2.5 Significance of a large board size in SOEs

Responders were asked about the impact of a large board size on SOE performance, with the results displayed in a graph.

n=124

Figure 4.4: Significance of a large board size to SOEs
Source: Primary data (2023)

The following is the discussion on the impact of board size on SOE performance:

4.2.5.1 Pools more information

The result in the figure above indicates that the participants agree and 62.10% strongly agree increasing the board size of an SOE will also increase the information regarding to the governance of an SOE.

4.2.5.2 Greater diversity of backgrounds and viewpoints

The figure above shows that 7.30% were neutral, 43.90% agree and 48.80% strongly agree that a bigger board increase diversity of background and viewpoints. This implies that the majority (92.7%) believe in the statement.

4.2.5.3 Increases expertise and critical resources

The results show that 8.30% disagree, 7.30% were neutral, 50.90% agree and 33.50% strongly agree. Therefore, majority (84.4%) agreed the bigger the board will results in the probability of increase in expertise and critical resources.

4.2.5.4 Increased effectiveness

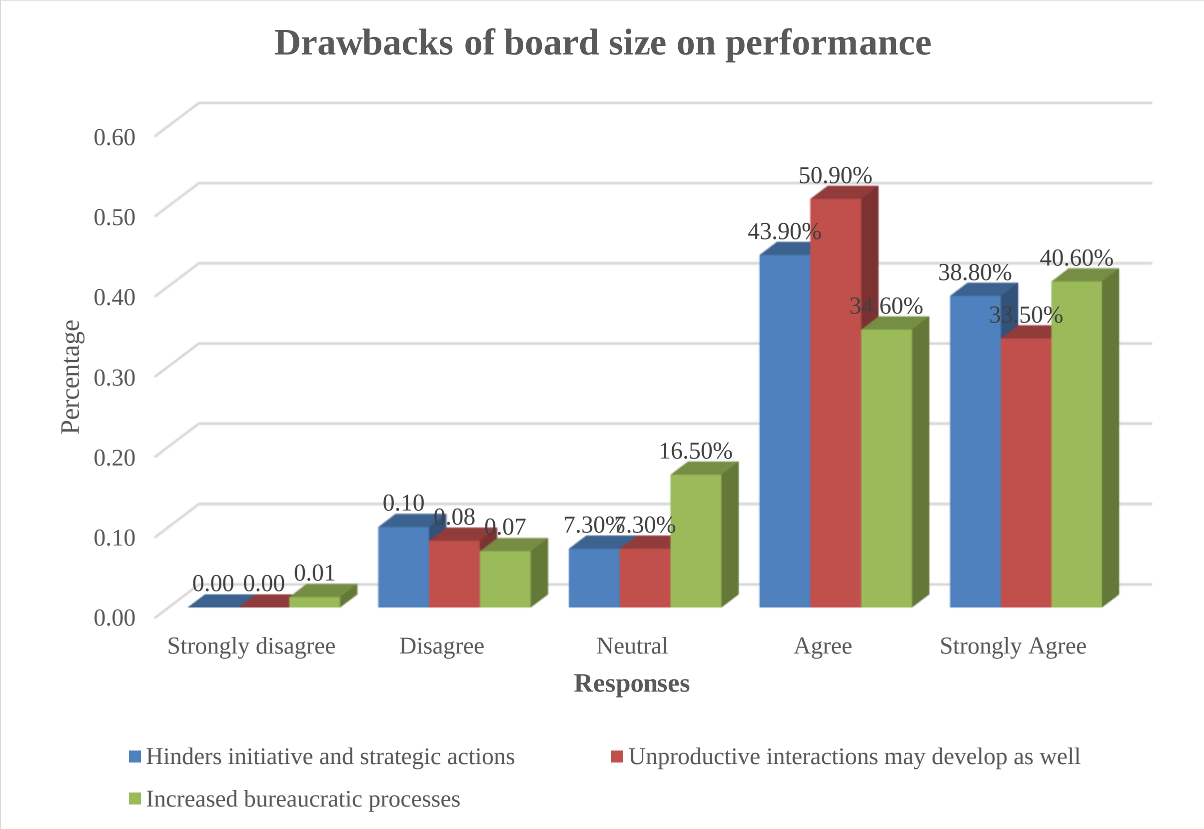
The results show that 1.30% strongly disagree, 7.00% disagree, 16.50% were neutral, 34.60% agree and 40.60% strongly disagree with the statement. Therefore, the majority (75.2%) believes the bigger the board size, the increase in SOE efficiencies.

The average mean response was 4.3, indicating strong support for most statements about the importance of large boards for state-owned enterprises' performance. The standard deviation was 0.73, indicating varied responses and a company's expertise as a key resource (Todorovica and Mojca, 2015).

4.2.6 Drawbacks of a sizeable board to an SOE

The questionnaire aimed to understand the negative impact of a large board size on SOE performance, with responses presented in a graphical presentation.

n=124



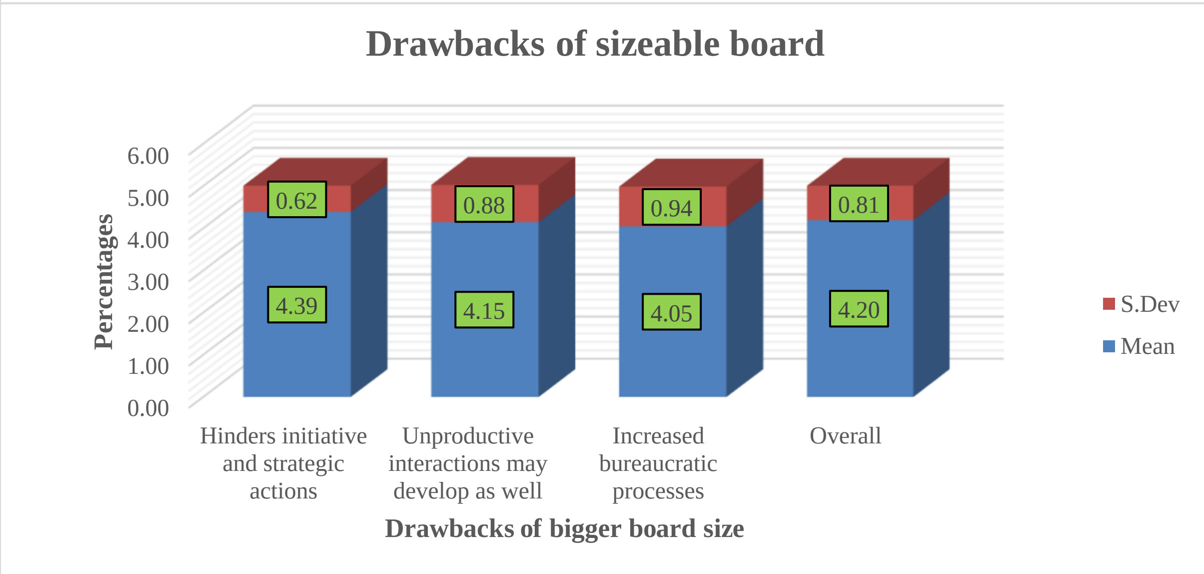


Figure 4.5: Drawbacks of sizeable board to SOEs
Source: Primary data (2023)

The following is the discussion on drawbacks of board size on performance of SOE: y

4.2.6.1 Hinders initiative and strategic actions

Table 4.7 results indicate that, while 33.50% strongly believe that a sizable board may impede projects and strategic action, 8.30% disagree, 7.30% were neutral, and 50.90 percent agree. Consequently, 84.4% of the participants concurred with this assertion.

4.2.6.2 Unproductive interactions may develop as well

The results also reveals that 1.30% strongly disagree, 7.00% disagree, 16.50% were neutral, 34.60% agree and 40.60% strongly agree that the bigger board size may lead to unproductive interactions may develop as well. Thus, the majority of the respondents (75.2%) of the respondents believe in this statement.

4.2.6.3 Increased bureaucratic processes

The results show that 4.10% strongly disagree, 4.20% agree, 15.60% were neutral, 56.70% agree and 19.40% strongly agree it increase the bureaucratic process in the board. Thus, 76.1% of the respondents believe with the statement.

As a result, the standard deviation of the responses was 0.81, indicating that they were distributed far from the mean, while the average mean of the responses from the findings was 4.20, reflecting that the participants agreed with the majority of the claims. The study backs up Dogan's (2020) claim that larger boards can foster the growth of unhealthy connections and obstruct initiative and strategic decision-making. Similar arguments are made by Todorovica and Mojca (2015), who note that more directors can lead to free-riding, delayed decision-making, problems with coordination and procedures, and other problems.

4.2.7 Significance of board diversity on performance of SOEs

Responses to the questionnaire on the impact of board diversity on SOE performance were requested. The graphical presentation below displays the responses.

n=124

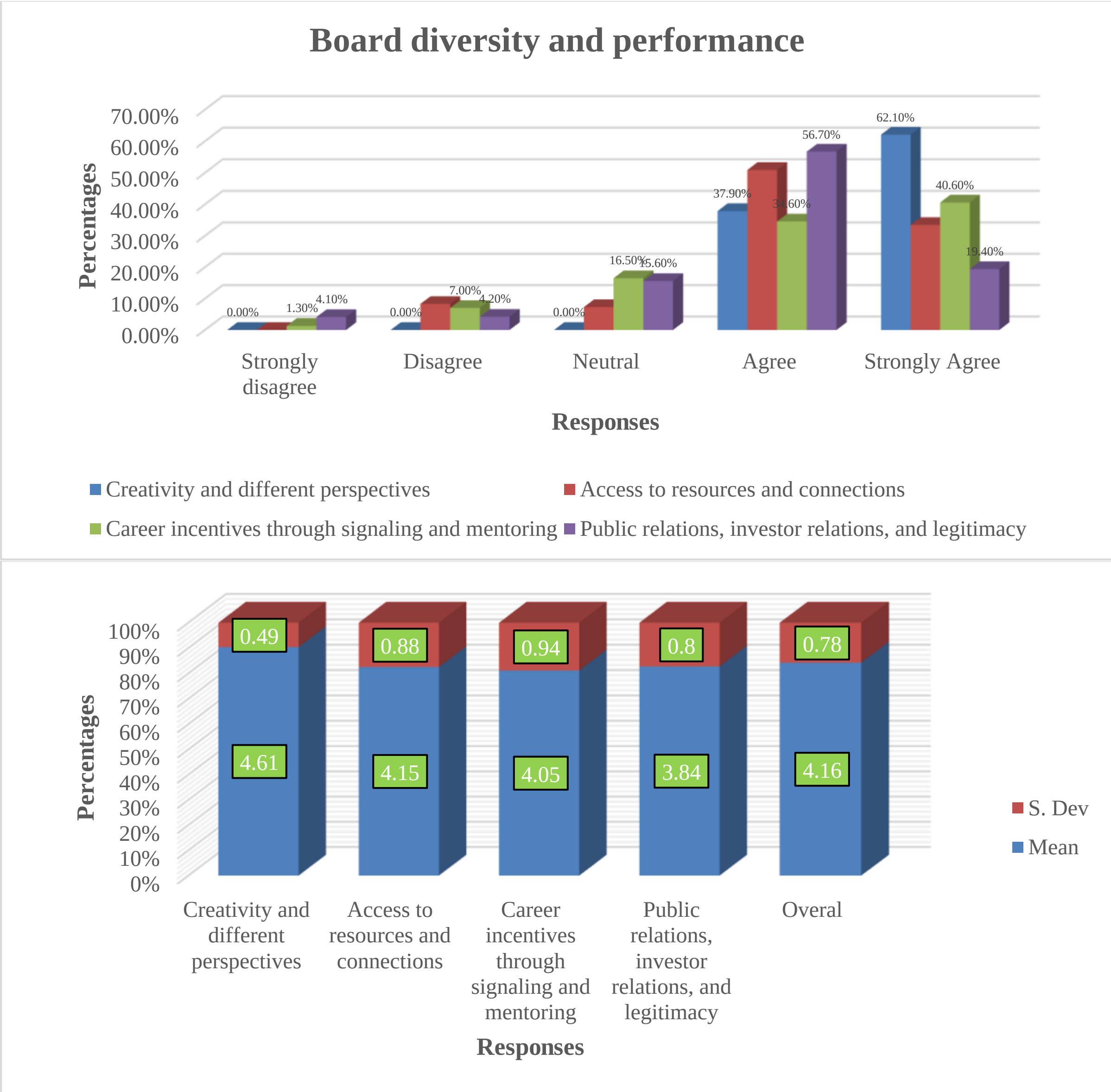


Figure 4.6: Significance of board diversity to SOE performance
Source: Primary data (2023)

The following is an analysis of results above:

4.2.7.1 Creativity and different perspectives

The results in table 4.9 show that 37.90% agree and 62.10% strongly agree that a sizeable board will lead to creativity and different perspective in SOE. Thus, all the participants all believe in the statement:

4.2.7.2 Access to resources and connections

The results show that 8.30% disagree, 7.30% were neutral, 50.90% agree and 33.50% strongly agree with the statement. Therefore, majority (84.4%) agreed that a sizeable board increase to resources access and connections in SOEs.

4.2.7.3 Career incentives through signaling and mentoring

The results show that 1.30% strongly disagree, 7.00% disagree, 16.50% were neutral, 34.60% agree and 40.60% strongly disagree that a bigger board size will lead to career incentives through signaling and mentoring within the SOE. Therefore, the majority (75.2%) believes that statement.

4.2.7.4 Public relations, investor relations, and legitimacy

The results show that legitimacy, investor relations, and public relations are all enhanced by a big board size, with 56.70% agreeing, 4.10% strongly disapproving, and 4.20% disagreeing. Therefore, the majority (75.2%) agrees with this statement.

As a result, the average mean of the responses, as shown by the findings, was 4.16, suggesting that the respondents strongly supported the majority of the statements. The standard deviation of the responses was 0.78, indicating that they were scattered widely from the mean. This demonstrates that the vast majority of participants concur with each and every survey statement. The outcomes support Todorovica and Mojca's (2015) conclusions.

4.2.8 Drawbacks of board diversity on SOE performance

Responses to the questionnaire on the negative effects of board diversity on SOE performance were requested. The graphical presentation below displays the responses.

Table 4.9: Drawbacks of board diversity on SOE performance

Drawbacks of board diversity	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	S.Dev.
Conflict, lack of cooperation, and insufficient communication	0.00%	0.00%	22.00%	48.20%	29.80%	4.03	0.69
Choosing directors with little experience, inadequate qualifications, or who are overused	0.00%	0.00%	13.80%	23.20%	63.00%	4.41	0.72
Conflicts of interests and agenda pushing	0.00%	0.00%	8.30%	69.60%	22.10%	4.24	0.59
Average						**4.23**	**0.67**

Source: Primary data (2023)

The results on the drawbacks of diversified board in SOEs:

4.1.1.1 Conflict, lack of cooperation, and insufficient communication

Results in table above 4.6 indicated that 22.00% were neutral, 48.20% agree and 29.80% strongly agree that they do not believe in diversified board due conflict, lack of cooperation and insufficient communication. Thus, 78% of the participants which is the majority has shown that they believe in the statement.

4.1.1.2 Social issues

The results in table 4.6 shows that 13.80% were neutral, 23.20% agree and 63.00% strongly agree with the topic covered for the period under review. Thus, 86.20% of the respondents has shown that were trained on social issues affecting the company.

4.1.1.3 Choosing directors with little experience, inadequate qualifications, or who are overused

The results also show that 8.30% were neutral, 69.60% agree and 22.10% strongly agree with the statement. Ultimately, majority of the respondents (91.7%) believe that diversity may not be helpful in SOEs because this may lead to choosing directors with little experience, inadequate qualifications, or who are overused.

As a consequence, the total findings revealed that the standard deviation was 0.67, suggesting that the replies received varied since they were far from the average, and the average of the responses was 4.3, indicating that the respondents strongly endorsed the majority of the assertions. The findings showed that most participants agreed with every drawback of having a diverse board. A diverse board may lead to the nomination of directors that are overqualified, overworked, or lack expertise, claims Kyoungsun (2018). An unintended consequence of choosing directors mostly on the basis of their demographics is the neglect of other important attributes.

4.1 Correlation, regression and sensitivity analysis

4.1.1 Correlation of research variables

This study analyzed the annual reports of ZESA, ZUPCO, and NRZ from 2012 to 2021 to identify possible connections. The results show that there is a positive relationship between board size, diversity, independence, and ROA, but a negative relationship with board duality.

This study found a weak negative relationship between board diversity and board independence at the 10% significance level, and between board diversity and board size at the 5% significance level.

Table 4.10: Correlation analysis between independent and dependent variables

CORRELATION	ROA	ROE	BOARD INDEPENDENCE	BOARD SIZE	CEO DUALITY	BOARD DIVERSITY
ROA	1***					
ROE	0.910	1***				
BOARD INDEPENDENCE	0.011*	0.039**	1***			
BOARD SIZE	0.022	-0.023	0.341	1***		
CEO DUALITY	-0.116	-0.055	-0.069	-0.159	1***	
BOARD DIVERSITY	0.102**	0.126	-0.018*	0.033**	0.158	1***

<u>KEY</u>: * = Significance at the 10% level, ** = Significance at the 5% level, and * = Significance at the 1% level.**

4.1.2 Regression analysis

The purpose of this subsection is to test the concepts covered in chapters 1 and 2. The table below shows the regression findings from our original model, which looked at the connection between corporate governance practices and SOE performance. The results show that the Rsquared value is 16.9% and the corrected R2 value is 15.9%. This implies that the theories explain the subject of our interest in a rational and useful way. The updated R2 reveals four explanatory variables account for 15.9% of firm performance variation, with an F-statistic of 17.17, indicating joint importance and potential explanation for dependent variable variations.

Table 4.11: Regression results of CG and ROA

Variables	Coefficient	Std. Error	t-Statistic	Prob.
INTERCEPT	3.970	2.239	1.773	0.076
BOARD INDEPENDENCE	-0.026	0.018	-1.429	0.153
CEO DUALITY	2.168	0.693	3.128*	0.001*
BOARD DIVERSITY	0.076	0.025	2.950*	0.003*
BOARD SIZE	-0.100	0.106	-0.941	0.346
RETURN ON ASSETS	3.881	0.443	8.751*	0.000*
RETURN ON EQUITY	0.340	0.168	2.015*	0.044*
N	124			
R-squared	0.169			
Adjusted R^2	0.159			
F-statistic	17.170			

The outcomes in the above table correspond to the first model in our regression analysis, which used ROA as the dependent variable. It has not been possible to find a statistically significant relationship between board independence and ROA. The fact that the p-value (pvalue > 0.05) is higher than 0.05 explains this. The first hypothesis states that there is a direct correlation between the performance of a company and board independence. But there's no evidence to support this theory. This outcome differs from previous study findings. Put another way, not a single person revealed a negative relationship between board independence and business performance. The study's conclusions, which are corroborated by N's research, indicate that board independence has little effect on the SOEs' capacity to make money in Zimbabwe. This could be the outcome of the board's independence only showing through in certain circumstances, like extreme financial circumstances. There is also the notion that increased costs would equalize the benefits of having an independent board, leaving SOE performance unaltered.

CEO duality results in a p-value less than 0.05 (p-value < 0.05), indicating a positive relationship between the two variables in the data. Furthermore, when a CEO concurrently holds the position of chairman of the board, his ROA increases by 2. 16 points. Based on the second hypothesis, we expected a strong relationship between CEO duality and SOE performance in Zimbabwe. As a result, the hypothesis is accepted. This finding is consistent with previous research by Boyd (1995) and Keel and Nicholson (2003), who found that firms are more successful when there is CEO duality. This finding supports his CEO duality stewardship theory's assertion that integrating leadership and control more frequently through CEO duality improves performance and effectiveness (Donaldson and Davis, 1991).

The results additionally exhibit the statistical importance and positive influence of board diversity. The significance level (p-value < 0.05) is below 0.05. This suggests that the diversity of the board has a beneficial effect on performance. Moreover, in boardrooms with female presence, ROA rises by 0.07 percentage points. The third hypothesis states that board diversity and SOE success ought to be significantly correlated. Consequently, the theory is supported. Several studies have found a favorable correlation between board diversity and firm performance (ROA), including Carter et al. (2003), Erhardt et al. (2003) and Terjesen et al. (2016). This makes the results consistent and consistent with previous studies. Konrad and Kramer (2006) suggest that having female representation on boards appears to create a more collaborative leadership style that improves team members' communication skills.

Since the p-value (p-value > 0.05) for the final explanatory variable is greater than 0.05, the results are not significant. This confirms Bhatt and Bhattacharya's (2015) assertion that board size has little effect on SOE performance. While the size of the board may not directly affect SOE performance, some argue that it is essential for directors to be able to follow the agenda and fulfill their monitoring duties. The fourth hypothesis is thus disproved since it was expected that there would be a significant correlation between the frequency of board size and SOE performance.

Table 4.12: Regression results of CG and ROE

Variables	Coefficient	Std. Error	t-Statistic	Prob.
INTERCEPT	1.471	5.886	0.250	0.803
BOARD INDEPENDENCE	-0.325	0.281	-1.158	0.248
CEO DUALITY	6.575	1.822	3.609*	0.000*
BOARD DIVERSITY	0.203	0.068	2.976*	0.003*
BOARD SIZE	-0.093	0.048	-1.938	0.053
RETURN ON ASSETS	6.082	1.166	5.216*	0.000*
RETURN ON EQUITY	0.074	0.444	0.168	0.867
N	124			
R-squared	0.104			
Adjusted R^2	0.094			
F-statistic	9.826			

Similar to the ROA results, the results for pairs of CEOs and board diversity shown in the table above are impressive and encouraging. According to this perspective, there is a positive relationship between board diversity and business performance (ROE), as well as the duality of CEO and SOE performance (ROE). As a result, hypotheses two and three were verified. However, no significant effect was found for board size and autonomy. Therefore, Hypotheses 1 and 4 are rejected as board size and independence are not related to firm performance (ROE). Therefore, it can be concluded that the validity of the study results is supported by the consistency of ROE and ROA results.

The expected results and the effects of explanatory variables such as ROA and ROE are summarized in the two tables below:

Table 4.13: Predicted and actual effects of the independent variables on ROA and ROE

Variables	Predicted Effect	Actual Effect	Actual Effect
	ROA & ROE	ROA	ROE
Board independence	+	None	None
Board duality	+	+	+
Board diversity	+	+	+
Board size	-	None	None

4.1.3 Sensitivity analysis

To perform sensitivity tests, industry and year variables are included in the model. Tables 4.9 and 4.10 present the results of the regression analysis as well as the variables by industry and year, as shown below. For ROA and ROE, the adjusted root mean square values are 16.08% and 13.99%, respectively. This means that 16.08% of the change in ROA and 13.99% of the change in ROE can be explained by the dummy variables in addition to the independent variables.

Table 4.14: Regression results with dummy variables using ROA

Variables	Coefficient	Std. Error	t-Statistic	Prob.
INDUSTRY	3.216	2.138	1.504	0.133
BOARD INDEPENDENCE	-0.089	0.108	-0.830	0.407
CEO DUALITY	2.313	0.711	3.255	0.001*
BOARD DIVERSITY	0.074	0.027	2.772*	0.006*
BOARD SIZE	-0.024	0.018	-1.325	0.186
LIQUIDITY	3.860	0.444	8.686*	0.000*
FIRMSIZE	0.350	0.179	1.955	0.051
LEVERAGE	-0.009	0.003	-3.760*	0.000*
ASSET GROWTH	0.000	0.000	-0.266	0.791
Y2010	1.304	1.414	0.922	0.357
Y2011	0.193	1.405	0.137	0.891
Y2013	-0.998	1.398	-0.714	0.476
Y2014	-0.853	1.399	-0.610	0.542
Y2015	-0.238	1.398	-0.170	0.865
Y2016	1.212	1.395	0.869	0.385
Y2017	-1.334	1.389	-0.960	0.338
Y2018	0.828	1.371	0.604	0.546
Y2012	-0.409	1.402	-0.292	0.771
Y2020	0.883	1.342	0.658	0.511
R-squared	0.1847			
Adjusted R^2	**0.1608**			

Table 4.15: Regression results with dummy variables using ROE

Variables	Coefficient	Std. Error	t-Statistic	Prob.
INDUSTRY	23.740	5.560	4.270*	0.000*
BOARD INDEPENDENCE	-0.196	0.280	-0.700	0.484
CEO DUALITY	6.989	1.848	3.782*	0.000*
BOARD DIVERSITY	0.190	0.069	2.734*	0.006*
BOARD SIZE	-0.094	0.048	-1.958	0.051
LIQUIDITY	5.916	1.156	5.119*	0.000*
FIRMSIZE	0.484	0.466	1.039	0.299
LEVERAGE	-0.040	0.007	-6.102*	0.000*
ASSET GROWTH	0.000	0.000	0.405	0.686
FY2012	2.622	3.677	0.713	0.476
FY2013	-0.163	3.654	-0.045	0.965
FY2014	-2.026	3.635	-0.557	0.577
FY2015	-3.370	3.639	-0.926	0.355
FY2016	0.724	3.634	0.199	0.842
FY2017	3.036	3.627	0.837	0.403
FY2018	-3.001	3.613	-0.831	0.407
FY2019	0.874	3.565	0.245	0.806
FY2020	-0.527	3.646	-0.145	0.885
FY2021	0.366	3.489	0.105	0.916
R-squared	0.1399			
Adjusted R^2	0.1148			

Table 4.15 shows that there is a strong positive relationship between business and business success and the year variables do not show significance over time, Table 4.15 shows that relationship between business activity using ROA and the volatility elements of age and industry there is no significant relationship between them. All results for the independent variables remain the same regardless of whether or not dummy variables are included. Conversely, public firm performance (ROA and ROE) improves due to board diversity and CEO duality, but not board size or independence.

4.2 Summary

This chapter used charts, tables, and graphs to illustrate descriptively generated, assessed, presented, and analyzed data from surveys and interviews. The data supports the idea that better corporate governance improves SOE performance in Zimbabwe. As the last chapter, this offers an overview of the research project.

CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter provides an overview of the study, a summary of findings, suggestions and conclusions to the analysis carried out in Chapter 4. This chapter also summarizes the chapter and highlights topics that need further inquiry.

5.1 Summary of the study

This study investigated the relationship between corporate governance standards and performance of state-owned enterprises in Zimbabwe. Board size, CEO duality, diversity and independence are characteristics used to analyze management systems, namely board structure. To improve accuracy, firm performance was measured using both ROA and ROE. To look for probable multicollinearity, the empirical study began with descriptive statistics and continued with multiple regression analysis, sensitivity testing and correlation analysis of study variables. The sensitivity test used industry disaggregated into financial and non-financial companies and annual dummy variables, as it is believed that corporate governance standards can vary across industries and time periods.

5.2 Summary of the findings

This section provides an overview of the study and its results. Research objectives were considered in the timely presentation of research and results. The main objectives that made the study necessary were:

i. To look into how board independence impact Zimbabwe's SOE performs
ii. To elucidate the ways in which dual leadership affects Zimbabwe's SOE performance
iii. To investigate the connection between Zimbabwe's SOE performance and board size
iv. To conduct an unbiased investigation on the relationship between board diversity and Zimbabwe's SOE performance.

The empirical results of this study show that board diversity and CEO duality positively affect performance through ROA and ROE. The idea that the presence of a single CEO and chairman increases decision-making, leadership and control all of which can improve firm performance - supports the hypothesis that leadership (Donald and Davis, 1991). Another conclusion about board diversity is consistent. Having female members on the board greatly contributes to a company's success as it ensures diversity and balance of opinions when discussing ideas on the board. In other words, board size and independence cannot affect SOE performance based on ROA and ROE. First, although board independence is an important tool for managers to communicate and fulfill their responsibilities, it does not necessarily lead to improved performance (Bhatt and Bhattacharya, 2015). This result is consistent with the study of Mangana and Chamisa (2008) who found no correlation between board size and firm performance.

However, the effect on board size and independence does not affect performance. In other words, board size and independence cannot affect the ROA and ROE performance of SOEs. First, although board independence provides important opportunities for managers to communicate and fulfill their responsibilities, it does not necessarily lead to improved performance (Bhatt and Bhattacharya, 2015). Second, increasing box size can only improve profitability under certain circumstances, such as economic pressures and challenges. This finding is consistent with the study by Mangana and Chamisa (2008). They found no relationship between board size and performance. Additionally, you are likely to incur additional costs such as: meeting fees, administrative time, travel costs, and other costs outweigh the benefits of larger and more frequent board meetings.

5.3 Conclusions

Overall, the paper fills a gap in the literature on corporate governance in Zimbabwe by providing an overview of the national governance framework in Zimbabwe (2015). Second, by addressing a topic that has not received much recent attention in Zimbabwe and including the variables used in this study, it updates the body of research on the relationship between corporate governance attributes and performance of SOEs. These are studies and scientific and useful contributions. It is well known that good governance improves performance. Policy makers, regulators and management departments can benefit from the article and its findings to improve their understanding of the factors affecting SOE performance and thus help them make better corporate management decisions. Finally, and most importantly, insights from this research on Zimbabwe can be useful for other countries with similar environmental and economic backgrounds.

5.4 Recommendations for practice

In light of the literature review, the following suggestions were made:

i. Zimbabwe shall endeavor to fully apply the OECD Principles of Corporate Governance and all relevant parts where it is the sole proprietor of SOEs, even in situations where it is not the sole owner.
ii. Governments need to unify and streamline the legal frameworks that oversee SOEs. They should base their operational methods on established company standards.
iii. In order for SOEs to achieve their declared objectives, the government should refrain from interfering with their management and grant them total operational autonomy. The government should not redefine SOE goals in a way that is unclear to shareholders.
iv. The state should recognize the autonomy of SOE boards and permit them to perform their responsibilities.
v. Ownership rights must be clearly acknowledged under the government's management. Ownership rights should be exercised through a co-ordinating body rather than being consolidated in a single ownership organization in the case that this is not practical. This "ownership entity" should be able to carry out its duties with the requisite competence and skill.
vi. Establishing an open remuneration plan for SOE boards that will encourage and attract skilled staff while also supporting the organization's medium- and long-term aims

5.5 Recommendations for future research

The study has gaps and leaves potential for more research. First off, the inclusion of only four independent board structure-related variables raises questions about additional corporate governance variables. Second, the absence of statistical data about the variables of choice for some firms made it challenging to include all SOEs. These limitations imply that future research should focus more on company features like ownership structure and more on board related traits like experience, cultural diversity, and the independence of the nomination and compensation committee.

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APPENDICES

APPENDIX 1: REQUEST FOR AUTHORITY TO CARRY OUT RESEARCH

Great Zimbabwe University
P. O. Box 1235.
Masvingo
Zimbabwe

Dear Sir/ Madam

RE: REQUEST FOR AUTHORITY TO CARRY OUT RESEARCH

I am Tafadzwa Samushonga a student at Great Zimbabwe University. The topic I'm studying for my Master of Commerce in Professional Accounting and Corporate Governance is "Corporate Governance and Performance of State-Owned Entities." I must complete a research project to meet the criteria of my degree program

I am submitting this request for permission to carry out this research on your behalf. Extensive confidentiality protocols will be implemented, and any submitted data will only be utilized for educational purposes. For further information, please contact the accounting department and information system.

In this instance, I truly value your assistance.

Tafadzwa Samushonga
M212082

+263719523436
samushongat@gmail.com

APPENDIX 2: QUESTIONNAIRE SAMPLE

INTRODUCTION

My name is Tafadzwa Samushonga, and I am a student at Great Zimbabwe University studying a Master of Commerce degree in Professional Accounting and Corporate Governance (M212082). I'm now doing research on a project called "Corporate Governance and Performance of State-Owned Entities (SOEs)". I guarantee that any information you send will be treated in the strictest confidence, never shared with outside parties, and never used for any other reason. You were chosen at random to take part in this research. Throughout this investigation, I will make sure that the ethical value of confidentiality serves as my constant guidance.

We really appreciate your agreement to take part in this significant research.

INSTRUCTIONS

Answer all questions by ticking the appropriate box or bracket [ ] as well as writing responses in the space provided.

SECTION A: DEMOGRAPHIC DATA

1. Gender of the respondent

Male [ ] Female [ ] Other [ ]

2. What is your highest level of qualification?

PhD [ ] Masters [ ] Bachelors [ ] Diploma [ ] Certificate [ ]

3. Could you kindly indicate the number years you have worked for this organisation?

Years	Response
0-3	
4-10	
Above 10	

SECTION B: OVERVIEW CORPORATE GOVERNANCE PRACTICES IN ZIMBABWE'S SOES

4. To what extent does the following G20/OECD Principles of Corporate Governance enhance accountability in SOEs?

Principles of Corporate Governance	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
Ensuring the basis for an effective corporate governance framework					
Recognise the rights and role of stakeholders					
Disclosure and transparency					
The responsibilities of the board					

5. To what extent does the following regulatory and legal frameworks enacted by the government contribute to the improvement SOE governance and accountability in Zimbabwe

Zimbabwe Corporate Governance legal and Regulatory Frameworks	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
Public Finance and Management Act (1955)					
Corporate Governance Framework for State Enterprises and Parastatals in Zimbabwe (2010)					
National Code of Corporate Governance (2015)					
Public Entities Corporate Governance Act (2018)					
Companies and Other Business Entities Act (2020)					
The Risk Management Guidelines and Framework for Public Sector (2023)					

6. To what extend does the government need to intervene in the following areas to improve overall corporate governance framework of SOEs? *(Tick where applicable)*

Corporate governance elements	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
Developing a sound legal and regulatory framework for SOE governance					
Establishing a performance monitoring system for accountability					
Enhancing financial and fiscal discipline of SOEs					
Professionalizing SOE boards of directors					
Enhancing transparency and disclosure					
Building support and capacity for implementation					

SECTION C: BOARD INDEPEDENCE AND SOE PERFORMANCE

7. To what extent does an independent board contribute to the following attributes of SOE performance?

Board independence and SOE performance	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
Improved strategic decision making and operational performance due to fresh perspective of the operations and fresh sets of highly developed skills					
Efficient resource allocation					
Reduced risk of corporate crises and scandals					
Objective evaluation of the succession planning and a level head in times of conflict					

8. Which of the following are bad practices in SOEs which may be as a result of a conflicted board?

Board independence and SOE performance	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
Multiple and often competing goals and objectives					
Politicized boards and management					
Low levels of transparency and accountability					
Not recognising the rights and role of stakeholders					
Multiple and often competing goals and objectives					

SECTION D: DUALITY LEADERSHIP AND SOE PERFORMANCE

9. To what extent does CEO duality contribute to the following attributes of SOE performance

CEO duality and SOE performance	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
Clear direction of a single leader					
Efficiency and effectiveness					

10. To what extent does practices in SOEs may be as a result of CEO duality?

CEO duality and SOE performance	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
Absence of segregation of duties					
Lack of transparency					

SECTION E: BOARD SIZE AND SOE PERFORMANCE

11. To what extent does a sizeable board contribute to the following attributes of SOE performance?

12. *(Tick where applicable)*

Board size and SOE performance	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
Pools more information					
Greater diversity of backgrounds and viewpoints					
Increases expertise and critical resources					
Increased effectiveness					

13. To what extent does the following practices may be as a result of a sizeable board in SOEs *(Tick where applicable)*

Board size and SOE performance	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
Hinders initiative and strategic actions					
Unproductive interactions may develop as well					
Increased bureaucratic processes					

SECTION F: BOARD DIVERSITY AND SOE PERFORMANCE

14. To what extent does board diversity contribute to the following attributes of SOE performance *(Tick where applicable)*

Board diversity and SOE performance	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
Creativity and different perspectives					
Access to resources and connections					
Career incentives through signaling and mentoring					
Public relations, investor relations, and legitimacy					

15. What are the drawbacks of a diversity board to SOEs performance *(Tick where applicable)*

Board diversity and SOE performance	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
Conflict, lack of cooperation, and insufficient communication					
Choosing directors with little experience, inadequate qualifications, or who are overused					
Conflicts of interests and agenda pushing					

THANK YOU!

APPENDIX 3: INTERVIEW GUIDE

i. What principles of corporate governance are relevant to corporate responsibility in Zimbabwe?

ii. How important is the implementation of the best practices of public administration in state enterprises?

iii. What corporate governance laws has the government put in place to support business in Zimbabwe?

iv. What is the impact of corporate governance practices on the performance of Zimbabwe's state-owned companies (SOEs)? Examples of these practices include board diversity, independence, and size.

v. How may the Zimbabwean government intervene to improve the corporate governance framework of the SOEs overall?