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CORPORATE GOVERNANCE REFORM AND SUSTENANCE OF STATE-OWNED ENTERPRISES (SOES) IN ZIMBABWE

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ABSTRACT

The study sought to ascertain corporate governance reforms that foster sustenance of the SOEs in Zimbabwe and how such reforms can be implemented. This study has used a mixed-methods technique and a pragmatist philosophy. A cross-sectional survey design was employed, whereby structured questionnaires and interviews were used to collect data. Top and middle management, board members, board chairpersons, and CEOs of Zimbabwe's SOEs made up the target population. For quantitative data, a sample size of 351 people was obtained using the sample process created by Krejcie and Morgan (1970). Interviews were done with sixteen (16) people until saturation was achieved. Stratified random sampling was used in the study to choose respondents for the quantitative data collection. To choose interview subjects for the qualitative data, purposeful sampling was applied. The quantitative and qualitative data were analyzed using SPSS version 23 and NVivo version 12, respectively. According to the study, the primary corporate governance reforms for the survival of the SOEs in Zimbabwe included the following: open nomination processes for the SOEs; removal and resignation of directors who did not comply with best corporate governance practices; limitations on board member compensation; and changes to the executive directors' terms of service. This research has shown that best corporate governance practices in the SOEs are brought about by reforming the Board Appointments Board (RAB). In order to ensure that corporate governance reforms are implemented effectively, the present study has suggested that term limits, with a maximum of ten (10) years, in Chief Executive Officer Employment contracts be strictly enforced.

Keywords: Corporate governance, state-owned enterprises, corporate governance reform, accountability and transparency.

INTRODUCTION

In Zimbabwe's economic landscape, State-Owned Enterprises are incredibly important, especially when it comes to providing basic amenities such as power, water, transportation, healthcare, and education. Due to the economic significance of the SOEs, it is necessary to ensure that these institutions are always accountable, transparent, and efficient in order to maintain economic growth through their contribution to the GDP of the country. In a bid to sustain the SOEs, there is need to ensure that they operate on equal terms basis with the private sector so that they do not continue draining the public treasury.

Deficits in corporate governance are a major reason behind the spate of well reported corporate scandals in Zimbabwe that have destroyed several State-Owned Enterprises (SOEs) (Chimbari, 2017). Some of these scandals involve the implication of the SOEs in the excessive compensation given to CEOs, financial misappropriation, violation of tender rules, and inappropriate recruitment procedures. Such scandals indicate that the SOEs suffer from recurring breaches in corporate governance rules, which is why such distressed firms in Zimbabwe need to be closely monitored and supported. State Owned Enterprises in Zimbabwe must deal with problems of poor corporate governance practices. Scandals at some of the SOEs were caused by the poor implementation of best corporate governance principles. Affirming this sad state of affairs, Chigudu (2020) has claimed that shortcomings in corporate governance have been blamed for the numerous reported scandals that have rocked the SOEs in Zimbabwe.

It is worth noting that in the 2018 Auditor General's Report, it was found that the SOEs did not exercise due diligence while acquiring goods and services. Among the most notable offenders was the Zimbabwe Electricity Transmission and Distribution firm (ZETDC); nine years after giving Piot Investments USD 4.9 million, the firm still had not received the transformers (2018). Consequently, these SOEs had experienced losses. Another challenge faced by the SOEs was the political intervention through ministerial instructions, some of which violated corporate governance guidelines.

According to Boroma (2020), Sakunda Holdings was given the Dema Power Project in 2016, despite the fact that this company did not take part in the bidding procedure. Sakunda proceeded to subcontract the business to Aggreko despite the firm's rejection by the State Procurement Board (SPB) for being excessively expensive and not meeting technical standards. The Auditor General 2020 report noted that the corporate governance principles of transparency, discipline, accountability, fairness, responsibility, and independence were mainly ignored, which contributed to the problems with the SOEs.

As a result of the corporate governance malfeasance by the SOEs in Zimbabwe, there was poor implementation of best corporate governance practices in these enterprises. Zimbabwe has 107 state enterprises; 70 percent of them were technically insolvent which made them a drain to the public purse. Across the globe, corporate governance failure and collapse of the SOEs have happened in many forms. The SOEs have recorded net losses or have been involved in cases of corruption involving financial resources injected by the Government. The Transitional Stabilization Programme in Zimbabwe stipulated that State Owned Enterprises constituted around 40 percent of Zimbabwe's GDP at its peak in the 1990s, a far cry from the current 15 percent contribution. Similarly, the National Development Strategy 1 (2021–2025) noted that many State-Owned Enterprises (SOEs) had experienced significant losses, resulting in short-term debt and arrears that eventually led to a loss of equity.

Table 1

Well-known Instances of Corporate Governance Mishaps in Zimbabwean SOEs

Entity	Scandal	Year
Air Zimbabwe	In a five-year insurance scam, senior managers stole more than $10 million from Navistar Insurance Brokers with the suspected complicity of the Air Zimbabwe company secretary.	2014
Zimbabwe Electricity Supply Authority	The Zimbabwe Power Company (ZPC), a subsidiary of ZESA Holdings, controversially awarded a tender to two losing bidders, Intratrek Zimbabwe (Private) Limited and ZTE Corporation, at the expense of China Jiangxi Corporation, which had won the bidding process. A US$183 million tender focused on the installation of a 100 megawatt (MW) solar power plant.	2014
Zimbabwe Broadcasting Corporation (ZBC)	At the cost of China Jiangxi Corporation, which had won the bidding process, the Zimbabwe Power Company (ZPC), a subsidiary of ZESA Holdings, controversially handed a tender to two losing bidders, Intratrek Zimbabwe (Private) Limited and ZTE Corporation. A 100 megawatt (MW) solar power plant installation was the focus of a US$183 million tender.	2014
Premier Services Medical Aid Society (PSMAS)	The CEO received a salary and perks package of more than $500 000 per month during a period when the company failed to pay medical bills or suppliers.	2014

Note. Adapted from Hadebe (2015).

The allocation of tenders to undeserving clients was one of the many anomalies that the Zimbabwean Auditor General identified in a number of reports. Though there had been many cases of failures to follow the best practices in corporate governance, there has not been much research done on the corporate governance reform of State-Owned Enterprises (SOEs) in Zimbabwe. This has added to the ongoing subpar execution of corporate governance reforms at State-Owned Enterprises. For the benefit of the public and to ensure effective service delivery, it is crucial to concentrate on developing corporate governance reform plans that outline how the SOEs can adopt and use best practices in corporate governance. Therefore, it is against this background that the main purpose or objective of the present paper is to ascertain the corporate governance reforms that foster sustenance of the SOEs in Zimbabwe. Also, the research aims to proffer strategies that could make corporate governance reforms implementable for the SOEs in Zimbabwe. The Public Entities Corporate Governance Act Chapter 10:31 of 2018 prescribe the main corporate governance reforms in Zimbabwe.

LITERATURE REVIEW

Agency Theory

Many studies into corporate governance have followed the conceptual framework derived from agency theory (Yussof & Alhaji, 2012). Research by Berle and Means (1932) on corporate governance focus on owership separation and factors that resulted in the occurrence of principal agent problems.These problems are prevalent in modern organizations, and the SOEs are not exempt. Jensen and Heckling (1976) in their seminal paper gave a description of the firm as a nexus of contracts between identifiable factors of production that results in the agency problems. In that regard, the separation of ownership from the management results in the managers of an organization doing what at times may not maximize shareholders' wealth. This is because some managers' expertise and knowledge have been used for self-benefit instead of stakeholder benefit. Meckling and Jensen (1976) have suggested that some monitoring mechanisms be put in place in a bid to protect the interests of shareholders.

According to Chimbari (2017), corporate malpractices have gone so far as to offer directors unauthorized benefits and remuneration not commensurate with their performance and qualifications at the expense of company shareholders. In Zimbabwe, billions of dollars were lost through directors who were handsomely rewarding themselves in various SOEs (Dandaratsi et al., 2022). Therefore, the theory is crucial to this study as it explains the occurrence of scandals in the SOEs due to agency issues. Wrong and illicit conduct have been prevalent in the SOEs in Zimbabwe, where directors occasionally take the entities as their own properties (Chigudu, 2020).

Stakeholder Theory

According to Jones et al. (2018), stakeholder theory refers to a general set of ideas that help managers and scholars understand how organizations engage with their stakeholders and how those interactions affect performance. Accordingly, the influence of corporate activities on all identifiable stakeholders of the organization is the main focus of the stakeholder theory of corporate governance (Gilson & Gordon, 2020). According to the theory, business managers ought to consider every stakeholder's interests during their governance process. It should be emphasized that the relationship between management and shareholders is not examined by stakeholder theory, in contrast to agency and stewardship theories. However, it shifts the focus to corporate accountability, responsibility, and social control. The relationships between the entity, the person, and the state are the main focus (Tricker, 2012). Thus, the theory clarifies why directors, executives, and other SOE workers occasionally behave dishonestly, falling short of their individual SOEs' expectations.

Definition of Corporate Governance

Butler and Butler (2010) define corporate governance as the framework, procedures, and controls that businesses use to run their operations. Corporate governance can also refer to the relationship between the governed and the governing within an organizational framework. According to Oman (2001), the term corporate governance refers to a range of public and private establishments, such as rules of conduct, laws, and regulations that govern how corporate managers and entrepreneurs interact in a market economy. The study thus adopted definition by Butler and Butler (2010).

State Owned Enterprises

According to Willemyns (2016), there seem to be no universally accepted definition of the term State Owned Enterprise. As noted by the International Public Sector Accounting Standards Board (IPSASB) in 2018, the SOEs can go by a variety of names, such as Public Enterprises, Government Linked Companies, Government Corporations, and Government Business Enterprises. As a result, just as there are variations in the names of the SOE among nations, there are variations in the SOE definitions as well. According to the Auditor General Report (2018), in Zimbabwe, the groupings of SOEs have been created in line with the categories of boards, commissions, councils, companies and corporates, financial institutions, funds, and hospitals, among others. The OECD's definition of a state-owned enterprise (SOE), which comprises enterprises where the state has significant control through full, majority, or large minority ownership, has been adopted by the present study.

Pillars of Corporate Governance Necessary to SOEs

The foundations of corporate governance are discussed in this part, along with the reasons and means by which the reform of the SOEs in Zimbabwe depends on them. The OECD Report from 2005 states that transparency refers to an organization's capacity to accurately and promptly provide the required information, such as annual reports and press releases. In this sense, timely access to all relevant information is essential for both minority and majority shareholders of state-owned enterprises (SOEs) in Zimbabwe to enable them to make well-informed decisions that may be required for business growth and expansion. One of the issues the SOEs encountered, according to the 2017 Auditor General Report, was the late or occasionally non-submission of accounts for audit purposes. Building corporate governance reform plans for State-Owned Enterprises (SOEs) requires a foundation of transparency.

Independence

According to Chata (2010), independence in corporate governance refers to the extent to which mechanisms have been put in place to reduce the dominance of individual, sectorial interests and/ or political interference. In this manner, the SOEs may preserve their good performance. The SOEs must be autonomous, have self-governing mechanisms and show distinction between such SOEs and shareholders. These are some of elements that might have led to the distress of the SOEs in Zimbabwe.

In a different occasion, the NSSA Board Chairman also served as the chair of the subcommittee on investments and procurement, according to the Report of the Auditor General Report (2018). This is contrary to the independence pillar of corporate governance, which aims to lessen the influence of individual interests. Furthermore, this violated fundamental principles of corporate governance, which advise against having the board chairman chair such important subcommittees since it undermines independence and appropriate scrutiny. As the present study has already indicated, in order to fully implement the provisions of the PECG Act, the SOEs must be autonomous and be subject to minimal interference.

Accountability

Accountability is a crucial corporate governance pillar that is necessary to guarantee the sustainability of State-Owned Enterprises (SOEs). Accountability is predicated on the existence of efficient systems that permit both individual and group accountability inside an organization. This, however, at times has been non-existent in the SOEs as executives in some cases became opportunistic and self-enriching, thereby jeopardizing efficient and effective running of these enterprises (Report of the Auditor General, 2018). Therefore, the SOEs may need to be accountable so as to realize their national mandates.

Responsibility

An organization's board of directors is accountable to all of its stakeholders. This kind of accountability stems from the notion that business leaders are tasked with running the company (Taufiq, 2015).

Fairness

Transparency and fairness are similar concepts; however, fairness is defined as respecting and recognizing the rights of all people and groups with an interest in the business, including minority groups (Taufiq, 2015). The appointment of Board members at the Zimbabwe Revenue Authority (ZIMRA) demonstrates how the interests of many stakeholders were not appropriately reflected. There were seven members appointed to the ZIMRA Board of Directors, two of whom were executive members and five of whom were non-executive directors, according to the Auditor General's 2018 report. Due to the small number of options, the Board was unable to establish subcommittees using these numbers.

Discipline

Businesses, particularly members of its senior management, need to show that they understand and are committed to the principles of good governance (Willemyns, 2016). In this sense, discipline serves as the foundation and a crucial component for the effective operation of the SOEs. Self-discipline, market discipline, and regulatory discipline are some examples of the types of discipline practiced by the SOEs. Turnbull (1997) has pointed out that self-control and discipline require the regulated parties to set the performance benchmarks. Discipline will be ingrained in the SOE structures, eliminating wrongdoings including fraud, corruption, and unsanctioned incentives that have recently reduced SOE efficacy. There have been some SOEs with lax discipline.

The Public Entities Corporate Governance Act [Chapter 10.31 of 2018]

The Zimbabwean government established the PECG Act in November 2018 in response to a lack of adherence to best practices in corporate governance (Dandaratsi et al., 2022). The Act is based on Chapter 9 of the Zimbabwean Constitution, which deals with public entity management. A consistent system for governing the terms of service for workers in public institutions is provided by the PECG Act. CEO tenure is likewise subject to a similar restriction under Section 197 of the Zimbabwean Constitution, which permits a parliamentary Act to set a time limit for the tenure of CEOs or heads of firms under government control. In conclusion, the Act lays forth the rules and specifications for sound corporate governance that other companies, as well as those that are owned or controlled by the state must follow.

Corporate Governance Reform Strategies of State Owned Enterprises

Smith and Trebilcock (2001) have asserted that the SOEs had made a substantial contribution to the expansion of economies in both developed and developing nations. Both in the developed and developing worlds, the privatization of the SOEs is essential to enhancing the performance of these SOEs, since it significantly alters the economic performance of these organizations (Smith & Trebilcock, 2001). In addition to privatization, Smith and Trebilcock (2001) have recommended the implementation of management contracts, performance contracts, and competition.

Furthermore, al-Kwifi et al. (2020) in their Ethiopian Airways study looked at fast internationalization as a potential reform strategy for the SOEs. According to them rapid internationalization exposed the SOEs to global norms, which was found to be a cure for some of the poor performance of the SOEs. Utilizing accumulated capabilities to meet regional and international demands impacted the reform objectives of Ethiopian Airlines (al-Kwifi et al., 2020). In order to support effective decision-making, airline operations guidelines, and the growth of a global network, Ethiopian Airlines, which is currently the largest airline in Africa, implemented a rapid internationalization strategy through the use of a unique management structure.

In order to improve the performance the SOE, Fredrick (2011) has prioritized the reformation of the SOEs through some changes required of the SOE Board. Granting boards of the SOEs greater power and autonomy to fulfill their duties is a crucial reform strategy (Fredrick ,2011). Fredrick (2011) took into account improving the makeup of the SOE boards in order to guarantee that they had the expertise needed to achieve organizational objectives. According to Fredrick (2011), another reform tactic that the SOEs might use was to ensure board independence by protecting the board members from political interference. Giving the board the authority to choose the CEO is another tactic that might be used. The way the government affects how the SOEs operate, rather than the legal rights, appears to be what separates good corporate governance practices from bad practices when it comes to altering the corporate governance plans of the SOEs. According to the OECD's (2011) second working paper on SOE reform, a shared vision for governance reforms, clearly articulated policies, and SOE objectives might be the critical success elements in the public ownership function in strengthening SOE boards. The SOE's package of transformation plans includes a well-thought-out training program for board members, enhanced lines of communication between CEOs and boards, more openness about the conduct of SOE boards and management, and government ownership functions.

Corporate Governance Reforms

Around the world, corporate governance reforms have taken place in developing nations in a framework that is primarily determined by the current processes of economic globalisation and prior initiatives to promote development (Reed (2002). Several reforms that steer developing nations towards an Anglo-American model of governance have been adopted by various developing countries.(Reed, 2002). Nonetheless, the Public Entities Corporate Governance Act, Chapter 10.31 of 2018, contains the corporate governance improvements implemented in Zimbabwe. From this perspective, Board Appointment Reforms are mandated by Section 11 of the Act (RAB). Kota and Tomar (2010) made the case in their paper that corporate governance reform has become important in the wake of financial malfeasances. They looked at how corporate governance procedures affected the performance of businesses. Their findings supported the notion that transparency in board appointments and best practices in corporate governance were significantly correlated. In addition, the Public Entities Corporate Governance Act's Section 12 specifies the compensation for non-executive directors (RRNE). According to the research by Sheikh, Shah, and Akbar (2018), changes to the pay of the chief executive officer in developing countries have had an effect on a company's financial performance and were favorably correlated with corporate governance practices. Ntim et al.'s (2019) earlier research has looked at non-executive members' compensation, which was seen as having the potential to moderate corporate governance standards. Ntim et al. (2019) discovered that the establishment of pay committees that examined the compensation of executive and non-executive directors improved both corporate governance practices and the performance of the firm.

The Act's Section 13 examines changes to executive members' terms of service (RCOS) for State-Owned Entities. The results of of the study by Wanyagah (2021) demonstrated that changes to the terms of service played a crucial role in deciding how corporate governance was implemented. In devolved administrations, effective corporate governance was encouraged by improving and creating favorable service circumstances (Wanyagah, 2021). Similar to this, Ali, Hussain, and Waheed (2021) used a Chinese market context to study the effect of the terms of service on corporate governance. It was shown that there was a positive correlation between corporate governance practices and conditions of service. Additionally, changes to section 14 of the Public Entities Corporate Governance Act have addressed the limitations on the remuneration of Board members (RRORB). Given this, Ibrahim et al. (2019) study found that compensation was frequently utilized as an incentive that impacted both corporate governance procedures and business performance.

Importance of SOEs to the Economy

Both developed and developing nations benefit greatly from the substantial economic contributions made by the SOEs (Kyoungsun, 2018). In 2006, Heo (2018) reported that in terms of employment, the SOEs accounted for 5 percent of total employment and up to 20 percent of worldwide investment. Similarly, an OECD (2012) research has emphasized that State-owned enterprises (SOEs) accounted for roughly 30 percent of total employment and between 20 percent and 50 percent of economic value in the Middle East and North Africa. It is not surprising that more than 10 percent of the biggest companies in the world are state-owned, given the contribution made by the SOEs (World Bank, 2014).

The fact that the percentage of SOEs in China increased from 9 percent in 2005 to 23 percent in 2014, primarily due to the growth of the economy in country, indicates that the SOEs are a major factor in the economic development of many nations. State-owned enterprises (SOEs) have demonstrated their significance in the economic and social fabric of nations and have continued to exert influence within the international arena. The importance of the SOEs to the state of the economy and society will be dealt with in the discussions that follow. In many nations, state-owned enterprises (SOEs) are essential to economic development; when these businesses have difficulties, the economy suffers.

In many nations, these businesses play a crucial role in the delivery of social services. As a result, slow economic development is one of the several issues caused by SOE underperformance (Kanyane & Sambo, 2021). Because they create jobs, the SOEs are crucial to the economy of any nation. According to a 2017 report by the Organization for Economic Cooperation and Development (OECD), 9.2 million people were employed by state-owned enterprises in 40 Asian countries—all save China—in 2015. This demonstrates how vital the SOEs are to the economic growth of any nation. A total of 20.2 million people were employed by 51 000 SOEs in China in 2017 (OECD), demonstrating the crucial role the SOEs play in any nation's economy.

Furthermore, Thabane and van Deventer (2018) have argued that the SOEs could play a crucial role in the delivery of public goods, the imposition of restrictions on foreign and private sector control over the domestic economy, the creation of public funds for the budget, the improvement of service delivery throughout the nation, and the promotion of industrialization and economic growth. This demonstrates how important corporate governance is to the survival of State-Owned Enterprises (SOEs) and their ongoing influence on the public sector and economy.

Additionally, D'Souza, Megginson, and Nash (2007) have pointed out that contemporary economic proponents mainly offered three justifications for the necessity and importance of the SOEs. The basic defence of the SOEs is that by maintaining a balance between corporate and societal goals, they keep businesses from being driven by a profit-maximizing agenda. The significance of State-Owned Enterprises (SOEs) in addressing market failure concerns is paramount, especially with the challenges related to the sustainable economic operations of natural monopolies. State ownership of businesses is essential when complete and high-quality contracts cannot be carried out due to information asymmetry between the principal (society as a whole) and the agent (company leadership). A 2015 PwC IN poll found that the SOEs benefitted the economy more in a number of ways, such as improving social outcomes, supplying physical infrastructure, and maintaining stability in supply chains during difficult times. Therefore, in order to highlight the importance of the SOEs, the OECD has provided a comprehensive list of commonly mentioned arguments in favour of state ownership of major SOEs.

The supply of merit goods, such as public health and education, as well as public goods like national defence and public parks is underpinned by the SOEs. The SOEs are key to the improvement of labour relations, especially in the strategic sectors of the economy that include electricity generation (PwC 2015). In addition, as previously said, the SOEs help to generate public revenues and restrict the influence of foreign and private entities in the domestic economy (PwC 2015). Furthermore, Szarzec et al. (2021) have asserted that by maintaining industries of special interest in the economy, which maintain jobs, the SOEs could help promote industrialization and economic progress.

Empirical Review

Fan et al. (2007) investigated the connection between the financial performance of Chinese SOEs and the makeup of their boards. According to the report, the financial performance of the SOE suffered as a result of political meddling by CEOs. One of the issues that has been found to have a detrimental effect on SOE performance worldwide is political meddling. The study by Curi et al. (2016) highlighted the importance of corporate governance to the performance of firms. Their findings were that good corporate governance, especially board composition (board quality) enhanced the performance of SOEs through strategic planning. These studies did not focus on the SOEs in Africa, hence the need to advance similar studies on African SOEs, especially those in Southern Africa and Zimbabwe in particular, where many corporate governance transgressions have been reported.

In addition to evaluating the governance issues raised by the mixed ownership of SOEs, Milhaupt and Pargendler (2017) looked at various national approaches to listed SOE governance. Their investigation of the difficulties associated with the mixed ownership of SOEs encompassed the following nations: France, the US, Norway, Brazil, Colombia, Japan, Singapore, and China. In the present study, the researchers have considered the corporate governance reforms of

SOEs, not just focusing on those with mixed ownership. Milhaupt and Pargendler (2017) also observed that corporate governance challenges did exist in the SOEs, which has further reinforced the need to look at reform strategies to sustain SOEs.

Kamau, Benard, and Matu (2017) also conducted research in Kenya on the corporate governance of SOEs. Their empirical findings indicated that in order to avoid collapse, every public organization must adhere to corporate governance standards, which included but were not limited to appointment, board composition, control procedures and processes, and performance management. The purpose of their study was to examine how corporate governance affected the financial performance of State-Owned Enterprises (SOEs) in Kenya.

In their study, Kamau et al. (2017) used a descriptive cross-sectional strategy. The Kenya Broadcasting Corporation, Kenya Pipeline Company, Kenya Electricity Generating Company, Kenya Railways Corporation, and National Oil Corporation of Kenya were among the organizations whose board members, directors, and senior managers were the target population of the study. Their research, which used SPSS to analyze the data, came to the conclusion that corporate governance did, in fact, improve the financial performance of the SOEs in Kenya. According to the study, it was necessary to simplify conflicting legislations in order to grant the SOEs the independence they need to fulfill the obligations outlined in their performance contracts. This study represented a significant turning point for Kenya's SOE corporate governance. Even though there have been many studies conducted in Kenya, only a handful have looked at the corporate governance reform strategies through the Mwongozo Code of Governance.

As a result, a research on corporate governance reform may also be conducted on the SOEs in Zimbabwe, where the Auditor General has identified SOE corporate governance violations in several audit reports.

In a desk research study published in 2019, Zvitambo and Mhizha examined governance concerns in Zimbabwe's state-owned enterprises. By looking at the selection of the boards of directors at state-owned firms, the study sought to ascertain the impact of political participation on these entities. It also sought to provide recommendations for improving the governance of state-owned enterprises. The primary goal of the study was to examine how the SOEs appoint their boards of directors, even though it noted that corporate governance crises are common in the SOEs. The present study seeks to fill the gap on the issue of corporate governance reforms in light of the compliance issues in corporate governance practices by the SOEs which have been plagued by the recurrence of scandals in the SOEs.

Hypotheses Development

In light of the Public Entities Corporate Governance Act, Chapter 10:31 of 2018, which outlines the main strategies for corporate governance reform, the present study intends to assess the following hypotheses:

H_1: Reform on Board appointment (RAB) leads to best corporate governance practices in the SOEs.
H_2: Reform on remuneration for non-executive members (RRNE) has a positive effect on corporate governance practices by the SOEs.
H_3: Reforms on conditions of service (RCOS) has a positive effect on corporate governance in the SOEs
H_4: Reforms on restrictions on remuneration of Board members (RRORB) has a positive effect on corporate governance practices in the SOEs.
H_5: Reforms on dismissal and resignation (RDRBM) of board members leads to best corporate governance in the SOEs.

When constructing the aforementioned hypotheses, it is crucial to keep in mind that Zimbabwe has different kinds of State-Owned Entities, as documented by the Office of the Auditor General (OAG) of Zimbabwe. These SOEs were divided into several groups by the OAG in its report in December 2017. The groups listed were as follows: financial institutions, hospitals, tertiary institutions, boards, commissions, councils, and corporations. The SOE category was regarded as a moderating variable in the present study. According to the Public Entities Corporate Governance Act Chapter 10.31, the aforementioned hypotheses were developed as mandated by specific sections of the Act. According to Section 11on Reforms of Board

Appointment (RAB), a line minister must abide by this section's guidelines in addition to the requirements of the entity's enabling instrument whenever they appoint someone to the board of a public entity. The Act that established the RAB states that no one may be appointed to the board of a public organization for a period longer than four years, and that an appointment may only be renewed once.

In this RAB, the Act says that no person shall be re-appointed to a board if he or she has already served on that board for one or more periods, whether consecutive or not, amounting in the aggregate to eight years.

According to Section 12 of the Act, the goal is to make sure that, to the extent that it is practical, the remuneration (RRNE) set for non-executive members of public entities is reasonable and fair, taking into account the members' backgrounds, experiences, and expected roles. Additionally, the compensation for various public entities must be somewhat consistent with one another. The Act's Section 13 examines changes to the terms of service for executive members of public institutions, which are meant to be reasonable and equitable while taking into account the members' backgrounds, expertise, and expected roles. The remuneration (RRNE) the act prescribes is that it must be reasonably consistent as between different public entities. Similarly, reforms on the conditions of service (RCOS) are clearly stated in section 14 of the Act. In this view, the Minister with the approval of the Minister responsible for finance, and after consultation with the line Minister concerned, may by notice published in the Gazette specifying the amount that may be received, by way of remuneration, allowances and other benefits, by members of the board of any public entity

METHODOLOGY

The researchers of the present study created the seven sections (A-G) of the structured questionnaire from scratch. Section A of the questionnaire recorded the sociodemographic information of the respondents, and sections B through G recorded feedback on factors pertaining to the goals of the study. The purpose of Section A was to gather information on the respondents' gender, age, job history, and credentials.

Respondents were to indicate their degree of agreement with each statement pertaining to the study objectives on a five-point Likert scale in the structured questionnaire. Strongly Disagree (SD), Disagree (D), Neutral (N), Agree (A), and Strongly Agree (SA) were the possible outcomes on the Likert scale. A minimum of five (5) secondary questions were posed in order to test each construct or research objective, which were then expanded into the research questions. Respondents were asked to check the appropriate box to express their opinion. It is a mixed research design because the structured questionnaire was primarily designed to collect quantitative data, while the interview guide collected qualitative data. The researcher conducted a pilot test of the prepared questionnaire and consulted research supervisors for expert input to confirm its reliability.

Data was gathered from January 2022 to June 2022, a six-month period. The pragmatism concept guided the mixed-methods approach used in this investigation. The mixed research approach focused on topics that require an examination of the cultural impacts of the SOEs in Zimbabwe, multi-level views, and contextual understandings from real-world situations. Additionally, it made it possible to concentrate on the SOE research challenge, which called for the application of both qualitative and quantitative research to explore the meaning and comprehension of notions (Ploychart et al., 2010). In order to create a comprehensive interpretive framework for generating fresh insights and potential solutions to the corporate governance issues facing the SOEs, the mixed method afforded the advantages of both quantitative and qualitative data collection techniques (Ivankova et al., 2006). In addition to combining qualitative and quantitative approaches, the study's mixed-methods approach provided a reflection of the emerging "third way" epistemological paradigm, which falls somewhere between positivism and the interpretivist paradigm (Tashakkori & Creswell, 2008).

The present study has also employed a cross-sectional survey design; whereby standardized questionnaires were used in conjunction with interview guides to collect data. The study focused on approximately 107 CEOs, board chairs, top and middle management, and board members of the SOEs in Harare, Zimbabwe. Using the Krejcie and Morgan (1970) method, a sample size of 351 people was selected to answer the questionnaires, and sixteen (16) interviews were done until the saturation point was reached.

Table 2

An Estimate of the Target Population in all SOEs

Target Group	Total Estimated Number
CEOs	107
Top Executive	535
Board Members	1284
Board Chairpersons	107
Middle Management	2140
Total	4173

The study used purposive sampling for the gathering of qualitative data and stratified random sampling for the sampling of quantitative data.

By ensuring that each subgroup—CEOs, Top Executives, Board Chairpersons, Board Managers, and Middle Managers—was fairly represented, stratified random selection provided a more comprehensive view of the population. To make sure that the questionnaire's content validity remained unaffected, the reliability of the data from the surveys was examined using the Cronbach's alpha coefficient of reliability.

Exploratory Factor Analysis

The researcher conducted an exploratory factor analysis (EFA) by incorporating the major items of the questionnaire. This was also conducted to make an examination of the empirical data structure, identifying some of the inadequately loaded questions and analyzing the structure and relationship of the variables (Yong & Pearce, 2013).

As a method of factor analysis, the researcher used the EFA as supported by Gorsuch (1989) and Gorsuch (1990. By breaking down the items into smaller groupings or factors, the exploratory factor analysis looks at the inter-correlations between a large numbers of questionnaire responses (Hooper, 2012).

The researcher examined whether the items were grouped into meaningful categories and if they were successfully loaded on their proposed components. The loading factor indicates the extent of the link between the variable and the factor (Deat, 2016). It was conducted because the sample size was relatively large enough to conduct an exploratory factor analysis. While there are many different recommendations regarding the ideal sample size for a factor analysis (Fabrigar et al., 1999), some researchers have indicated that a minimum of 300 cases is needed; however, Tabachnick and Fidell (2007) suggested that 150 cases should be sufficient, and in cases where there are few variables, as few as 100 cases may be sufficient. The items themselves must have intervals, such as Likert scales, and while multivariate normality is desired, it is not always necessary for the findings to suffer from departures from it. Factor analysis was required due to its exploratory nature, which enabled the researcher to identify any underlying dimensions or factors present in the current collection of data. The EFA was helpful in breaking down the items into discrete dimensions so that multi-variate analysis could be performed (Spector, 1992 & Hooper, 2016). In this investigation, variables with poor loading or multiple loads were removed. Factor loadings are as shown for each factor in Table 3. Stevens (2009) suggested that factor loadings below 0.4 be eliminated and that, in order to make interpretations easier, only factor loadings beyond 0.4 should be evaluated. The findings presented in Table 3 indicate that every factor loading surpassed the minimum cut-off value of 0.6 for factor loadings (Bagozzi & Yi, 1988; Lewis-Beck, 1994). In the social sciences, a minimum of 60 percent cumulative variance is generally acknowledged, however no absolute criterion has been established (Hair et al., 2016). Table 3 shows that 64.01 percent of the variance can be explained by the variables that were retrieved using Principal Component Analysis. The scree plot examination, cumulative variance, and eigenvalue analysis were used to make this decision. Varimax was used to obliquely twist the factors, while Kaiser Normalization was also applied.

Table 3 indicates that the rotation converged in ten rounds and that 66.57 percent of the variance was explained in full. Platin and Ergun (2017) stated that the total variation explained was higher than the 60 percent threshold. The components that were retrieved from the rotational component matrix solution included the following: RAB, RRNE, RCOS, and RRORB.

Table 3

Construct, Items and Factor Loadings

Construct	Items	Factor Loadings
Reforms on Appointment of Boards	RAB1	0.712
	RAB2	0.683
	RAB3	0.765
	RAB4	0.802
Reforms on Remuneration of Non-Executive Directors	RRNE1	0.823
	RRNE2	0.749
	RRNE3	0.711
	RRNE4	0.602
Reform on Condition of Service of Executive directors	RCOS1	0.725
	RCOS2	0.618
	RCOS3	0.672
Reform on Restriction on Remuneration of Board of members	RRORB1	0.765
	RRORB2	0.749
	RRORB3	0.784

Notes.
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 10 iterations.
Based on Eigenvalues > 1
Total variance explained = 66.572%
Small Coefficients of less than 0.4 were suppressed

According to Platin and Ergun (2017), Table 3 indicates that the rotation converged in ten rounds and that the total variance explained was higher than the 60 percent threshold. The components that were retrieved from the rotational component matrix solution included the following: RAB, RRNE, RCOS, and RRORB. The findings presented in Table 3 indicate that every factor loading surpassed the minimum cut-off value of 0.6 for factor loadings (Bagozzi & Yi, 1988; Lewis-Beck, 1994). In order to address these concerns, the Varimax with Kaiser Normalization approach was employed.

Factor Analysis on Strategies for Corporate Governance Reforms in the SOE

The present researchers have employed the EFA to find several reform strategies. By looking at the groupings of the variables, a big dataset with numerous variables might be reduced for this study.

Using Principal Component's analysis, Table 4 once more reduced a large number of variables into a smaller number of components by extracting maximum variances from the data set for each component (Tabachnick & Fidell, 2007). Because unrotated factors were imprecise and ambiguous, they were rotated to improve interpretation. Therefore, the goal of rotation was to create the most optimal simple structure feasible, maximizing the number of high loadings on the variable while attempting to load the non-compliance with the corporate governance variable on as few elements as possible (Rummel, 1970). Researchers counted the number of relevant components by examining the Total Variance Explained Table, as shown in Table 4. It is important to remember that only values that had been extracted and rotated could be meaningfully interpreted. Depending on which component explained the most variance, the factors were ranked in a descending order. With the exception of the factors whose eigenvalues were less than 1, the extraction sums of squared loadings were the same as the original eigenvalues. The eigenvalues and variance are displayed in these columns before rotation. After rotation, the eigenvalues and variance are displayed in the Rotation Sums of Squared Loadings.

Those with Initial Eigenvalues greater than 1 were assumed to be adequate in explaining the construct under consideration as in the case above of the seven strategies only three strategies are adequate in explaining what had to be done to make the reforms work.

Table 4

Strategies for Corporate Governance reforms: A Factor Analysis

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.309	47.272	47.272	3.309	47.272	47.272	3.105	44.351	44.351
2	1.180	16.863	64.135	1.180	16.863	64.135	1.385	19.784	64.135
3	0.890	12.710	76.845	1.091	11.124	75.259	1.214	12.421	75.259
4	0.667	9.522	86.367						
5	0.414	5.915	92.281						
6	0.296	4.236	96.517						
7	0.244	3.483	100.000						

Note. Extraction Method: Principal Component Analysis.

Table 5

Cronbach's Alpha

	Item-Total Statistics			
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
RAB1	139.96	47.806	0.244	0.849
RAB2	139.94	47.726	0.290	0.847
RAB3	140.01	47.965	0.249	0.849
RAB4	140.27	48.075	0.125	0.856
RRNE1	140.06	47.547	0.311	0.847
RRNE2	140.02	47.126	0.373	0.845
RRNE3	140.01	47.493	0.300	0.847
RRNE4	139.97	47.724	0.287	0.848
RCOS1	140.08	47.491	0.321	0.847
RCOS2	140.08	46.853	0.417	0.844
RCOS3	140.02	46.567	0.457	0.843

Cronbach's alpha values for every item in Table 5 were more than 0.8, suggesting that respondents had internal consistency. This suggests that the study's questionnaire was trustworthy. Version 12 of NVivo was utilized for the analysis of qualitative data, and Version 23 of SPSS was employed for the analysis of quantitative data.

RESULTS

Because 351 people were identified as the sample, 351 questionnaires were sent out these respondents. Two hundred and thirty completed and functional surveys were received. This resulted in a 65.5 percent response rate. Interviews were done with 16 interview subjects, and no discernible shift in the respondents' answers was found. As a result, after the sixteenth interviewee, the researcher discontinued the interviews. In order to meet the requirements of many of the most appropriate statistical tests, normality testing was required. According to Razli and Wah (2011), the Kolmogorov-Smirnov and Shapiro-Wilk tests were used in this perspective to ascertain whether the data were normal. The variables were much less than 0.05 for both measures. This implies that the variables under study were not normally distributed, which makes it possible to ascertain the link between the research variables using non-parametric tests.

The Kaiser-Meyer-Olkin (KMO) and Bartlett's Test of Sphericity were mostly utilized with SPSS Version 23 to assess if the collected data were adequately representative of the population. Therefore, the purpose of these tests was to ascertain whether factor analysis could be carried out. To find out how well the factors explain one another between the variables—that is, the strength of the partial correlation—the KMO test was used. According to Reddy and Kulshretha (2019), KMO values less than 0.5 are deemed undesirable, whereas values closer to 1.0 are optimal. Academics like Reddy and Kulshretha (2019) contend that factor analysis can begin with a KMO of at least 0.80.

Table 6

Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO)		0.749
Bartlett's Test of Sphericity	Approx. Chi-Square	122.479
	Df	78
	Sig.	0.001

The above results met minimum conditions and permitted the EFA to be performed (Field, 2009).

Table 7

AVEs and SICCs

Construct	RAB	RRNE	RCOS	RRORB	RDRB	CGIMP
RAB	0.610					
RRNE	0.161	0.622				
RCOS	0.382	0.132	0.632			
RRORB	0.261	0.362	0.097	0.641		
RDRB	0.422	0.052	0.243	0.274	0.671	
CGIMP	0.009	0.412	0.009	0.370	0.019	0.742

Note. Diagonal elements in bold represent AVEs.

The present study has discovered that a suitable AVE (Average Variance Extracted) study was required to prove the discriminant validity. The square root of each AVE value linked to each latent construct was examined in this AVE analysis to see if it was bigger than any correlation between any two latent constructs. The construct's explained variance is measured by the AVE. The results displayed in Table 7 unequivocally demonstrate that the need for discriminant validity was satisfied, since all of the AVEs in bold were greater than the corresponding SICCs (Fornell & Larcker, 1981; Islam & Rahman, 2016). Consequently, the conditions for discriminant validity were satisfied.

Exploratory Factor Analysis

Table 8

Construct, Items and Factor Loadings

Construct	Items	Factor Loadings
Reforms on Appointment of Boards	RAB1	0.712
	RAB2	0.683
	RAB3	0.765
	RAB4	0.802
Reforms on Remuneration of Non-Executive Directors	RRNE1	0.823
	RRNE2	0.749
	RRNE3	0.711
	RRNE4	0.602
Reform on Condition of Service of Executive Directors	RCOS1	0.725
	RCOS2	0.618
	RCOS3	0.672
Reform on Restriction on Remuneration of Board of Members	RRORB1	0.765
	RRORB2	0.749
	RRORB3	0.784
	RRORB4	0.787
Reform on Dismissal and Resignation of Board Members	RDRB1	0.648
	RDRB2	0.618
	RDRB3	0.645
	RDRB4	0.845

Notes.
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 10 iterations.
Based on Eigenvalues > 1
Total variance explained = 66.572%
Small Coefficients of less than 0.4 were suppressed

Table 8 demonstrates that rotation converged in 10 rounds and that 66.57 percent of the variance was well explained. Platin and Ergun (2017) stated that the total variation explained was higher than the 60 percent threshold. Among the components that were recovered from the rotated component matrix solution were the following: RAB, RRNE, RCOS, RRORB, and RDRB. According to Table 8 data, every factor loading was more than the minimal cut-off value of 0.6 (Bagozzi & Yi, 1988; Lewis-Beck, 1994). To address these concerns, the Varimax with Kaiser Normalization approach was employed.

Descriptive Statistics

Table 9

Descriptive Statistics on Ascertaining Corporate Governance Reforms that Foster Sustenance of the SOEs

	Descriptive Statistics					
	N	Minimum	Maximum	Mean	Mean Score	Std. Deviation
Reform on Transparent Board Appointment	230	4.00	5.00	4.33	Agree	0.470
Reform on Dismissal and Resignation of Directors	230	4.00	5.00	4.33	Agree	0.470
Reforms on Restrictions of Board members remuneration	230	4.00	5.00	4.33	Agree	0.470
Reforms on Conditions of Service of Executive Directors	230	4.00	5.00	4.35	Agree	0.477
Valid N (listwise)	230					

Corporate governance changes that supported SOE sustainability are as displayed in Table 9. Transparent board appointment was the subject of the first reform. This received a mean score of 4.33, which is below 5 and indicates agreement. The extremely high standard deviation of 0.470 suggests that respondents' opinions on the reform of transparent board appointments varied widely.

The other reform also dealt with the resignation and removal of directors. This received a mean score of 4.33, which is below 5 and indicates agreement. Given this, a high standard deviation of 0.470 suggests that respondents' opinions on this issue on the sustainability of SOEs varied widely. The results in Table 2 show that the reform regarding the compensation constraints for board members had a mean score of 4.33 and a standard deviation of 0.470. Once more, this shows different perspectives on this reform.

On the other hand, respondents seemed to agree based on the overall mean response. The terms of employment for executive directors became the subject of another revision. The standard deviation was 0.470 and the mean score was 4.33. This was consistent with the agreement responses. The mean ratings and standard deviations for corporate governance reforms that supported the survival of State-Owned Enterprises (SOEs) are also displayed in Table 9. The average ratings ranged from 4.33 to 4.35 on the Likert scale, indicating an average agreement response. The standard deviation, which varied from 0.470 to 0.477, indicated that respondents' opinions on corporate governance changes that the support for the survival of the SOEs were not all the same. As previously said, the overall inference was that the respondents believed that the corporate governance reforms described in Table 9 promoted the survival of the SOEs.

The aforementioned findings are corroborated by Murombo (2016), who discovered that transparent board nomination for the SOEs in Zimbabwe's extractive sector necessitates the implementation of corporate governance reforms. In the same note, Chigudu (2023) noted that a number of conflicting organizational interests, including a lack of board autonomy, inadequate board capacity development and training programs, corruption, and board compensation, among others, have prevented the boards of the Grain Marketing Board of Zimbabwe from having full authority. His research, thus concentrated on the necessity of transparent board nomination processes and less government meddling in the SOE corporate governance operations. In confirmation of these conclusions, Jachi and Yona (2019) have argued that in order to promote transparency, it was important to protect the audit independence of State-Owned Enterprises (SOEs). As a result, audit findings must be put into practice. It is important as corporate misgovernance must be avoided at all cost.

Table 10

Descriptive Statistics of Strategies that Make Corporate Governance Reforms Implementable

	N	Minimum	Maximum	Mean	Mean Score	Std. Deviation
Chief Executive Officer term capping to 10 years	230	4	5	4.44	Agree	0.497
Board performance contracts	230	4	5	4.47	Agree	0.500
Performance contracts for Chief Executive Officers	230	4	5	4.57	Strongly Agree	0.496
Performance contract for Board members	230	4	5	4.57	Strongly Agree	0.497
Non-renewal of term/ Dismissal of CEO	230	2	5	4.53	Strong Agree	0.573
Dismissal of non-compliant board members	230	4	5	4.62	Strongly Agree	0.487
Compliance with Strategic Plan	230	4	5	4.62	Strongly Agree	0.487
Transparent Appointment of Board of Board Members	230	4	5	4.62	Strongly Agree	0.487
Transparent appointment of CEOs	230	4	5	4.63	Strongly Agree	0.484
Valid N (listwise)	230					

To sum up, Table 10 show that there was a strong degree of agreement with the highest mean of 4.63 for a transparent CEO appointment. The least mean, 4.44, for the description "Chief Executive Officer term capping at ten years had a mean score agree. On the other hand, the descriptor of transparent CEO hiring had the lowest standard deviation (0.484), while the description of CEO dismissal had the largest standard deviation (0.573).

Thus, there was high agreement with the overall mean response. The research conducted by Dandaratsi et al. (2022) aligns with the results of this study. They advocated for rigorous adherence to the Public Entities Corporate Governance Act Chapter 10.32, which stipulates a 10-year Chief Executive Tenure.
In a similar vein, Chilunjika et al. (2023) stressed that strict adherence to the performance contracts of SOE leaders was necessary to ensure the viability of the underperforming SOEs. According to Otekunrin et al. (2022), a company's strategic plans that were clearly defined and that adhered to the Public Entities Corporate Governance Act's regulations would improve their performance and best practices in corporate governance. Otekunrin et al. (2022) mentioned that there was a need to adhere to the transparent appointment of boards and the strict implementation of the CEO tenure.

Hypotheses Test

In testing the hypothesis, the researcher used the structural equation modelling (SEM) in AMOS. Under the SEM, the SOE category was treated as a mediating construct that moderates the relationship between reforms and corporate governance practices. The following research hypotheses were tested:

H_1: Reform on Board appointment (RAB) leads to best corporate governance practices in the SOEs.
H_2: Reform on remuneration for non-executive members (RRNE) has a positive effect on corporate governance practices by the SOEs.
H_3: Reforms on conditions of service (RCOS) has a positive effect on corporate governance in the SOEs.
H_4: Reforms on restrictions on the remuneration of Board members (RRORB) has a positive effect on corporate governance practices in the SOEs.
H_5: Reforms on dismissal and resignation (RDRBM) of board members leads to best corporate governance in the SOEs.

Table 11

Results of Hypothesis Testing of Corporate Governance Reform and Sustenance of SOEs

Hypotheses	Hypothesised Relationship	SRW	CR	p-values	Remark
H_1	RAB → CG in SOEs	0.016	13.254***	0.000	Supported
H_2	RRNE→ CG in SOEs	0.271	9.008***	0.000	Supported
H_3	RCOS → CG in SOEs	0.429	10.398***	0.000	Supported
H_4	RRORB → CG in SOEs	0.392	11.025***	0.0000	Supported
H_5	RDRBM→ CG in SOEs	-0.143	-11.025***	0.000	Supported

Note. SRW standardized regression weight, CR critical ratio, ** significant at $p < 0.05$, *** significant at $p < 0.001$, ns not significant, Adjusted R square 0.682.

The results in the above Table 11, therefore show that:

H_1 hypothesis was supported (SRW = 0.016, CR = 13.254, p = 0.000). This suggests that the greatest corporate governance standards in the SOEs are a result of the Board Appointments Reform (RAB) reform. The relationship between the finest corporate governance procedures and board appointments is validated by this research.

Similar results were obtained by Kota and Tomar (2010), who argued that corporate governance was important in the wake of financial malfeasances. The performance of the SOEs was investigated by the researchers in relation to corporate governance practices. Their findings supported the findings of the current study by demonstrating a strong correlation between excellent corporate governance standards and board appointment. This result supports the theories of Puni and Anlesinya (2020), who hypothesized that improving corporate governance practices of companies can be achieved through restructuring board appointments to include both executive and non-executive board members. Sifile et al. (2014) have contended that the appointment of boards has had a favourable impact on company corporate governance practices, which has lent weight to the viewpoint of the present study.

H_2 hypothesis was supported (SRW = 0.271, CR = 9.008, p = 0.000). This indicates that the SOEs' corporate governance standards are positively impacted by the reform of remuneration for non-executive members (RRNE). This result is consistent with that of Sheikh, Shah, and Akbar (2018), who found that CEO compensation in developing countries affected a company's financial performance and was positively correlated with corporate governance standards. The results of the present study are consistent with those of an earlier research by Ntim et al. (2019) that looked at non-executive member compensation as a means of moderating corporate governance practices. According to Ntim et al. (2019), the establishment of remuneration committees that examined the compensation of executive and non-executive directors improved both corporate governance standards and business performance.

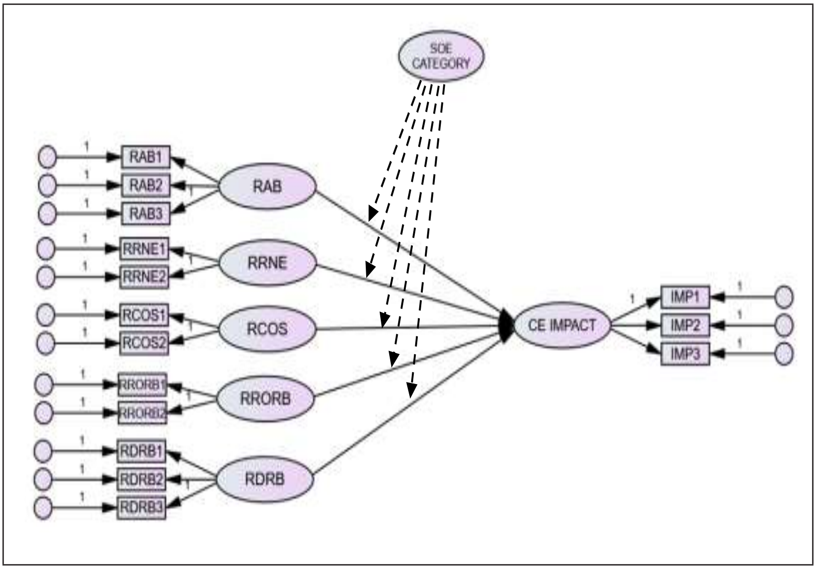
H_3 hypothesis was supported (SRW = 0.429, CR = 10.398, p = 0.000). This indicates that corporate governance in the SOEs was positively impacted by conditions of service (RCOS) changes. The results of this study supported those of Wanyagah (2021), who demonstrated that conditions of service had a significant role in influencing the adoption of corporate governance. In devolved administrations, effective corporate governance is encouraged by improving and creating favorable service circumstances (Wanyagah, 2021). Similar to this, Rehman et al. (2021) used a Chinese market context to study the effect of terms of service on corporate governance. It was shown that there was a positive correlation between corporate governance practices and conditions of service.

H_4 hypothesis was supported (SRW = 0.392, CR = 11.025, p = 0.0000). This suggested that improvements to the restrictions on board member remuneration (RRORB) had a favorable impact on the SOEs' corporate governance procedures. Given this, a study conducted in 2019 by Ibrahim et al. (2019) found that compensation was frequently utilized as an incentive that would have an impact on both corporate governance procedures and business performance.

H_5 hypothesis was supported (SRW = 0.392, CR = 11.025, p = 0.0000). This reflects that reforms on the dismissal and resignation (RDRBM) of board members led to best corporate governance in the SOEs.

Figure 1

Structural Model Path



The Structural Model Path

The structural model used to examine the associations between H_1, H_2, H_3, and H_4 is as depicted in Figure 1, and the results are displayed in standardized formats. According to Pallant (2005), the structural model showed how the constructs, or important variables in the study were represented in the proposed research model. Understanding the structural model requires a grasp of the following crucial points:

i) Reforms on Board Appointments (RAB), The primary variables under the corporate governance (CE) construct are reforms pertaining to non-executive member compensation (RRNE), conditions of service (RCOS), restrictions on board member compensation (RRORB), and the resignation and dismissal of board members (RDRBM).

ii) The measured association between the aforementioned reforms and corporate governance is also presented in the structural model, with broken lines indicating the moderating effects of the SOE category on the relationship between the reform and SOE governance. The following word cloud themes can therefore, be used to support the descriptive statistics mentioned above. The primary themes that arose from interviews regarding the corporate governance reform tactics that Zimbabwean SOEs could implement are as depicted in Figure 2.

Figure 2

Word Cloud Analysis on Main Corporate Governance Reforms by SOEs

Interviewee N1:

"Reform on board appointment in alignment with the dictates of the Public Entities Corporate Governance Act Chapter 10:32 is needed to ensure SOEs in Zimbabwe are sustained. This will help ensure transparency."

Interviewee N3:

> "Conditions of service must be aligned as prescribed in the PECG Act if such service conditions are improved, board members and executive members will do their job diligently with motivation from improved conditions of service."

As indicated in the word cloud themes above and as reflected by huge font size and centralisation of the themes, the interviews showed that reforms on board appointment, and reforms on the dismissal and resignation of directors were dominating interviews. The least popular themes were reforms on the restriction of the board members' remunerations and conditions of service of executive directors. These themes had small font sizes. These themes emerging from the interviews were similar to the results obtained in the quantitative data collection through questionnaires.

Strategies that Could Make Corporate Governance Reforms Implementable

Figure 3 below illustrates the main themes that came out from the questions on strategies that could make corporate governance reforms implementable.

Figure 3

Word Cloud Analysis on Strategies that Could Make Corporate Governance Reforms Implementable

In view of the above dominant themes, the following interviewees had this to say:

Interviewee N6:

> *'To ensure that corporate governance reforms prescribed in the PECG Act are implementable, there is need for non-corporate governance compliant CEOs to face dismissal'.*

Interviewee N7:

> *"Thank for the question Admire. Besides, there is need to improve conditions of service for board members who are like the engine to the company decisions. Such an improved conditions of service must also come with Dismissal of board members who are not compliant despite their improve conditions of service".*

In Figure 3 above, the word cloud themes show that the dismissal of the CEO, the dismissal of board members and the conditions of service were the most dominant themes from the conducted interviews. This is reflected by the large fonts and centralised themes. The least popular themes which had small fonts, were adherence to performance contracts. The themes which emerged in the above word cloud corroborated well with results that came from the quantitative data obtained from questionnaires.

CONCLUSION

The study's primary goal was to identify corporate governance changes that Zimbabwean SOEs might have to implement to help them survive. Therefore, it can be said that corporate governance reforms that supported SOEs included the following: open nomination processes for SOE boards, the removal and resignation of directors who disregarded corporate governance, limitations on board member compensation, and changes to executive director service requirements. Based on the study's findings, it can be said that stringent enforcement is required to make these corporate governance reforms enforceable. This includes limiting CEO terms to ten (10) years, adhering to board performance contracts, having CEO performance contracts, dismissing non-compliant CEOs and not renewing their terms, as well as firing non-compliant board members.

The study also found that transparent CEOs and board member appointments and the implementation of strategic plans were necessary for the SOEs to undergo reforms that could be put into practice.

Due to the limits of this study, future research on corporate governance will need to address topics that it did not cover. First of all, the current study was limited to examining several SOE types in Zimbabwe. It is feasible that different results may be obtained from the SOEs in other developing nations if comparative studies were carried out there. Therefore, studies on corporate governance reform of the SOEs with a wider focus on Southern Africa should be carried out by future academics. It should be emphasized that findings from a particular developing nation cannot be generalized to other contexts. This must be acknowledged because the political, economic, social, technological, and legal aspects that are unique to each nation may differ from that found in another national context.

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