



**Contextualized Guideline for Strengthening Implementation of Corporate Governance Framework in Zimbabwe State-Owned Enterprises: A Focus on Zimbabwe Electricity Supply Authority**

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**Abstract**

The study aimed to develop a guideline for strengthening the implementation of the corporate governance framework in Zimbabwe State-Owned Enterprises (SOEs), using the Zimbabwe Electricity Supply Authority (ZESA) as a case study. SOEs in Zimbabwe frequently face significant financial and service delivery challenges, which can hinder competitiveness and economic progress, posing fiscal risks for the government. Enhancing the effectiveness and productivity of SOEs through reinforced corporate governance is crucial to address these issues. The study was grounded in the agency, transaction cost, and stakeholder theories. The objectives were to establish how the corporate governance framework is understood at ZESA, examine institutional governance practices, determine aspects of effective corporate governance, and develop an implementation guideline. A descriptive research design was used, with data collected through a quantitative Likert scale questionnaire and qualitative interviews. Findings indicated that ZESA implements various corporate governance principles, but a comprehensive model encompassing openness, accountability, and ethical decision-making is needed. The study concludes that strengthening corporate governance in ZESA requires a dedicated leadership committed to high ethical standards and governance practices. The developed guideline provides a framework for effectively implementing corporate governance in Zimbabwe's SOEs.

**Keywords:** *Corporate governance, state-owned enterprises, ZESA, implementation guideline, Zimbabwe*

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## **Introduction**

State-Owned Enterprises (SOEs) play a crucial role in the economic development of many countries, including Zimbabwe. However, these entities often face significant financial and service delivery challenges, which can hinder competitiveness and economic progress, resulting in a financial burden and posing fiscal risks for the government (Masinge, 2011). To address these issues, numerous governments and international organizations have implemented strategies to enhance the effectiveness and productivity of SOEs through the reinforcement of corporate governance (Agyemang & Castellini, 2015).

Corporate governance is a system of rules, practices, and processes by which a company is directed and controlled (OCED, 2016). It encompasses the relationships between a company's management, its board, its shareholders, and other stakeholders, and provides the structure through which the objectives of the company are set and the means of attaining those objectives and monitoring performance are determined (OCED, 2016). Effective corporate governance is essential for SOEs, as it can improve their financial and operational performance, enhance transparency and accountability, and reduce the risk of mismanagement and corruption (Agyemang & Castellini, 2015) 2015).

The Zimbabwe Electricity Supply Authority (ZESA) is one of the largest SOEs in Zimbabwe, responsible for the generation, transmission, and distribution of electricity. ZESA has faced significant challenges in recent years, including financial losses, poor service delivery, and allegations of corruption (ZESA, 2023). Strengthening the corporate governance framework within ZESA is crucial to addressing these issues and improving the overall performance of the organization.

The present study aimed to develop a guideline for strengthening the implementation of the corporate governance framework in Zimbabwe's SOEs, using ZESA as a case study.

The specific objectives of the study were to:

1. Establish how the corporate governance framework is understood at ZESA.
2. Examine institutional governance practices in ZESA.

3. Determine aspects that show the effectiveness of good corporate governance practices in ZESA.
4. Develop a guide for the implementation of the corporate governance framework in ZESA and other SOEs in Zimbabwe.

### **Theoretical Framework**

The study was grounded in three key theories: the agency theory, the transaction cost theory, and the stakeholder theory.

The agency theory (Jensen & Meckling, 2012) suggests that the separation of ownership and control in organizations can lead to conflicts of interest between the principal (the owner) and the agent (the manager). In the context of SOEs, the government (as the owner) may have different objectives and priorities than the management of the SOE, leading to agency problems. Effective corporate governance can help align the interests of the principal and the agent, reducing the risk of mismanagement and ensuring that the SOE is run in the best interests of its stakeholders.

The transaction cost theory (Williamson, 1979) posits that organizations should be structured in a way that minimizes transaction costs, such as the costs of negotiating, monitoring, and enforcing contracts. In the context of SOEs, effective corporate governance can help reduce transaction costs by improving transparency, accountability, and decision-making processes.

The stakeholder theory (Freeman & McVea, 2005) emphasizes the importance of considering the interests of all stakeholders, including shareholders, employees, customers, suppliers, and the community, in the management of an organization. In the context of SOEs, effective corporate governance can help balance the interests of various stakeholders and ensure that the SOE is responsive to their needs and concerns.

### **Methodology**

This study employed a descriptive research design to explore the implementation of corporate governance tenets at ZESA. A descriptive research design is particularly effective for this purpose, as it allows for the systematic collection of data that reflects the current state of affairs concerning corporate governance (Creswell, 2014). This design facilitates a comprehensive understanding of the existing governance practices, as it employs both qualitative and quantitative methods to gather a wide range of insights (Bryman, 2016).

The use of a structured Likert scale questionnaire provided a quantitative measure of respondents' perceptions regarding corporate governance. This method is advantageous for quantifying attitudes and opinions in a standardized way, allowing for statistical analysis (Fowler, 2014). High response rates (81.25% overall) enhance the reliability of the findings, making them more credible (Johnson & Johnson, 2021). The reliability analysis (Cronbach's Alpha) further supports the consistency of the constructs measured (Heale & Twycross, 2015). Qualitative interviews provided deeper insights into the organizational culture and governance practices at ZESA. This approach is beneficial for exploring complex issues that cannot be adequately captured through quantitative measures alone (Patton, 2015). Combining both qualitative and quantitative methods allows for triangulation, enhancing the robustness of the findings by cross-verifying evidence from different sources (Denzin, 2017).

Stratified Random Sampling was employed to ensure that different divisions within ZESA were adequately represented, which is crucial for obtaining a comprehensive view of governance practices across the organization (Creswell, 2014).

Purposive Sampling for Interviews was used in selecting key informants such as directors and managers allowed for targeted insights into governance issues, as these individuals have a significant understanding of the corporate governance framework (Etikan et al., 2016).

The use of SPSS for quantitative data analysis and NVivo for qualitative data analysis strengthens the methodological rigor, as these tools are widely recognized for their capabilities in handling complex data sets (Field, 2013; QSR International, 2020). The combination of a descriptive research design, quantitative and qualitative methodologies, and robust sampling techniques ensured a comprehensive exploration of the corporate

governance framework at ZESA. This methodological approach not only provides a clear picture of current practices but also identifies areas for improvement, aligning with the study's objectives to enhance governance in Zimbabwe's state-owned enterprises.

### Findings and Discussion

The findings were presented in a narrative fashion, which aligned with the research objectives and the key informant interview data was analyzed using NVivo version 20, while the quantitative data collected from the structured questionnaire was examined using Statistical Package for Social Sciences (SPSS) version 23. Microsoft Excel was utilized specifically for generating graphs and pie charts to present certain quantitative facts.

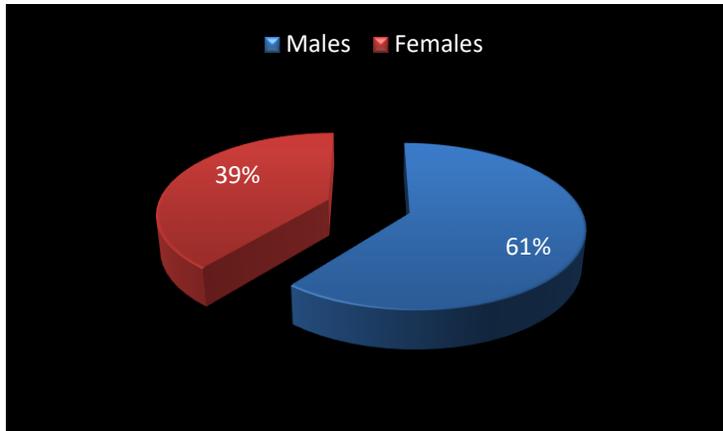
In the study, a total of 61 study participants provided data with 53 who completed the questionnaire while 8 were interviewed as shown in Table 1 below with the respective response rates.

**Table 1: Response rates**

<b>Data collection tool</b>	<b>Sample size</b>	<b>Number of respondents</b>	<b>Response rate (%)</b>
Questionnaire	59	53	89.8
Key informant interview	11	8	72.7
<b>Overall response</b>			<b>87.1</b>

According to the data presented in Table 1, the response rate of 81.25% is indicative of a high level of acceptability and credibility for both the quantitative and qualitative conclusions of the study. According to Johnson & Johnson (2021), a response rate of above 60% is often considered satisfactory, and the resulting research findings would be deemed reliable. According to Payne (2021), a response rate of at least 75% is considered to be a genuine reflection of the study population and is deemed satisfactory for any research. In addition, de Vaus (2013) suggests that if the response rate of a study is less than 50%, the

reliability of the findings is reduced to the extent that they may no longer be valuable for providing genuine insights into the investigated topics or influencing policy. Based on these statements, there is a consensus in the literature that a response rate of at least 60% is sufficient for drawing conclusions.



**Fig 1: Gender of respondents**

The Figure above shows that there were 42 (61) male study participants and 19 (39%) female research participants. The proportion of males (61%) to females (39%) indicates that there were a greater number of males in management positions at the ZESA main office. According to Landrum & Chastain (1995), there is still a significant gender disparity in many businesses across several sectors. This aligns with the Gender schema hypothesis, which proposes that gender disparities arise from societal expectations and the process of socialization, rather than solely from biological factors (Lynott & McCandless, 2000).

Since the year 2000, men globally, including Zimbabwe, have consistently maintained a larger ratio of employment to population compared to women (Statista Research Department, 2022). Therefore, this claim could partially elucidate the frequent occurrence of a higher number of men occupying managerial roles in comparison to women. However, it is important to note that this does not imply that women work less than men (Masripatin et al., 2015). This explains the reason for the higher number of male volunteers in the study compared to their female colleagues.

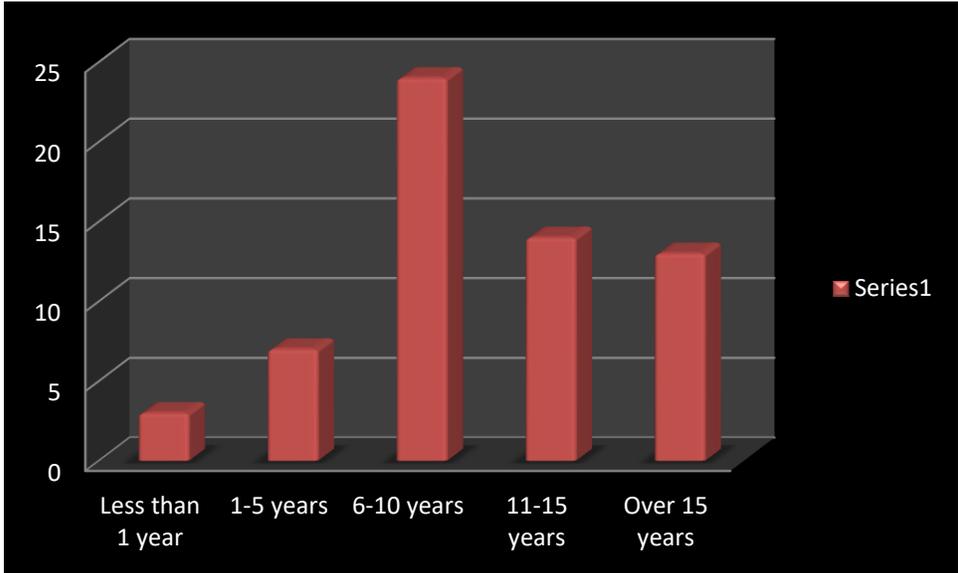
**Table 2: Respondents’ age groups**

Age groups	Frequency	Percent	Valid Percent	Cumulative Percent
20-30	8	13.1	13.1	13.1
30-40	15	24.6	24.6	37.7
40-50	21	34.2	34.2	71.9
50+	17	28.1	28.1	100.0
<b>Total</b>	<b>61</b>	<b>100</b>	<b>100</b>	<b>100</b>

According to the data presented in Table 2, the largest proportion (34.2%) of the sampled employees fell within the age range of 40 to 50, while 28.1% of the participants were in the age group of 50 and above. This indicates that the participants possessed sufficient maturity to offer valuable perspectives on the study's needs. The age distribution observed in this study closely resembles the findings of (Vicente, 2020) in State-Owned Enterprises (SOEs), where the majority of employees fell within the age bracket of 40 to 50 years. Moreover, as reported by the Zimbabwe National Statistics Agency (2022), the age group considered to be economically active spans from 15 to 50 years, with the largest portion falling within the 40 to 50 age range. This indicates that the age patterns of the study participants align with the age distribution of the national labour force in the country.

**Respondents’ employment experience at ZESA**

Figure 2 below outlines the respondents’ employment experience in five categories of years.

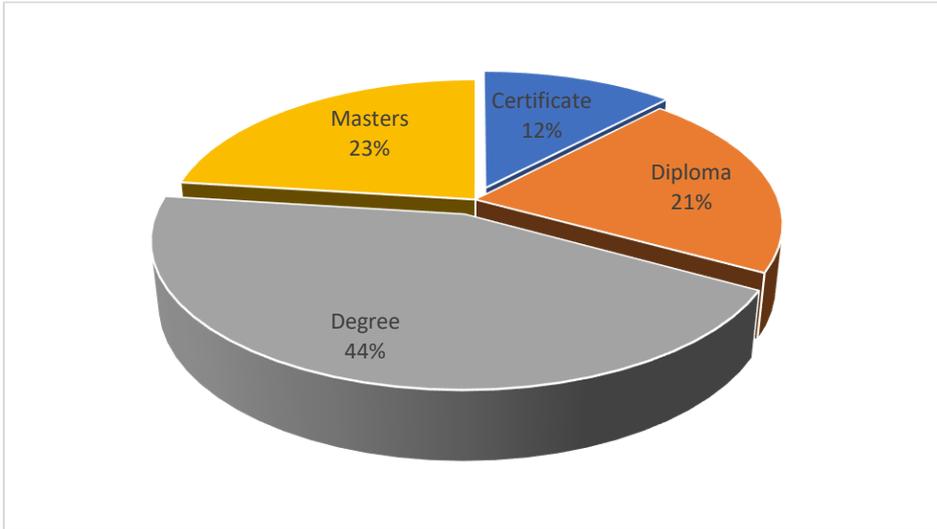


**Fig 2: Length of service at ZESA**

The data in Figure 2 indicates that the majority of the respondents (24 = 39.3%) had worked at ZESA between 6 to 10 years while 13 (21.3%) had worked for more than 15 years. This reveals that the respondents had adequate experience required in the study regarding implementation of the corporate governance framework in the Zimbabwe Electricity Supply Authority (ZESA).

**Level of education**

It was critical in this study to collect the highest level of education for the respondents. This was used as a proxy indicator of the level of comprehension of the issues addressed in the study. Thus, the highest level of education of the respondents are presented in Figure 3 below.



**Fig 3: Respondents' highest level of education**

According to the information presented in Figure 3, the majority of the participants (44%) had completed their undergraduate degrees, while 23% had obtained master's degrees. Furthermore, it is observed that 21% achieved a diploma and 12% obtained a certificate qualification. Based on these statistics, almost one-third (67% = 44% + 23%) of the participants had achieved either a bachelor's or master's degree. Based on the observed distribution of respondents' highest level of education, it can be inferred that they possessed adequate knowledge and intellectual ability to effectively react to the study's questions and provide the necessary viewpoints.

### **Reliability test**

Reliability tests were carried out first to measure the consistency and reliability of the respective constructs of the questionnaire. Cronbach's Alpha values were obtained for the questionnaire used in the study. Table 3 below shows the Cronbach's Alpha values for each construct.

### **Table 3; Reliability analysis**

<b>Constructs</b>	<b>Number of items</b>	<b>Cronbach's Alpha value</b>
Understanding of Corporate Governance Framework	5	0.804
Institutional governance practices at ZESA	8	0.727
Aspects that show effectiveness of good corporate governance practice at ZESA	5	0.808
Aspects that reveal limited good corporate governance practice at ZESA	4	0.874

The data in Table 3 above shows that the measurement scales were reliable since all the Cronbach's Alpha of the construct are above 0.70. Such findings are in tandem with Heale & Twycross (2015) who claim that for constructs to be reliable, values should be greater than 0.70.

### **Discussion**

The data presentation commences with the utilization of descriptive statistics, which are then corroborated by qualitative findings, in accordance with the mixed methods technique employed in the study. The study presents and discusses descriptive statistics, including arithmetic means (M) and standard deviations (SD), for all four study objectives. The standard deviations quantify the degree of consistency in the replies, specifically the spread of the responses around the mean. It was crucial in this study to utilize standard deviation analysis in conjunction with the mean to obtain more profound understanding of the extent to which the answers varied within each measured variable. The selection of these

descriptive statistics was based on the recognition that utilizing both the mean and standard deviation enhances comprehension of the data. Descriptive statistics condenses data to a degree where one may readily infer patterns and significance in accordance with the objective of a study such as this.

The study questionnaire utilized a Likert scale style, which consisted of the following response points: 1=Strongly Disagree; 2= Disagree; 3= Neutral; 4= Agree; and 5=Strongly Agree. The interpretations of the descriptive statistics for each category of constructs examined are derived from the scale applied to each item in the questionnaire.

**Understanding of corporate governance at ZESA**

The findings in this section focused on the respondents’ understanding of corporate governance as it applied to ZESA. Table 4 outlines the descriptive statistics of the arithmetic mean and the standard deviation regarding respondents’ responses.

**Table 4: Participants’ understanding of corporate governance at ZESA**

<b>Descriptive Statistics</b>			
<b>Elements of understanding the Corporate Governance Framework</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
CGF promotes honesty and accountability in management	53	4.52	.930
CGF helps the organisation’s value of transparency by improving client confidence	53	3.92	.715
CGF facilitates the efficient and effective management of the organisation	53	3.79	1.304
CGF promotes organisations to comply with the laws and the societal moral expectations	53	3.64	.732
CGF reduces the opportunities for complacency and fraud	53	2.17	.807
<b>Overall mean</b>		<b>3.91</b>	<b>0.897</b>

The respondents were asked a series of questions to determine the predominant understanding of corporate governance at ZESA. The responses are summarized in Table 4 using a mean score format. The data clearly shows that the highest average score is 4.52, showing a considerable agreement among respondents regarding the idea that 'CGF encourages honesty and accountability in management'. This finding aligns with a study conducted by Claessens & Yurtoglu (2013), which determined that implementing a corporate governance structure aids in establishing confidence among stakeholders and enhances the long-term prosperity and durability of a firm. Honesty and accountability within a corporation are the result of having a diverse and independent board, ensuring openness, and adopting efficient internal controls (Bhasin, 2017).

The findings are supported by some of the key informants who stated that:

*“...Corporate Governance in the business arena [in ZESA] incorporates transparency, fairness, independence, accountability, among other things...”*. [Interviewee 07].

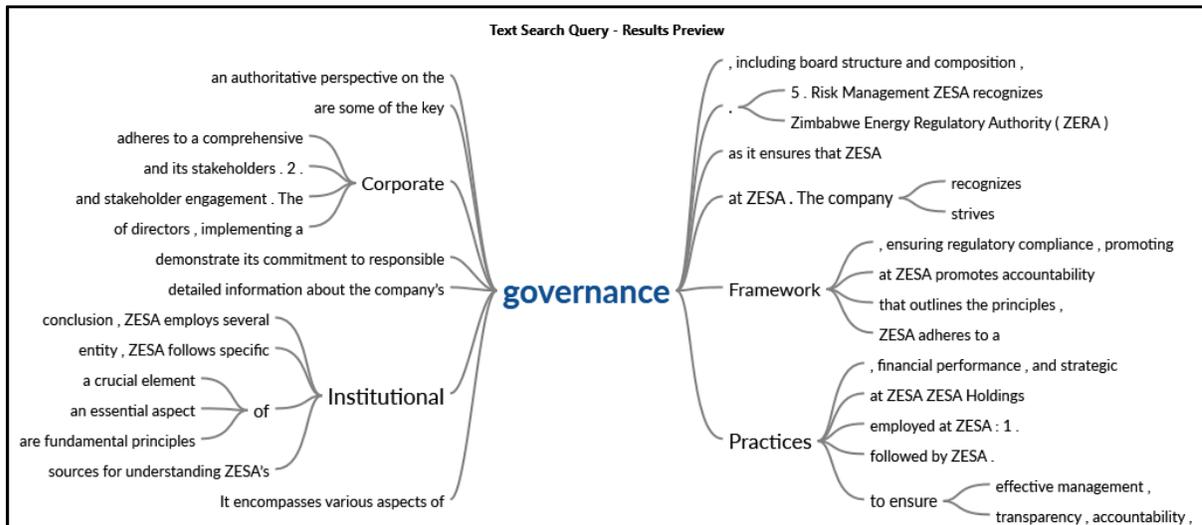
*“Corporate governance involves processes, practices and structures by which this organization is directed and controlled. The main objective being to enhance transparency and accountability ...”* [Interviewee 04]

*“Corporate governance encompasses various elements which all culminates in the promotion of transparency, accountability and ethical conduct in the affairs of the organization ...”* [Interviewee 03]

An analysis of the quotes above shows that the use of strong corporate governance procedures at ZESA guarantees that its operations and decision-making processes are easily understood by stakeholders. This level of transparency cultivates trust among all the individuals involved and therefore, enhances the assurance and honesty in the actions of the organization. According to Table 4, the respondents expressed disagreement with the idea that 'CGF minimizes the potential for complacency and fraud', as indicated by the lowest

mean score of 2.17. This corroborates a previous study conducted by Mapuva (2011) and Tsiga et al.( 2016), which found that political influence hampers the efficacy of corporate governance to some extent.

Furthermore, the preceding Table 4 displays a mean score of 3.91, accompanied by a standard deviation of 0.897. The average score of 3.91 suggests that the respondents largely agreed with the five conceptions used to assess their comprehension of the corporate governance framework at ZESA. The author supports Hove & Ndawana, (2018) argument that by following corporate governance standards, ZESA may effectively tackle its difficulties and enhance its overall performance. The study participants' responses to the six assertions showed a low overall standard deviation (SD) of 0.897, indicating that there was little variation from the mean score of 3.91 (Agreed). From the interviews conducted, the aspect of governance as it related to how issues on corporate governance are understood by the organisation featured prominently as displayed in Figure 4 following a Word Tree textual analysis generated from the NVivo application.



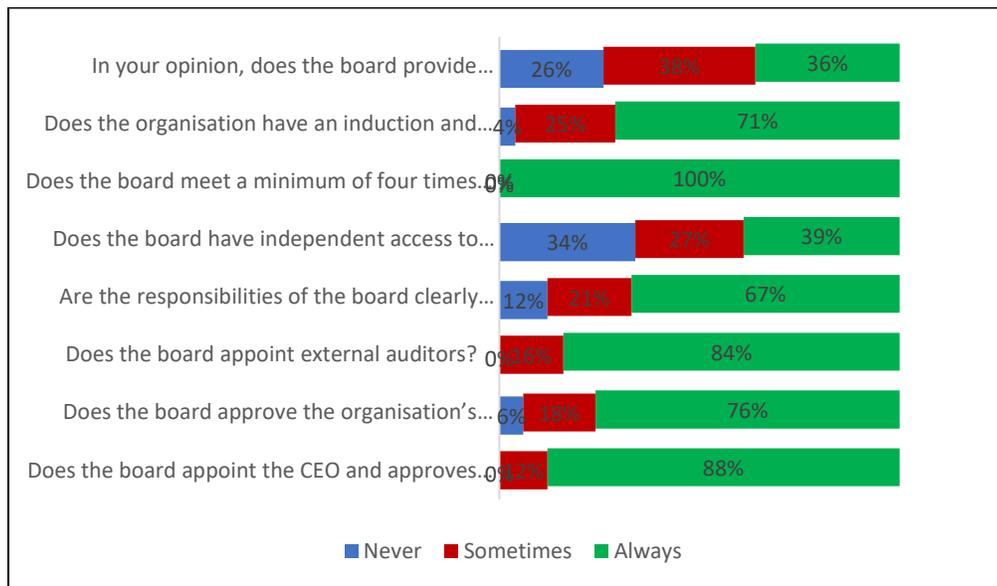
**Fig. 4: Word tree on governance**

Figure 4 reinforces the descriptive statistics shown in Table 4.3, which identified the variables employed in the study to assess several aspects of comprehending the corporate

governance framework at ZESA. Upon careful examination of Figure 4, it becomes evident that the phrase 'governance' was referenced from several significant viewpoints, including institutional, practices, framework, and corporate.

**Institutional governance practices employed at ZESA**

A critique of the institutional governance practices currently being employed at ZESA was conducted and the findings are illustrated in Figure 5 below.



**Fig. 5: Respondents views on institutional governance practices at ZESA**

Figure 5 demonstrates that ZESA implements many corporate governance techniques, as indicated by the significant proportion of respondents who consistently responded 'always' to all the factors examined in the study. All the factors included in the study indicate the existence of a board at ZESA that facilitates the enforcement of corporate governance inside the organization. The discovery validates the conclusions of previous researchers, such as Alzoubi & Selemat (2012), who emphasized the crucial function of a board of directors in ensuring oversight and accountability of the executive management, thereby safeguarding the interests of the owners. All participants unanimously agreed that the board meets the

minimum requirement of convening four times yearly, resulting in a perfect score of 100% for this question. The study found that the highest level of disapproval, at 34%, was detected when examining whether the board had independent access to senior management staff. The findings align with the ZESA annual report (2022) which indicates that ZESA adheres to sound corporate governance principles. However, certain stakeholders have expressed concerns about the lack of transparency in ZESA's activities, although this is only applicable to a few specific areas. As a result, there is a dearth of confidence in the company's leadership, making it challenging for stakeholders to ensure the company's responsibility.

In addition, the findings depicted in Figure 5 indicate that ZESA implements commendable institutional procedures, such as the establishment of a board that assumes the responsibility of overseeing the organization's management. In addition, the board is responsible for selecting the CEO and granting approval for senior management appointments. In addition, the board is responsible for approving the organization's strategic plan and providing a fair and comprehensible evaluation of the organization's performance, among other duties. An institutional practice of this nature directs the organization towards its strategic objectives and ensures that ZESA adheres to applicable laws, regulations, and ethical standards. The results align with the findings of Eccles et al. (2014), which state that a Board of Directors plays a crucial role in making significant decisions that affect an organization's operations, financial stability, and long-term viability.

**Indicators that reflect effective good corporate governance practices at ZESA**

Table 5 below shows the descriptive statistics of responses from the 53 respondents on indicators that reflect effective good corporate governance practices at ZESA.

**Table 5: Indicators that reflect good corporate governance practices at ZESA**

<b>Descriptive Statistics</b>			
<b>Aspects that show effectiveness of good corporate governance practices at ZESA</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>

Sub committees have got adequate skills and knowledge to meet their demands of the jobs	53	4.87	.214
Sub-committees report regularly to the board	53	4.72	.218
Sub committees advise the board, senior management regarding the organizational threats and opportunities	53	4.32	.345
Sub-committees have adequate and sufficient resources to perform their duties	53	3.19	.538
<b>Overall mean</b>		<b>4.19</b>	<b>.315</b>

The table above, labelled as Table 5, displays the highest average score of 4.87. This number indicates that most of the participants strongly agreed that sub-committees possess sufficient abilities and expertise to fulfill their work requirements. The discovery aligns with the observations made by (Hahn et al., 2018), who found that due to the strict regulations in the electricity supply industry, the management and boards of organizations in this sector tend to attract individuals with a comprehensive understanding of regulatory frameworks, compliance standards, and legal obligations. The finding was supported by key informant interviews, and one of the interviewees emphasized that:

*“...the Board of Directors of ZESA has the responsibility of establishing robust internal controls and risk management procedures to ensure the organization works with optimal efficiency and effectiveness. This encompasses routine audits, financial reporting, and risk assessments aimed at identifying and mitigating potential hazards. It is crucial for the members of the sub-committees to possess expertise and experience in their respective sectors in order to effectively carry out their responsibilities”.*

Moreover, the data shown in Table 5 indicates that the respondents expressed a neutral stance (mean score of 3.19) on the availability of adequate resources for sub-committees to carry out their responsibilities. In addition, the average score was 4.19, with a

standard deviation of 0.315. The respondents' total mean score of 4.19 indicates a general consensus on the five conceptions that were formulated to assess various facets of successful good corporate governance at ZESA. The study participants' replies to the five assertions show a low standard deviation (SD) of 0.315, indicating that their responses do not differ considerably from the overall mean of 4.19 (agree). Hence, the standard deviation indicates that the replies given for the five statements were relatively homogeneous or closely clustered.

The in-depth interviews confirmed these findings by highlighting crucial markers that demonstrate strong corporate governance processes at ZESA. In-depth qualitative analysis of frequently mentioned words, Text Search of the frequent word was carried out using NVivo software and Figure 6 illustrates the most frequently mentioned indicators.



**Figure 6: Respondent's word cloud**

An examination of Figure 6 above indicates that accountability, engagement, and stakeholders were important topics discussed during the interviews. The signs of excellent corporate governance practice mentioned above align with those identified by other academics, such as (Patrício & Fisk, 2017), who concluded that accountability and responsibility are crucial indicators of strong corporate governance practice. Accountability, as defined by Greenspan (2020), refers to the concept of individual employees assuming

ownership of their acts and being held responsible for their decisions or actions. Accountability, in essence, guarantees that individuals possess an understanding of the repercussions of their actions and are motivated to rectify any errors they commit.

In order to assess the level of ZESA's adherence to the corporate governance framework, a regression analysis was conducted using the Statistical Package for Social Sciences (SPSS). The findings of this analysis may be found in Table 6 and Table 7 below:

**Table 6: Regression Model summary report**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.7078 <sup>a</sup>	.608	.579	.852

*a. Predictors: (Constant), To what extent does ZESA comply with the tenets of corporate governance?*

The independent variable in this study, as shown in Table 6, is the amount to which ZESA adheres to a corporate governance framework. The dependent variable, on the other hand, is the practice of good governance. The regression study specifically examined ZESA's level of adherence to the criteria outlined in the Corporate Governance Framework. Achieving an R-squared value of 0.608 implies that ZESA conforms to the principles of corporate governance to a significant extent, around 60.8%. The correlation coefficient of 0.78 indicates a robust positive linear relationship between the variables. This indicates a correlation between ZESA's operations and corporate governance practices.

The results align with those of ZEST (2021), who determined that "ZESA exhibits a dedication to corporate governance principles, although there are areas in which the organization can enhance its performance." Regarding this matter, a key source expressed that by consistently improving its corporate governance standards, ZESA can strengthen its responsibility, openness, and overall efficiency as the main energy supplier in Zimbabwe.

When creating the regression equation, the following regression coefficients were obtained as shown in table 7 below:

**Table 7: Regression coefficients**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.381	.325		7.332	.000
	To what extent does ZESA adhere to the tenets of corporate governance	.238	.131	.203	1.808	.034
<i>a. Dependent Variable: ZESA complies with the tenets of a corporate governance framework</i>						

Based on the information provided in Table 7, it is evident that the level of compliance was 2.381 when there was no corporate governance framework in place, indicating a zero influence. Furthermore, compliance grew by 0.238 for each unit of adherence to the framework.

The interviewees emphasized the correlation between the corporate governance structure and the level of adherence. When questioned about the level of adherence to the corporate governance framework, one of the interviewees stated that:

*“...the board of directors at ZESA has a crucial responsibility in setting strategic goals, supervising management, and ensuring compliance with corporate governance standards. The board consists of a wide variety of abilities and experiences in order*

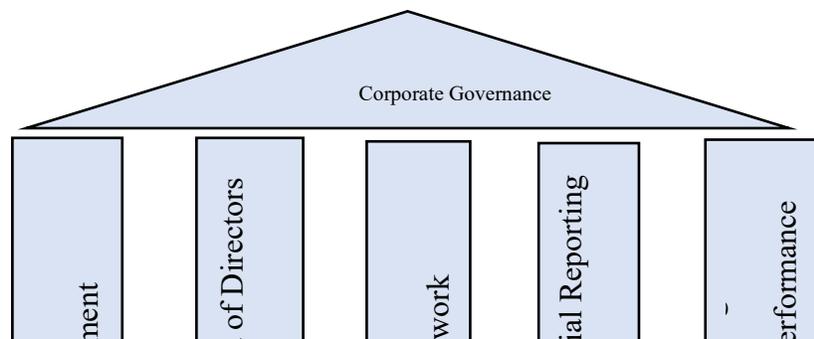
*to efficiently carry out its responsibilities. ZESA conducts frequent evaluations of its performance, which includes assessing its adherence to corporate governance standards. The purpose of these evaluations is to identify areas that require development and to ensure a continual process of enhancing performance”.*  
[Interviewee 02].

The above quotation reveals that certain interviewees recognize the significance of the corporate governance framework and its direct impact on the implementation of excellent corporate governance principles within firms. Ultimately, the study concluded that most of the participants expressed a strong agreement about the sub-committees' sufficient expertise and competence to fulfill their work requirements. The study examines indications of excellent corporate governance practice that align with those identified by other researchers, such as Patrício & Fisk (2017), who emphasized the importance of accountability and responsibility as key indicators of good corporate governance practice.

### **Guidelines for strengthening implementation of the Corporate Governance Framework in ZESA**

The study revealed some gaps in the implementation of the Corporate Governance Framework at ZESA. The findings established that the majority of the participants agreed (Overall mean score 3.91) with the elements on understanding of what needs to be done though in most cases it was not being implemented. Furthermore, the respondents agreed on most of the aspects that showed effectiveness of good corporate governance practices at ZESA (overall mean score 4.19). These results indicated gaps in the implementation of corporate governance at ZESA as they all fell short of the highest Likert scale of 5.

Strengthening the implementation of corporate governance framework in ZESA requires a comprehensive model that addresses various aspects such as transparency, accountability, and ethical decision-making. Below is a model for strengthening the implementation of corporate governance framework in ZESA.



**Fig. 7: Model for the implementation guideline**

To enhance the execution of the corporate governance framework at ZESA, the initial step is to guarantee that the leadership is fully dedicated to upholding the utmost standards of ethical conduct and governance. The researcher found that most of the participants disagreed with the idea that CGF (Corporate Governance Framework) may limit opportunities for complacency and fraud. This was supported by the mean score of 2.17. The study's findings validate Moore's (2012) assertion that the optimal performance of a company is directly connected to corporate governance. This is because corporate governance enables shareholders to understand how they may ensure a return on their investment. Consequently, it is imperative for leaders to demonstrate commitment in order to bridge these gaps. Interviews confirmed this assertion when one participant expressed that:

*“Leadership plays a crucial role in the implementation of the corporate governance framework by fostering an ethical culture within the corporation. This can be accomplished by creating and disseminating a code of conduct that clearly defines*

*desired behaviours, along with offering frequent training on making ethical decisions”.*

The second phase is assuring the efficacy of the Board by focusing on its makeup and independence. The composition of the board of directors should consist of members possessing a wide range of talents, experiences, and desired backgrounds in order to guarantee efficient supervision and decision-making. However, the study did not indicate the presence of such diversity. The board, along with its sub-committees, should be well equipped to carry out its duties. It is crucial to note that the survey found that most of the participants opted for a neutral stance (with a mean score of 3.19) when asked about whether sub-committees have sufficient and appropriate resources to carry out their responsibilities. The neutrality of the respondents can be understood by considering the influence of external circumstances, as suggested by (Wright & Lansbury, 2019) who posit that respondents may choose to give neutral responses when they are afraid of the consequences of expressing their true opinions.

Furthermore, it is crucial to guarantee that the board members possess independence and are devoid of any conflicts of interest. One way to accomplish this is by setting specific standards for autonomy and consistently evaluating the independence of the board. This aligns with the conclusions of Marashdeh (2021), who found that effective board oversight is crucial for every organization as it provides strategic guidance. In its absence, decisions that are not in the organization's best interest may be taken.

The third phase involves the establishment and execution of a risk management framework. The framework is crucial for the identification, evaluation, and reduction of risks that may affect ZESA's operations and reputation. In addition, the framework would include robust internal controls to protect assets, ensure the accuracy of financial reporting, and ensure compliance with laws and regulations.

The fourth phase entails implementing transparent financial reporting standards, which is crucial for establishing confidence with stakeholders. ZESA shall comply with global accounting standards and furnish transparent, precise, and punctual financial data. The

analysis revealed that ZESA has deficiencies in its financial reporting methods, as noted by several key informants. One of the respondents revealed that:

*“...the International Financial Reporting Standards (IFRS) mandates organizations to constantly adhere to accounting procedures over time, unless there is a valid justification for altering them. However, ZESA routinely modifies its accounting policies or implements them in an inconsistent manner, indicating a lack of adherence to IFRS”.*

The remark above emphasizes the importance of complying with international standards in the context of financial reporting. This would enhance the execution of the corporate governance system. The study also determined the necessity of engaging in open and transparent communication with stakeholders, including as shareholders, employees, consumers, and regulators, in order to uphold trust and confidence. The literature analysis revealed that ZESA lacks transparent and open communication with stakeholders, as its official outlets, such as its website, do not provide current information on the organization. The organization's financial situation, performance measures, and important initiatives, which should be easily accessible, are not readily accessible. Hence, it is imperative to enhance the degree of transparency with stakeholders in the execution of the corporate governance structure.

The last stage involves implementing a consistent monitoring and assessment of key performance indicators (KPIs) associated with corporate governance to track advancement and pinpoint areas that require enhancement. An indication that ZESA does not consistently monitor and assess its Key Performance Indicators (KPIs) is the absence of transparency and public accessibility of its information, as previously determined in the study. Mare & Mate (2017) state that a proficient organization that emphasizes enhancing performance would consistently release and revise its Key Performance Indicators (KPIs), enabling stakeholders to ensure the corporation is responsible for its advancement. Regular reviews of the effectiveness of the corporate governance structure can be accomplished by conducting

internal audits or outside evaluations. This supports the conclusions made by Hove & Ndawana (2018), who determined that ZESA's assessment procedures have been criticized because they lack distinct performance indicators and benchmarks. This hinders the evaluation of the organization's strategies and activities, as well as the identification of areas that need development.

### **Summary, Conclusions and Recommendations**

The objective of the study was to create a set of instructions for implementing a corporate governance framework in state-owned enterprises (SOEs), with the Zimbabwe Electricity Supply Authority (ZESA) serving as a specific example. The study was driven by five primary research aims. The objectives of this study are as follows: (1) to clarify the understanding of the Corporate Governance Framework at ZESA, (2) to analyze the institutional governance practices in ZESA, (3) to identify the indicators of effective corporate governance practices in ZESA, (4) to identify the indicators of limited good corporate governance practice in ZESA, and (5) to create a guide for implementing the Corporate Governance Framework.

In addition, the study employed a mixed methodological and convergent research design, utilizing a standardized questionnaire and interview guide. The findings were given in Chapter four. Thus, this chapter finishes by highlighting these points, offering suggestions, and outlining potential avenues for future research. Thus, the study determined that most of the participants possessed a sound comprehension of corporate governance at ZESA, and identified the presence of certain institutional governance procedures implemented at ZESA. Moreover, the study revealed a correlation between ZESA's operations and practices in assessing its adherence to the corporate governance framework. The results were in line with those of ZEST (2021), which indicated that ZESA exhibits a dedication to corporate governance principles, but there are areas in which the organization can enhance its performance.

### **Conclusions of the Study**

The primary aim of the study was to determine the level of comprehension of the Corporate Governance Framework at ZESA. The survey results indicate that the respondents largely agreed with the five concepts used to assess the comprehension of the corporate governance framework at ZESA. This is supported by an overall mean score of 3.91. Furthermore, the phrase 'governance' was cited by the key informants from various significant viewpoints, including institutional, practices, framework, and corporate. Hence, the study's findings indicated that most of the respondents comprehended the concept of corporate governance in relation to ZESA.

The second objective aimed to analyze the institutional governance processes at ZESA. The study found that ZESA implements several corporate governance principles, as indicated by the significant proportion of respondents who consistently answered 'always' to all the variables used to measure this feature. The survey participants concurred that the board convened at least four times per year. The study found that the highest level of disapproval, at 34%, was detected when examining whether the board had independent access to senior management staff.

The third objective aimed to produce measures that accurately represent the implementation of effective corporate governance processes at ZESA. The study findings indicate that the most commonly cited metrics were accountability, engagement, and stakeholder engagement. The fourth objective aimed to determine the degree to which ZESA adheres to the requirements of the corporate governance framework. A regression analysis was conducted to examine this aspect. The findings indicate a positive linear relationship between the measured variables, with a 60.8% observed compliance of ZESA with the principles of corporate governance. This indicated a correlation between ZESA's operations and practices in assessing its adherence to the corporate governance framework.

The ultimate goal was to create a model that would enhance the execution of the corporate governance framework in ZESA. The study has shown that improving the application of the corporate governance framework in ZESA necessitates a complete model that encompasses openness, accountability, and ethical decision-making. The model

emphasizes that the leadership of the institution must be dedicated to maintaining high standards of ethical conduct and governance practice.

### **Research Implications**

Corporate governance is a critical aspect of any organization, particularly in the public sector. The Zimbabwe Electricity Supply Authority (ZESA) is no exception. The conclusions of the study indicated that the study has a contribution to both the organization ZESA and policymakers in Zimbabwe as discussed below:

The results of this study have important consequences for the organization (ZESA) and the individuals or groups with an interest in it. The suggestions derived from this study are essential for promoting openness, accountability, and ethical conduct inside an organization. Implementing the approach at ZESA would increase the organization's decision-making processes, improve risk management techniques, and reinforce its overall governance structure.

### **Implications of the study on the organization-ZESA**

Corporate governance is an essential component of all organizations, especially those in the public sector. Implementing a corporate governance framework at ZESA has the potential to boost investor confidence. An effective corporate governance system demonstrates to investors that the organization is dedicated to being transparent, accountable, and adhering to ethical business standards. The heightened assurance can allure both local and international investors, resulting in amplified capital influx into the company and the capacity to cater to the home and industrial energy consumption demands.

The results of this study can enhance the enforcement of regulations by ZESA. By following defined protocols and optimal methods in corporate governance, the corporation may guarantee compliance with legal obligations and regulatory benchmarks. This further solidifies ZESA's standing as a conscientious corporate entity. Enhanced adherence to regulations can result in streamlined processes, decreased legal liabilities, and a more advantageous business climate that fosters economic expansion. Moreover, implementing efficient corporate governance processes helps optimize operations, minimize inefficiencies,

and manage hazards inside the firm. By improving decision-making processes and implementing effective oversight, ZESA has the potential to achieve enhanced financial management and performance. This can result in enhanced profitability, enduring expansion, and comprehensive economic advantages for the organization and its stakeholders.

### **Implications of the study on policy**

The study can provide valuable insights for policy decisions targeted at improving openness, accountability, and stakeholder involvement within the business. Furthermore, the study can provide valuable insights for policy makers seeking to improve stakeholder involvement in ZESA. For example, the study can offer valuable understanding of the mechanisms involved in identifying and interacting with stakeholders, as well as the methods for ensuring that stakeholder perspectives are taken into account in decision-making processes. Additionally, this study can contribute to the development of strategies for effectively addressing conflicts of interest among various stakeholder groups. This feature validates the adoption of the Stakeholder Theory in this study.

Additionally, the study can provide valuable insights for policy decisions aimed at improving accountability in ZESA. The report provides valuable information on how to monitor and evaluate the performance of an organization's leadership, the role of independent auditors, and the methods for addressing instances of non-compliance with corporate governance standards. Furthermore, the research on the establishment of a protocol for adopting a corporate governance structure in ZESA might provide valuable insights for making informed policy choices to improve openness inside the business.

### **Conclusion and Recommendations**

The study concludes that strengthening the implementation of the corporate governance framework in ZESA and other SOEs in Zimbabwe requires a dedicated leadership committed to high ethical standards and governance practices. The developed guideline provides a comprehensive framework for effectively implementing corporate

governance in Zimbabwe's SOEs, emphasizing the importance of openness, accountability, and ethical decision-making.

Based on the findings, the following recommendations are made:

1. ZESA's leadership should demonstrate a strong commitment to upholding high ethical standards and governance practices, setting the tone at the top.
2. ZESA should enhance transparency and accountability by regularly publishing financial and operational performance reports, and engaging with stakeholders.
3. ZESA should establish robust risk management and internal control systems to prevent and detect corruption and other forms of mismanagement.
4. The Zimbabwean government should provide the necessary resources and support to enable ZESA and other SOEs to effectively implement the corporate governance framework.
5. Further research should be conducted to explore the implementation of corporate governance in other SOEs in Zimbabwe and assess the impact on their performance and overall contribution to the country's economic development.

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