A CRITICAL ASSESSMENT OF THE IMPACT OF CORPORATE BOARD COMPOSITION ON FIRM PERFORMANCE: CASE OF STATE-OWNED-ENTERPRISES IN ZIMBABWE.

BY

HANSOME MATAMANDE
(R135174J)

A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA)
July 2015

GRADUATE SCHOOL OF MANAGEMENT
UNIVERSITY OF ZIMBABWE

SUPERVISOR: DR. DAVID D. MADZIKANDA
DEDICATION

This Project dissertation is dedicated to my wife (Rutendo Selina), my two Children Ackim (son) and Annabel Ruvarashe (Daughter) for the great support they gave me in good and bad times throughout the research. I further dedicate this to my Mother Savie. I wish to honour the memory of my beloved mother by dedicating this thesis to her. Even though I was only doing my first year undergraduate degree when I lost her, her influence has been life-long and has shaped my aspirations and goals. Finally my father who was together with mother would complete the family and support.
DECLARATION

I Handsome Matamande do hereby declare that this dissertation is the result of my own investigation and research, except to the extent indicated in the Acknowledgements, References and by comments included in the body of the report, and that it has not been submitted in part or in full for any other degree to any other university.

_________________________  __________________________
Student signature  Date
ACKNOWLEDGEMENTS

My sincere gratitude is extended to the following individuals;

◊ My supervisor, Doctor David D. Madzikanda for his productive advice, suggestions and support and who took patience to revise my work several times. This man is an asset for both the institution as well as the country.

◊ Special Singled out thanks goes to Dr. M Sandada for his guidance in the research process.

◊ For the strength whenever I needed it I will express my uttermost gratitude to my Wife Rutendo and my Son Ackim and Daughter Ruvarashe

◊ Furthermore, I would like to express my gratitude to my brother Wilson who motivated me throughout, my classmates, Finch, Hungwe, Manyumba, Mapfuyanzara, Kanhukamwe to mention but a few who gave me the unwavering support.

◊ Lastly to my parents who gave birth to me so that I can contribute to the body of knowledge.
ABSTRACT

The way in which State-Owned enterprises are run is likely to make them suffer agency problems. The double agency problem prevails where a politician with his own agenda has to represent the state’s interests in the State Owned Enterprises. Secondly they suffer “common agency” since they are overseen by several stakeholders including the tax payers who usually are inconsistent with profit maximization. The boards might be appointed in the interest of the Minister (Politician) but overriding the interest of the other stakeholders which is common in Zimbabwe context.

The Study sought to scrutinise the relationship between board composition and the performance of State Owned Enterprises in Zimbabwe. In establishing the relationship, a quantitative survey was conducted with 95 board members. The study concluded that a significant and positive relationship existed between board characteristics and State Owned enterprises performance. Finally it was noted that as far as the board contribution to performance of the SOEs, board composition model can be used as a good predictor of SOEs performance. Other factors might be at play in influencing SOEs performance through the board but their impact is not as much. The findings could assist performance of the SOEs as well as corporate governance practitioners in understanding the importance of proper governance practices in State Owned Enterprises.

Keywords: Corporate governance, State Owned Enterprises, Parastatals, SOEs Corporate performance, board of directors and Board Composition.
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LIST OF ABBREVIATIONS/ACRONYMS

(i) CEO- Chief Executive Officer

(ii) OECD- Organisation for Economic Co-operation and Development

(iii) NCCG) - National Committee on Corporate Governance

(iv) PSMAS-

(v) SOE- State Owned Enterprises

(vi) ZESA- Zimbabwe Electricity Supply Authority

(vii) ZimPapers - Zimbabwe Papers
CHAPTER ONE: INTRODUCTION

1.0 INTRODUCTION

Corporate governance encompasses issues like process, structure, systems and the mechanisms of directing a business. The main objective of corporates is maximization of shareholder value through measures and strategies that brings accountability to management resulting in enhancing firm performance. There has been dearth of corporate governance in Zimbabwe firms of which some people attribute this to the macro-economic situation. Boards are viewed as the key asset in any organization when it comes to shareholder wealth maximization. In other words, boards are supposed to be in the front in supervising management and putting control measures that ascertain the smooth flow of the corporates. There has been much conflict of interest of late where the boards are wiping companies of their little value by allowing it to go into the drain.

State-Owned Enterprise is defined as, ‘legal entity that is created by the government in order to partake in commercial activities on the government's behalf. A state-owned enterprise (SOE) can be either wholly or partially owned by a government and is typically earmarked to participate in commercial activities’ ("State Owned Enterprises-Ivestopedia," 2015). Unlike private owned companies, state owned enterprises are run through the ministries which are led by the Ministers. The board is accountable to the ministers where in private sectors the board is accountable to the shareholders.

Corporate governance is a crucial subject for all large organizations. There is a major challenge to address the practices which led to corporate governance failures in public bodies in Zimbabwe in recent years. Parastatals should be run on higher standards of accountability than private companies should. State ownership does not automatically guarantee State
control over the mission and activities of an SOE. Unlike private firms, whose main goal is wealth maximization, the goals of SOEs are typically a more complex mixture of social, political, and commercial objectives. There is widespread agreement regarding best practice systems of corporate governance for SOEs.

1.1 BACKGROUND TO THE STUDY

Zimbabwe has been recently known for poor corporate governance issues across many of its entities. Scandalous activities have been on top news with parastatals performing poorly yet with executives taking home very high packages. State Owned Enterprises have since been known for unethical behaviour, the abuse of power by dominant corporate boards, highly poor strategic decision making, corporate leadership decay and gross mismanagement of resources. This has been more pronounced in the Government entities although this is not sparing some of the private owned companies. Corporate boards in the parastatals are known to be ineffectual and most of these are imposed into the boards through political structures. This is highly impacting on the performance of many corporates and thus calling for the need to assess the real effect of these issues in the Zimbabwe context.

Several issues have been raised in the news with the local press flooded with stories to do with poor corporate governance in SOEs. The Herald (July 2015), reported that on the audit carried out in the ministries, 22 ministers were found wanting on poor corporate governance, flouting procurement procedures and abuse of fund accounts. In the same press, there is need to put measures by government so as to improve performance and work seriously on these corporate governance issues. “…Our parastatals, once reformed and commercialised, and properly re-oriented, will be the cutting edge of our economic policy” as the President has been quote by the InsiderZim (2004). This has just come after performance of SOEs has been seen getting poorer and poorer, Zimbabwe debt increasing yet the SOEs continue to drain the fiscus and senior managers continuing to ask for more portion of the budget. The financial
Gazette (2015) also raised the same issue and the Parastatals are repeatedly being looted by executives allegedly scheming with high-ranking government officials at the expense of the economy which is dying. The issues and concerns on corporate governance particularly on SOEs are topical. Corrupt ministers who go ahead and engage corrupt board members are the culprits to this dismal performance of the government entities which consequently cripple or disable the economy. ZimbabweSituation.com revealed that, “Board members, who should be at the forefront of enforcing good corporate governance, have become part of the problem. They also fleece the underperforming companies through inflated fees, fuel and other allowances”.

The years 2014 and 2015 had seen lots of ministers being exposed of their scandalous activities, many boards being dissolved and replaced with what the Researcher feels is replacing with dead wood.

1.2 RESEARCH PROBLEM

Board composition is a highly studied topic in relation to private firms but has received little attention in the context of State-owned enterprises(Menozzi 2011). A lot of studies have been conducted both in Zimbabwe and abroad. There has been an indication by Zimbabwe researches that such studies be conducted in SOEs. In future studies focusing on other sectors in general and State Owned Enterprises in particular should be beneficial (Kingdom et al. 2014).

The studies which have been conducted so far includes the following, Board Characteristics and Firm Performance among Kuwaiti Companies by Al-Matari, E.M.A., 2011, Board composition and performance in State-Owned Enterprises: evidence from the Italian public utilities sector by Menozzi, A, Board composition and bank performance in Kuwait: an
Most of these studies put emphasis on boards and performance in banks and private firms. Few studies have been done on SOEs and were done outside the country of Zimbabwe. However in Zimbabwe in the banking sector, there is indication of some negative relation on board characteristics to firm performance. The study concluded that a significant and negative relationship existed between all the board characteristics and practices under study and business (Bank) performance (Kingdom et al. 2014). Where few studies have been conducted on boards and SOEs, there has been indication of positive relationship with business performance.

In Zimbabwe there is lot of say on matters surrounding the economic conditions and this is taken to have caused corporate failure. However board characteristics are presenting a major issue on corporate failure. There is lax in boards to concentrate on a strategic focus for organizations, political contributions have also played a pivotal role in making board ineffective. Kingdom et al. (2014)suggests areas to do with SOEs be given more attention especially more so given the purported dearth of corporate governance practices in organizations like the Premier Service Medical Aid Society (PSMAS) and the Zimbabwe Newspapers (ZIMPAPERS) group.
The study is an important milestone which will among other things enable the researcher to develop a model that will be specific to the Zimbabwean environment and ensure efficient boards in State owned enterprises that will enhance efficient and development of the Zimbabwean economy.

The assertion of this study is that if corporate governance issues in Zimbabwe SOEs remain unchecked, this will continue to undermine the overall performance of SOEs which will consequently cripple the overall performance of the economy.

1.3 RESEARCH OBJECTIVES

The main purpose of this research study was to assess the impact of corporate board composition on SOEs performance.

The sub-objectives were then formulated as follows:

(i) To determine the relationship and strength between SOEs corporate board practices and SOEs performance.

(ii) To recommend measures and a model on board composition that can enhance board effectiveness for SOEs.

1.4 RESEARCH QUESTIONS

The main question of the study was: What is the impact of corporate board composition on SOEs performance?

The sub questions are also as follows;

(i) What is the relationship and strength between SOEs corporate board practices and business performance?

(ii) What measures and model can be recommended on board composition that can enhance board effectiveness for SOEs?
1.5 CONCEPTUAL MODEL & HYPOTHESES DEVELOPMENT

Conceptual model can be described as theoretical structure of assumptions and principles, rules that embraces notions of general concept. Thus concepts are generalizations. In economics, a concept is “a logical, mental construction of one or more relationships”. Concepts are inherently abstract and are based on logic and reasoning. The use of conceptual model helps the Researcher as well as users of the research to understand the relationship between the independent variable and the dependent variable.

After engaging literature the researcher managed to come up with the conceptual model below.

Fig 1.1 Conceptual Model.

Hypothesis

An educated guess is done about a relationship between two variables. This is to be tested to approve or disapprove the theory under study. From the broad objective the researcher came
up with sub objectives and finally the hypothesis to be tested when carrying out this research study. The following hypothesis has been formulated;

\[ H_0: \] There is a positive relationship between corporate board composition and SOEs performance.
\[ H_1: \] There is a negative relationship between corporate board composition and SOEs performance.

Decision will be represented as follows;

Accept \( H_0 \) if there is a positive relationship otherwise reject \( H_0 \)
\( H_0 \) is rejected if \( H_1 \) is supported by evidence beyond “reasonable doubt.”

1.6 SIGNIFICANCE OF THE STUDY

The research study wishes to scrutinize the relationship between corporate board composition and SOEs performance with respect to state owned enterprises in Zimbabwe. Evidence or lack of it on the relationship between board composition and business performance will allow corporates to make suitable choices about board members engagements as a means of creating and improving SOEs value. The reasons for undertaking this study are discussed below.

The study benefits Universities in and outside of Zimbabwe on effective corporate governance on the existing knowledge. The findings could assist corporate governance practitioners in understanding the importance of proper governance practices (Kingdom et al. 2014)

This study will benefit other researchers as a reference point when they will be carrying out there researches. A conceptual model has also been developed that will be very valuable to the existing literature and can be adopted by some other organizations which are not
necessarily SOEs. This research will motivate other researchers to carry out such researches in other industries which are not necessarily SOEs.

The study will help the performance of corporate boards in Zimbabwe as the study results can be incorporated in other companies. The performance of especially SOEs will enhance the performance of the economy and hence will help improving the livelihoods of many Zimbabweans. It is also hoped that this study will improve the effectiveness of boards in executing the resolutions as well as giving a better array on the composition of the boards thus improving corporate governance. The study will help contributing to academic knowledge-existing body of knowledge by coming up with a model that can be adopted by many organizations.

If the study is not carried out the Researcher anticipates that the performance of corporates in Zimbabwe especially the SOEs will remain a challenge and this will continue to paralyze the Zimbabwe economy. These scholars explain that the public sector deserves more attention because while unethical behaviours in the corporate sector impact the shareholders of a company, unethical behaviour in the public sector impacts all taxpayers and citizens (Simpson 2014). Furthermore, good public sector governance can ensure a quality public sector (accountability, efficiency in service delivery, transparency, and so on) which correlates strongly with, long-term growth and poverty reduction (Bates, 2001; Kaufmann et al., 2005) in (Simpson 2014).

To the best of my knowledge, no empirical study has been undertaken to examine impact of board composition to corporate performance on Zimbabwe SOEs. This research seeks to fill this gap.
1.7 SCOPE OF RESEARCH

The research scope has been divided into two as follows;

1.7.1 GEOGRAPHICAL SCOPE

The study was conducted in Zimbabwe and focused on State owned enterprises.

1.7.2 SUBJECT SCOPE

This Research study put emphasis on corporate governance in relation to corporate board composition linking this to SOEs performance. The research basically focuses on board effectiveness by focusing on board attributes and links these to SOEs business performance.

1.8 DISSERTATION OUTLINE

The research dissertation comprises of five chapters and are discussed as follows.

Chapter 1: This chapter gives an overview of the research and explicates the significance of the research study. It also deliberates on the motivations of the Researcher undertaking the research study and the influence the research has to body of knowledge. The topic also focuses on the problem statement outlining the research gap.

Chapter 2: Relevant literature review to this study has been reviewed in this chapter. The Researcher did an analysis of a number of diverse articles and journals but in relation to corporate governance and issues to do with SOEs performance. The Researcher then delineates diverse theoretical viewpoints linking board composition and SOEs performance and assimilates them. Finally this chapter discusses the literature related to board characteristics and SOEs performance. This has been an essential chapter in doing this research as it gave different theoretical constructs that assisted the Researcher to carry out
his study. Conceptual model and hypotheses for clarifying the connection between board composition and SOE performance has been presented in this chapter.

Chapter 3: The chapter presents issues like the research design, model, research strategies, and the population under study and the sampling techniques to be used by the researcher. This chapter gives an outline showing data collection methodology.

Chapter 4: Chapter four basically outlines the research findings and follow the identified methodology for results analysis. The Research approach followed in this study is a quantitative research and the researcher used statistical tools for data analyses and the results and interpretations are presented.

Chapter 5: Chapter five concludes the dissertation by summarising findings from the research. Limitations to the research study were identified and a set of recommendations were given for this study and for future research.

1.9 CHAPTER CONCLUSION

Corporate governance management systems assist in the management of private firms as well as government institutions (State owned enterprises). Best practices to corporate governance ensure accountability and stewardship practices are essentially adhered to and ultimately give confidence to the general public on how SOEs are managed. The chapter established the objectives of the study, the research problem and the significance of the study. In particular the chapter presents that Board characteristics are a major issue on SOEs failure or success. In the next chapter, the researcher looked at several articles and journals in pursuit of coming up with diverse literature surrounding the dissertation.
CHAPTER TWO: LITERATURE REVIEW

2.1 INTRODUCTION

This chapter consists of a critical review of extant literature on corporate governance. More specifically, the chapter reviews the literature relating corporate boards to firm performance of SOEs. The literature review has been structured in the form of sections that will cover discussions on key aspects such as: the definition of phenomenon, the underpinning theory and firm performance, models relating to boards characteristics to firm performance in SOEs. The chapter will then give a critique on different conceptual Models and ends up with synthesis of the literature and a conceptual model on State Owned Enterprises in Zimbabwe.

2.2 DEFINITION OF KEY TERMS

Key terms to the research subject are presented and discussed below

2.2.1 CORPORATE GOVERNANCE

The committee on the financial aspects of corporate governance (Cadbury 1992), defines corporate governance as the system by which companies are directed and controlled. Many boards and researchers have defined corporate governance from different perspectives and no single accepted definition has been adopted. According to Kingdom et al (2014), in the abundant literature, no single definition could be established for corporate governance, as the subject can be viewed from various angles, with researchers, practitioners and academics either broadly or narrowly defining it.

Corporate governance has since gained more attention ever since the big scandal in Enron and WorldCom in around 2001. Corporate governance has been found to be the vehicle for
good performance in businesses. A sound and well-structured corporate governance system allows for controls in the running of business. According to Cadbury (1992), Companies whose standards of corporate governance are high are the most likely to gain the confidence of investors and support for the development of their businesses. Many authors agree that good corporate governance has its way of improving quality of business and promoting competitiveness. Makhlouf et al. (2014) concurs with Cadbury 1992 when they suggests that corporate governance enhances the firms’ performance and protects the shareholders’ interests. Many countries have put in place some frameworks to corporate governance and these are usually not sector specific. Several countries have a code of ethics that operate at national level although some of these frameworks have no reinforcing systems to ensure they are put in practice. In Indonesia, the concept of corporate governance was formally introduced in 1999 when the government established the National Committee on Corporate Governance (NCCG) (Kamal 2010).

The issue of corporate governance is a complex issue especially in the public sector. Many public sectors suffer political problems. In other words they suffer the agency problems where representatives of several entities have to sustain the interest of the government at the same time they are bound to pursue their own goals. Menozzi (2011) suggests that State-Owned enterprises are likely to suffer more severe agency problems than other firms. In his research, Menozzi (2011) further illustrates how the agency problem can be developed in SOEs. He indicates that SOEs suffer double agency where the politician leading the SOE has to serve both his interests and that of the SOEs. However the common agency problem is also experienced where the SOE has to report to several governments (levels) entities. Due to conflicting objectives, SOEs do not only have commercial goals but that they are also under obligation to serve social objectives such as providing jobs, serving public interests and providing basic necessities (Kamal 2010). In addition Kamal(2010) outlines the agency issue as one of the major problem in SOEs’ since the politicians and bureaucrats as agents tend not to carry out their work in accordance with the interests of society as real owners. In the same research paper, Kamal (2010) specifies that the World Bank in its research identifies unprofessional boards of directors as one of its major problems challenging performance of
SOEs. However as perceived by literature, corporate governance is the way an organisation is organised and manned for the sustainability of the business through principles and guidelines that promote good governance. This however encompasses the aspects of board structure, roles and responsibility of directors, the best way a shareholder can safeguard his/her investment is through measures and procedures that safeguard such.

2.2.2 DEFINING FIRM PERFORMANCE (BUSINESS PERFORMANCE)

In the Corporate Governance literature, measuring firm performance using accounting ratios is common (Ang et al., 2000, Choi (2012), Dahya (2007), Kingdom et al. (2014), Lehn, (1985) and Makhlof (2014) Cited factors on financial performance include return on capital employed, return on assets, and return on equity Assets, Profit Margin, Market Share, Customer Satisfaction, Employee Satisfaction, Banks’ image and Product/Service quality. In non-profit making organizations, the measure of performance can be measured using other factors. “…Public Universities as non-profit making organizations will measure Financial Performance in terms of Actual revenue/budgeted revenue ratio (Revenue Collection Ratio), Actual Expenditure/budgeted expenditure ratio (Expenditure Ratio) and Actual revenue/actual expenditure (Efficiency -Value for money ratio)” (Robinah,2012). Empirical researches on corporate governance use either market-based measures or accounting-based measures to assess firm performance Campbell (2000) in (Othman 2012). In this research, it will be prudent to use Expenditure Ratio, market based measures and Efficiency -Value for money ratio.

2.3 UNDERPINNING THEORY

Moving from the owner-managed firms to create separations of ownership from decision making creates the need to look into corporate governance. Many organizations have been run without considerations of the importance of aspects of corporate governance. The fact that many owners of organisations are not necessarily the ones running them brings about
different theories. The bond holders (shareholders) appoint the board of directors who are in the steering committee of the strategic decisions in protecting the wealth of the bond holder. In case of State owned enterprises, the Minister appoints the board. In the Private Sector, the board will then elect or engage the services of management in the day to day running of the corporates and these managers are characterised with profit maximisation which is deemed short term unlike the demands of the bond holder (wealth maximisation). Once hired, such questions as “how trustworthy are these executives?” “Do they put themselves or the firm first?” can be asked (Wheelen and Hunger 2004) in (Bathula 2008). The theories that arise from separation of powers are outlined and explained below.

2.3.1 AGENCY THEORY (PRINCIPAL-AGENT THEORY)

This theory introduces the agency principal notion. The theory arises from the fact that management (agents) act on their self-interest and is self-centred, thereby, giving less attention to shareholder (Principal) interests. This agency issue has continued to be a fundamental challenge in running and regulating SOEs operations. The theory also tells us that Management will not work diligently for principals unless incentives are prudently and appropriately aligned. The theory basically is about separation of ownership and management control. In so doing, this creates costs to try and manage the relationship for the benefit of the organization in question.

2.3.2 STEWARDSHIP THEORY

Promoters of the stewardship theory contend that managers are rather team players, less liable to having individualistic goals and interests, so they serve and are willing to work for the well-being of the larger group (Donaldson and Davis, 1991; Mayer et al., 1995; Van Slyke, 2007) in Al-Saidi & Al-Shammari (2013). This argument advocates that it is not necessary for the board to put its emphasis on monitoring the activities of the management. Managers are treated as good stewards and are deemed essentially trustworthy meaning they
can put to good use the resources of the company. Furthermore managers are treated as good corporate citizens and they see no conflict between the managers and the shareholders. Directors are seen not to act only on their interests. Proponents of this approach strive to enhance board-management ties and decision-making by empowering managers (stewards) of the firm (Sinan & Prof 2008). Furthermore, Hahn & Lasfer (2012) suggest that in Stewardship theory board characteristics (such as meetings) are irrelevant to the execution of a board’s governance obligations, mainly because monitoring is an entirely endogenous process.

2.3.3 RESOURCE DEPENDENCY THEORY

Resource dependency theory Salancik and Pfeffer (1978) in Brunninge & Nordqvist (2004) on the other hand is based on the view that in order to survive, firms usually depend on external units through which they can exchange and acquire certain resources (Bathula, 2008). Furthermore, (Pearce & Zahra 1992; Johnson, Daily & Ellstrand, 1996; Carpenter & Westphal, 2001) in Bathula(2008) in suggest that Resource dependency theory considers agents (management as well as the board) as a resource since they would provide social and business networks and influence the environment in favour of their firm. In other words management is considered the source or means of tapping resources into the business. Boards of directors are supposed to build strong relationships with other organizations boards in order to have relevant information access which could then be utilized to the firm’s advantage.

2.3.4 STAKEHOLDER THEORY

The stakeholder theory put emphasis on the entire firm. It encourages formation of dialogue amongst the stakeholders of the firm. In Simpson( 2014), (Staff & No 2004) suggests that stakeholder theory is the most relevant in reducing clashes on several stakeholders inclusive of shareholders in the SOEs by merging and consolidating their interest such that each
interested party will get proportionate satisfaction. From our perspective, stakeholder theory is an integrative model that avoids the limitations outlined above: “the alleged” conflict between principal and agent, the “hypothetical” bonanza of the steward and the “limited” role of the board in resource dependency theory, (Rodriguez-rodriguez et al. 2014). In Bathula (2008), Stakeholder theory expects boards to take into account the needs of an increasing number of different stakeholder groups, including interest groups linked to social, environmental and ethical considerations (Donaldson & Preston, 1995; Freeman, 1984; Freeman et al., 2004).

2.3.5 INTEGRATION OF DIFFERENT THEORIES

The dominant governance theories amongst others are the agency theory, stewardship theory, resource dependency theory and stakeholder. These theories usually explain a link between various characteristics of the board and corporate performance (Kiel and Nicholson, 2003) in (Epps & Ismail 2009). As such, corporate governance does not have a commonly accepted or agreed basis of theory but will differ in approach from one board to the other. There is no rigid framework to define the reality of corporate governance. From the presented theoretical underpinnings, the stakeholder theory has better coverage since it considers every stakeholder to the firm unlike what happens with the agency theory which focuses on the owner and the agent only. Each governance theoretical aspect analysed above gives a different angle to how the boards are supposed to be viewed.

In summary, the agency theory looks at managerial control, Stewardship theory emphasises on Managerial empowerment, Resource dependency theory focuses on links in order to tap external resources whilst Stakeholder theory advocate for support of interests of all stakeholders. However in my understanding and looking at what is prevailing in the country, Agency theory best explain reality in SOEs. The Management in SOEs becomes the agent while the board is the principal. This means management is accountable to the board. Going up in the hierarchy the board is accountable to the Minister who is then accountable to the President. The president is supposed to be answerable to the public.
2.4 DISCUSSION OF EXISTING MODELS AND KEY CONCEPTS

Conceptual framework is defined as a theoretical structure of assumptions, principles, and rules that holds together the ideas comprising a broad concept (“conceptual framework-businessdictionary,” 2015). Several conceptual models are defined and explained in this section and in relationship with firm performance in SOEs. Advocate

2.4.1 CONCEPTUAL FRAMEWORK BY MAKHLOUF ET AL. (2014)

Makhlouf et al (2014) put forward a model with five independent variables as predictors to board effectiveness which consequently affects the SOEs performance. The aim was to see how related are the board characteristics to firm performance. The independent variables under study were Board of directors’ independence, board of directors’ size, family members at board of directors, board of directors meetings, CEO duality, and existence of nominations and compensation committee and firms' performance among industrial companies listed on Amman Stock Exchange. The framework is in line with previous researchers and some other elements were found necessary for effective board performance. The following framework was proposed in the study

Fig 2.1: Relationship between board of directors characteristics and firm performance courtesy of Makhlouf et al. (2014)
2.4.2 CONCEPTUAL FRAMEWORK BY (NICHOLSON & KIEL 2004).

The following framework has been developed courtesy of (Nicholson & Kiel 2004)

![Conceptual Framework Diagram]

Nicholson & Kiel (2004) suggests that corporate governance improves financial performance of a firm. In their research Nicholson & Kiel (2004) incorporates the need for a moderating element called the contingency link. The moderator links board roles and board effectiveness. Furthermore in the same research, the researchers highlight the need for implementation in a proper manner of the board roles if the firm is to enhance its financial performance.

2.4.3 CONCEPTUAL FRAMEWORK BY KIPKIRONG & FEDERICO (2014)

Kipkirong & Federico (2014) presents a framework with Age Diversity, Tenure Diversity, Educational Diversity and Functional Diversity as the predictors to firm performance. The
model then hypothesised strategic change such that at higher levels of firm performance, Age Diversity, Tenure Diversity, Educational Diversity and Functional Diversity produce more strategic change.

The model is presented below.

Fig 2.3: Conceptual Model, Board demographic diversity, firm performance and strategic change courtesy of Kipkirong & Federico (2014)

In the framework control variables are introduced which are Board size, board independence, shareholder concentration and firm size. In the study Kipkirong & Federico (2014) advocates that the control variables are necessary to test the validity of the framework. Without these control variables it will be very difficult to verify the validity of the framework.

The performance of the private entities seems to be better in African countries compared to government institutions. This has been necessitated by the fact that the shareholder aims at getting his wealth and failure will result in dismissals and or closure of the companies. In so doing the models presented are in such a way that they enhance performance. The researcher scrutinised the models that are applicable in private sectors and those in public entities. However the aim was to synthesise and come out with input variables that are more applicable. In so doing the researcher interrogated models that are applicable in SOEs from
different entities as shown above. Moreover some of the SOEs have business models that are likened to the private entity business models.

2.5 DISCUSSION OF THE KEY VARIABLES/DIMENSIONS

The Researcher has identified Board characteristics that should be inspected for their possible impact on SOEs performance. The researcher has each characteristics discussed and appropriate propositions established. The Board characteristics that were tabled for discussion are: board independence, board educational diversity (Directors’ education), board gender diversity, board size, Board Committee, age of board members, board meetings and CEO duality (Why separating roles).

2.5.1 CEO DUALITY OR SEPARATION OF ROLES

A lot of scholars accentuate the role played by the Board Chair in decision making and monitoring effectively the operation of management. The CEO is recognised as the key person in the smooth running of the company by managing the performance of management team. There are two contrasting theories to the exact position on whether the CEO should be also the board chair.

Yammeesri & Herath (2010), Petra (2005) and Al-Matari (2011), suggest a negative relationship between CEO duality and SOE performance. This notion is in line with the Agency theory which calls for separation of powers. Simpson (2014) highlights that in Ghana there is separation of powers between the CEO and the Chairperson but on the ground the chairpersons are so powerful that the CEO role is never found to be significant. This means the boards in Ghana are also following the agency theory. Bathula (2008) suggests the importance of CEO duality which is in line with the Stewardship Theory. This reduces the levels of monitoring since managers are treated as stewards who are working for the best
performance of the organisation. Different Authors have seen positive results from CEO duality. By contrast, stewardship theory claims that CEO duality creates a clear leadership role for the firm and, therefore, it may lead to better firm performance Nicholson & Kiel (2004) in Sahin et al. (2011).

From the arguments for and against CEO duality opinion presented in this study, it is prudent to note that it confidently affect corporates performance. Given the

Similarity of Ghanaian context and being in Africa, the Researcher then proposed the following hypothesis:

\[ H_1: \text{CEO duality is positively linked to SOEs performance.} \]

2.5.2 BOARD MEETINGS

Board meetings are meant to discuss and resolve the strategic issues of the company. The frequency of boards meeting has been deemed to be involved with activity in the company or lots of difficulties in the organisations that calls for lots of meetings to resolve the problems. Agency, stewardship, and contracting theories suggest that board meeting frequency is correlated with challenges.

According to Simpson (2014), the occurrence of board meetings by majority of the enterprises is consistent with best practice (OECD, 2005a, b), except that for SOEs which are less active, monthly board meetings is considered too expensive. As government entities which work on limited budgets and which are not meant to profiteering they tend to see it difficult to conduct such meetings regularly. Makhlouf (2014) measured performance as price to book value and have identified firms with higher number of board meetings are exhibit low performance to the financial indicator mentioned. Effectiveness of a board
depends on how often the board members meet to discuss the various issues facing a firm (Vafeas, 1999; Services 2011). There is an aspect called board diligence which resides inside the board meetings. This aspect looks at the elements like attending the meetings, preparation for the meeting, participation, listening attentively as well as post-meeting follow-up. Kingdom et al. (2014) investigations show that board meetings are negatively related to firm performance. In the same study, Kingdom et al. (2014) highlighted the negative relationship found when the attendance is high and frequency is also high since this result in increase in board sitting costs. Al-Matari (2011) suggest that board meetings are not effective especially is the board size is big since it will be difficult to reach a consensus. Hahn (2013) suggests that board meetings are critical to make strategic decisions and is the meeting point where directors can get information.

Sinan (2008) proposes that an active board implies a minimum number of board meetings. Collins et al 2011a is in agreement with the agency theory where the frequency of board meetings has a duty to advice, discipline, and monitor and manage performance of management. Moreover in their study, (Farhan et al. 2012)suggests a positive relationship between board meetings and corporate performance (In SA Companies) explaining that companies which meet more frequently are associated to with generating higher financial performance.

Since SA corporations vary in size, industry and sophistication of operations, it is reasonable to argue that adopting a ‘flexible and responsive’ instead of ‘one size fits all’ approach to corporate board meetings may improve corporate performance(Farhan et al. 2012)

This discussion hints to the subsequent hypothesis:

H2: There is statistically significant positive association between the frequency of board meetings and SOEs performance.
2.5.3 GENDER DIVERSITY

Gender diversity in boardroom has engrossed attentions from varied scholars, governments, corporations as well as regulators of late. Zimbabwe government has also started putting initiatives as early as 2000 and certain positions and even seats in parliament have since been reserved for women.

Daunfeldt & Rudholm (2011), in their research found out that gender diversity in the boardroom present negative impact on returns on total assets after two years. In this notion, the mandatory quota systems in government laws to incorporate a certain number in boards might results in negating the profitability of entities. “In 2006, the Norwegian government imposed a law that from January 2008 the share of each gender on the board of directors of all listed companies should be at least 40%, with dissolution the penalty for noncompliance. Spain, Iceland, and France soon imposed gender quotas as well, while in Belgium, the Netherlands, and Italy such laws have passed at least the first stage of the legislative process (Daunfeldt & Rudholm 2011). Laing & Weir (1999) found no significant relationship between gender diversity and firm performance while Choi et al. (2012) has found a positive significant relationship between the two attributes.

A lot of scholars have concurred with the government initiative to get a certain percentage of women in the boardroom with the notion that diversity brings better performance (Bantel and Jackson, 1989; Murray, 1989; Carter et al., 2003). A highly diversified board might better understanding of markets, better decision making, and creative board as well as presenting a better image of the board.

However Dobbin (2011), suggest that investors significantly decrease their participation in firms that increase women directors in their boards. This notion describes investors as people who do not have much faith with the women directors.
Man (2011) suggests interrelatedness between gender diversity and firm performance. However Prihatiningtias (2012) brings in a new dimension to the debate. He argues for both positive and negative influence being instigated by gender diversity in the board room. “…result of the quantitative analysis shows that gender diversity has both positive and negative influence on firm financial performance, which was measured by using ROA and Tobin’s Q respectively” (Prihatiningtias, 2012). Women are regarded as easier respected by the stewardship theory whereas men are easier guided by the agency theory. Men tend to be satisficing in their conduct to duty and need more monitoring and management from the top which is different from women who tend to work for the best of the nation. Moreover women are more particular about issues, patient to hear through an issue and their presents in the board can improve the quality of the discussions.

In a commercial context, having women directors makes a business sense as they Make majority of the purchases (Daily et al., 1999) in (Heracleous 2001) and therefore, can bring perspectives on women’s products/market issues (Burke 1993). Most purchases are done by or with the consent of women and having a good number in the board will mean the decisions passed will rightfully align with the needs of the market. There has been positive relationship shown between presence of women in boards and the firm performance and this has been consistent with the notion that gender diversity will add value to the firm, (Carter et al., 2003; Bonn, 2004; Smith et al). From the arguments captured in this aspect, the researcher has managed to come up with the following hypothesis.

H3: There is positive positively relationship between SOEs performance and gender diversity.

2.5.4 EDUCATIONAL QUALIFICATION DIVERSITY

Boards composed of members with higher educational qualifications signify high skills and competences levels that are highly demanded these days as corporations continue to face demands for more refined aptitude to improve organisational efficiency. Many researchers
have found positive link between the performance of firm and board competencies (Boyatzis, 1982; Dunphy, Turner & Crawford, 1997; Hunt, 2000; Ljungquist, 2007). However this area focusing on board member educational background and firm performance were found to scarce in literature. Studies focusing on the relationship between the educational backgrounds of board members and financial performance are scarce in the literature (Gîrbin et al. 2012).

In his research (Gîrbin et al. 2012) found a positive association between the proportion of board members holding a postgraduate degree in financial fields and market based performance measured by Tobin q. This was found after analysing board members education based on public information posted on listed companies websites and their annual reports.

Obert et al. (2014) suggests that the educational standing of boards in Zimbabwe be scrutinised since research study results from elsewhere across the world seem not to agree on the exact position to take. Obert et al. (2014) reiterate the need to regulate how diverse boards should be like since corporates are failing mainly due to the standing of the boards. (Staff & No 2004) advocates that companies with educational diversity tend to perform better than companies with no variety. He extends his argument and highlights the need for experience diversity and educational background diversity. The positive association between board diversity in terms of Discipline of Study and Educational Qualification (albeit less significant) and firm performance found in H1 represents an interesting extension of the coverage of board diversity which hitherto has been restricted to gender and race in the study of relationships between board diversity and firm performance (Staffs, 2012)).

Highly qualified board members provides for ability and expertise essential for effective decision making process (Milliken & Martins, 1996).
From the articles scrutinised above it seems board member with diverse educational background presents better array of board members. Accordingly the following proposition is put forward:

**H4: Board educational diversity and SOEs performance are positively interconnected.**

### 2.5.5 BOARD INDEPENDENCE DIVERSITY

Independence is not just a function of the proportion of inside versus outside directors, but also includes whether the board has dual leadership (CEO is also Chairman) and the degree of director share ownership (Murphy & McIntyre 2007). Many studies have been done on board characteristics but few researches have focused on board independence. Yurtoglu (2011) deduced three results pertaining board independence as (i) board independence is unrelated to equity issues, (ii) independent directors are unlikely to curb the extent of related party transactions, and (iii) the presence of independent board members and firm performance are negatively related. There is this notion that higher level of board independence is related to firm performance. Hoquea and Muradoglugb (2008) in Farhan et al. (2012), brings in a new dimension when a research has been carried out during crisis. In their research Hoquea and Muradoglugb, (2008) found out that independence is negatively related to the non-crisis period; however the variable is not significant during the crisis period.


Choi et al. (2012) submits that board independence buttresses the positive impact of foreign outside directors on firm performance. This means the inclusion of the foreign directors brings with it experience and diversity in decision making thus building a better board.
(Hillman & Dalziel 2003) suggests that board independence is not the panacea for effectiveness it is thought to be.

Bolton (2009) brings in a new dimension when viewing the issue of independent directors. In this study, Bolton (2009) found a negative and significant relationship between board independence and operating performance during the pre-2002 period, but a positive and significant relationship during the post-2002 period. Adams et al. (2011) and Shukeri et al. (2012) concur with Bolton pre-2002 studies in board independence and have found the negative relationship prevailing. Other studies suggest the independent directors affect even the frequency of meetings and the nature of them being independent directors might compromise the quality of meetings and their frequency of attending.

The findings that the independent director system is actually effective and is instrumental to the corporate operating performance (Management & Innovations 2014)

From the arguments presented above, the researcher proposes the following proposition;

**Hs: Having and increasing board independent directors has negative impact SOEs performance.**

### 2.5.6 BOARD COMMITTEE

Board committees are elected to deal with issues that are particular and cannot be resolved in the general meeting held by the board of directors. One aspect of structure is the appointment of committees of the board, such as the audit, remuneration and nomination committees, referred to later in the report (Cadbury, 1992). (Yammeesri & Herath 2010) suggests that the primary roles of the board committee are to monitor and review financial statements, determine remuneration, and nominate new directors. These committees are therefore
essential for the efficient running of the organization and the board. The nomination committee’s duty is to monitor the quality of nomination of board members to organizations board whilst remuneration committee’s task is to see the remunerations to all senior management (Yammeesri & Herath 2010).

Makhlouf (2014) and (Letting & Machuki-phd 2012) suggests different should be available such as audit committee and nominations and compensations committee for the purposes of monitoring business performance which means lack of such will result in poor business performance.

In their research in the banking industry, Sandada et al (2014) have found negative relationship between board characteristics and firm performance. The Commission recommends the nominating committee be composed entirely of independent directors (Petra 2005).

OECD guidelines (2005) suggests that SOE boards should set up specialised committees to support the full board in performing its functions, particularly in respect to audit, risk management and remuneration. (Kingdom et al. 2014) recommends encouragement by SOCs to have Social and Ethics Committee as a subcommittee of the Board of SOCs.

Execution (2012) suggests board independent and effectiveness is related to electing independent committees that can run the other portfolios of the organisations. Velnampy & Pratheepkanth (2010) advocate the need to even to include the risk management committee.

Some other Researchers found no statistically significant relationship with bank groups’ profitability and board committees’ existence. Lin (2005) also encourages the presence of
separate committees to monitor the activities of the board like the frequency of the meetings, 
the risks management and the other issues outside the general board meeting.

From the discussions above have brought about the hypothesis below;

**H₆: The existence of board committees can lead to better SOEs performance.**

### 2.5.7 BOARD AGE DIVERSITY

Board age diversity calls for members of the board to possess different age groups. This 
means the board will have variety of age groups which might be an advantage if the people 
are of different ages since this will become a grooming ground for future board members 
from the old members as well as to be able to capture the market from different age group 
point of view. This means the members will be able to understand the market well unlike the 
board with same aged people.

However, (Jantina et al., 2013; Verkade 2011) found negative relationship between age 
diversity and the ROA whilst Gallia and Zenou (2013) found positive relationship between 
age and product innovation, and a negative between organizational innovation and firm 
performance.

Chu et al. (2012) found a positive relationship between diversity of age and performance of 
the firm. raises the same concern and highlighted that firm performance can be highly related 
to age diversity since the young age are ready to take risk as well as major structural changes.
However, Eulerich (2014) has found a negative impact of age diversity to corporate performance. Large age differences may alleviate decision-making processes (Eulerich, 2014)

Gîrbin et al. (2012) findings were that the proportion of young board members is positively related to market performance, providing evidence that young people in the boardrooms are associated with improved financial performance. In that context the following is proposed:

**H7: Age diversity of the board members and SOEs performance are positively linked.**

### 2.5.8 BOARD SIZE

Board size has been a difficult characteristic to have a definite definition. However several authors have suggested several ideas to do with the size of the boards to include roles, the correct size, big or small. Several authors have suggested positive relationship between board size and firm performance (Belkhir., 2009; ), Small boards are likely to perform better than the bigger boards and have better profitability and firm growth (Sahin et al. 2011a); (Lappalainen 2012) whilst (Epps & Ismail 2009) finds the opposite true.

(Al-Saidi & Al-Shammari 2013) and (Bennedsen et al. 2008) put forward that board size affects bank performance negatively which is in contradiction with what Abidin (2009) advocates that board size presents a positive impact on firm performance. However (Lin 2005) recommends that board size be proportional to the company size meaning when the company grows big, the board size should grow also to signify more activities in the organisation.

Although Makhlfouf (2014) highlights board size as key element in firm performance and proclaims that its critical to enhance firm performance, Al-Matari (2011) has found no positive relationship between the board size and firm performance.
(Liu & Fong 2010) propose further interrogation on the subject of board size and firm performance since he defines the situation as inconclusive. While (Murphy & McIntyre 2007) proposes that what affects firm performance is the composition of the board not necessarily the board size, a negative relationship was found between firm performance and board size (Sundgren 2009).

From the analysis above it will be prudent to scrutinise the impact of board size to performance of SOEs and to establish what is suitable for the SOEs. However from the studies the characteristic of board size has impact on firm performance whether negative or positive. In so doing the researcher puts particular attention on the aspect. Moreover from this discussion, board size suggests that besides its direct effect, board size may also moderate the effect of other board characteristics on firm performance such as Board Independence, Board Gender, CEO Duality, Board and educational Diversity.

Hs: There is a positive relationship between board size and SOEs performance.

2.6 LITERATURE SYNTHESIS & CONCEPTUAL FRAMEWORK/MODEL

A discussion from chapter one, 1.2 indicates that much of the literature on the board’s composition or characteristics has been aligned to banks and private manufacturing entities and has not touched on SOEs in Zimbabwe (e.g. Al-Matari, E.M.A., 2011; Menozzi, A.; Saidi, M. & Al-Shammari, B., (2013); Bathula, H., (2008); Sandada et al., (2014); Liu, H. & Fong, M.W.L., (2010); M.R.S.F.J. et al., (2014); Yammeesri, J. & Herath, S.K., 2010a, Yammeesri, J. & Herath, S.K., (2010b); Yang, F., Lin, C. & Chang, Y., (2010)). In the last years, empirical researches were done based on the board characteristics on firm performance. Despite the fact that most of these studies scrutinised the direct relationship between board variables and firm performance, very few scholars have considered the effect on state owned enterprises (e.g., Africa, S., 2014. , (Kamal 2010), Menozzi, A., Simpson, S.N.Y., 2014, Yurtoglu, B.B.). However the researches on the state owned enterprises were done outside Zimbabwe and were covering countries like Indonesia, United Kingdom, India, Italy and other countries.
Although many countries have tackled issues to do with board characteristics/composition and SOEs performance, the issues of concern which were not tackled comprehensively includes appointment of Chairman which is supposed to be done by the Minister and through the chair the board is assembled. However appointment possibly by the president (politics) or influencing the appointment of a close friend or relative of the president (Gata former ZESA chair), role of government, role of the Minister, government officials as board members which compromises independence, role of CEO in the parastatal and even the possibility of combining the roles between the chair and the CEO etc. These are the things that have not been well researched as it relates to CG in SOEs, which are of interest to investigate or remove when the boards are appointed through a structured framework.

To bridge this gap in literature, the study examines the relationship between board composition and SOEs performance and considers the moderating and control variables in the model. Model is presented in the next page.

![Diagram of Board Composition and SOE performance model](image)

**Figure 2.4: Board Composition and SOE performance model**
The figure 2.1 above illustrates the link between the independent variable and the dependent variables as proposed. Figure 2.1 above presents the suggested and reviewed conceptual model of this research. The left hand is showing the independent variables whilst the right is indicating the dependent variables. The revised model indicates that there are moderating variables as well as control variables. The independent variables with moderating variable are; board independence, board educational diversity, board gender diversity and CEO duality. These variables are moderated by the board size. In general board size can be defined from the perspective of the variables mentioned. This argument can be illustrated below;

i. **Education and Gender Diversity**

As board diversity in education increases this has a tendency of increasing the board size. A board that intends to capture skills and qualifications from different educational background will mean to alter the size of the board thus the board size increases. For examples requiring board members with IT skills, Engineering skills, HR Skills, Finance skills, Economics skills etc. the more skills the board can accommodate will result in a bigger board. This is the same case with board gender diversity.

ii. **Board Independency**

Board Independency has also a link to board size. However if more independent board of directors required will result in a bigger board. If the intention is to have such a scenario, this will result in a bigger sized board.

iii. **CEO Duality**

CEO duality can be moderated by the size of the board. When the board size is small the chairman and CEO role can be assumed by one person. However as the board size increases it will be prudent to separate the powers.
iv. **Board Committee, age of board members and board meetings**

The above variables can be directly linked to firm performance and there is no need of moderating variable. This is because board size does not necessarily control the function of the variables in the board composition.

v. **Control variables**

Gender, Age Range, Education Level, industry and sector in which the SOE operate age of the State owned enterprise and the Size of the SOE can be variables that can control the outcome of the research results.

### 2.7 CHAPTER CONCLUSION

This chapter gave some background literature on board composition and SOE firm performance. A model has been presented. The proposed framework has some independent variables which defines the board composition. The board characteristics have been hypothesised to corporate performance which will help to prove the ultimate relationship when the analysis of the results is presented.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 INTRODUCTION

“Essentially, the procedures by which researchers go about their work of describing, explaining and predicting phenomena are called research methodology” (Rajasekar, 2013). Chapter two (2) reviewed the literature on board composition and state owned enterprises (SOEs). However chapter three (3) presents the methodology used to collect the data and test the model and the set of factors presented in chapter two (2) and their link to SOEs performance. Furthermore, this section outlines the data collection procedure, the sampling method and the data analysis method that was adopted. The following aspects were addressed in this chapter; the research philosophy, research design, research strategy, methodology, research methods, research instruments and population and sample considerations.

3.1.1 RESEARCH PROBLEM

“The assertion of this study was that if corporate governance issues in Zimbabwe SOEs remain unchecked, this will continue to undermine the overall performance of SOEs which will consequently cripple the overall performance of the economy”.

3.1.2 MAIN RESEARCH OBJECTIVE

The main study objective was to assess the impact of corporate board composition on SOEs performance in Zimbabwe.
3.1.3 MAJOR RESEARCH QUESTION

The main question of the study was: *What is the impact of corporate board composition on SOEs performance in Zimbabwe?*

3.2 RESEARCH HYPOTHESES

The main hypothesis of the study was assertion that, “*there is a positive correlation between corporate board composition and SOEs performance.*”

The following factor hypotheses were formulated based on the concepts that were identified in literature analysis about board composition;

**H\textsubscript{1}:** CEO duality is positively linked to SOEs performance.

**H\textsubscript{2}:** There is statistically significant, positive association between the frequency of board meetings and SOEs performance.

**H\textsubscript{3}:** There is a positive relationship between SOEs performance and gender diversity.

**H\textsubscript{4}:** Board members’ educational diversity and SOE performance are positively interconnected.

**H\textsubscript{5}:** Having and increasing board independent directors has negative impact on SOE performance.

**H\textsubscript{6}:** The existence of board committees can lead to better SOEs performance.

**H\textsubscript{7}:** Age diversity of the board members and financial performance are positively linked.

**H\textsubscript{8}:** There is a positive relationship between board size and SOE performance.
The above sub hypotheses on board compositions were adopted and correlation tests were carried in quest of finding their influence to board composition which will consequently influence SOEs performance.

3.3 RESEARCH PHILOSOPHY

Research methods are basically determined by the way the research question is presented, (Yin 2011). On the same note, Walliman (2011) points out that there are several types of research designs that are suitable for the diverse research projects. The philosophies can be grouped into two extremes and the third one is in the middle of the two. “… the two extremes of approach are termed positivism and interpretivism. Again, as in the case of ways of reasoning, a middle way has also been formulated that draws on the useful characteristics of both approaches” (Walliman, 2011). The middle has been explained as realism which happens to consolidate the ideas of the two approaches.

3.3.1 INTERPRETIVISM

Interpretivism is one out of the research philosophies that is widely used. According to Walliman (2011) this research methodology has its basis in philosophy and put attention on the lived experience of individuals. This philosophy has its roots in the belief that reality is contextual. In this philosophy, research outcome cannot be generalized but becomes specific to the studied population. Walliman (2011) mentions the point that this approach rejects the natural science approach where human behaviour can be codified into laws and generalize. This concept deals with perceptions and has its roots in treating each individual as a standalone entity whose behaviour is different from the next being. The Researcher rejected this philosophy because creates bias when conducting the research. Furthermore the there is too much subjectivity, poor reliability and it is very difficult to carry-out data analysis.
3.3.2 REALISM

Realism is a philosophy that deals with both subjectivity and objectivity (Ping Li, 2012) in (Peters 2014). Realism relies on mixed methods or philosophical triangulation. Realists disagree with both the positivists and interpretivists but they take aspects from both positivists and interpretivists. Realism identifies the presence of a gap concerning the researcher’s perception of truth and the ‘true’ but unidentified reality. This implies that this philosophy identifies the outside humans forces that make them behave the way they do and then try to discover how meaning is attached to this. This then can be used and scientific methods can be used to augment the research methodology followed. However the nature of the research did not warrant the application of the realism philosophy and the Researcher was particular about the reliability and replication of findings so could not adopt this philosophy.

3.3.3 POSITIVISM

According to Macdonald (2012) in (Advisor & Siyum 2014) Positivism is defined as a paradigm that adopts human behaviour and can be established through empirical testing. Macdonald (2012) in (Advisor & Siyum 2014) further raises the need of employing natural scientists concepts so as to detect and quantify social phenomena.

Positivism hinges on the three principles thus;

i. Research is value-free

ii. Researcher is independent of the study.

iii. The social world exists externally and is viewed objectively

In Positivism knowledge is considered valid if hypothesis is derived from theory and the results can be generalised. Positivists believe in one reality.

“Plato argued for deductive thinking (starting with theory to make sense of what we observe) and Aristotle for the opposite, inductive thinking (starting with observations in order to build
theories)”, (Walliman, 2011). Positivists follow the Plato argument where testing of theory is done.

The main purpose of this research study was to assess the impact of corporate board composition on SOEs performance which influenced the researcher adopting the positivist research philosophy. The positivist philosophy is objective and the research calls for objectivity. Positivism places emphasis on numerical analyses and objectivity and produces data which is easily comparable. Furthermore this philosophy has clear theoretical focus for research from the start.

3.4 RESEARCH PURPOSE

Research purpose is generally classified into three, thus exploratory, descriptive and explanatory.

**Exploratory** research approach is used to find out what is happening by asking the questions how and why? This seeks to develop hypothesis but does not test the hypothesis.

**Descriptive** research purpose is similar to the detective approach. The idea is to describe things as given. “This research method relies on observation as a means of collecting data”, (Walliman, 2011). Descriptive research attempts to examine situations in order to establish what the norms are, i.e. what can be predicted to happen again under the same circumstances.

**Explanatory** research purpose is to test hypothesis and confirm the perceptions or the results. The idea is to confirm or disconfirm theory. The how and why questions are usually asked in this research purpose. Kothari (2004) in (Epps & Ismail 2009) pinpoints that, “explanatory research design examines the cause and effect relationships between dependent and independent variables”. Rajasekar (2013) defines explanatory research as a way for examining explanations for events and phenomena, thus finding solution to the question, “why are the things like what they are?”
The Researcher adopted explanatory research purpose in achieving the stated objectives of this research. This has been chosen following the idea that the Researcher had adopted the positivist philosophy which eventually calls for research purpose.

3.5 RESEARCH APPROACH

There are two approaches to data collection namely qualitative and quantitative. Quantitative approach uses deductive whilst qualitative uses inductive approach. Inductive approach starts with theory, develops hypothesis and then test the theory whilst inductive starts with focus of research and goes into various research methods to investigate and then come up with theory or themes. Quantitative approach uses the deductive methodology which tends to give realistic outcome after testing the theory. Walliman (2011) acknowledges that quantitative data is more or less accurate because it carries some measurements denoted in numbers thus becoming easy to value. Rajasekar (2013) concur with William (2011) when he describes qualitative methods as a means to understand the meaning of the numbers obtained by quantitative methods. However Criminology (2009) identifies the link between exploratory and qualitative research where he mentioned the need to enter into aspects relating to the society and issues which have not been given emphasis during previous research.

Bryman and Bell, (2007) in (Sundgren 2009) defines cross-sectional design as research that pulls together data on significant variables just once yet from widespread subjects or study elements. Macdonald (2012) identifies cross-sectional research as, “research that is used to gather information on a population at a single point in time”.

The Researcher chose the route of positivism philosophy which leads to explanatory as a research purpose. In this study, quantitative- cross-sectional design was adopted.
3.6 RESEARCH STRATEGY

According to Blaikie (2007), research strategy comprises an all-encompassing method covering all aspects leading to data analysis. Research strategy can be classified as case study, survey, experiment, grounded theory, ethnography, archival research and action research.

The survey strategy was proposed in this research since it permits amassing large data base for analysis.

3.6.1 SURVEYS

Saunders et al., (2003) acknowledges that surveys are associated with deductive study approach. There was a need to get raw data so as to action this study which made it suitable to employ the survey approaches.

3.7 RESEARCH METHOD

The researcher outlined the data collection method, mentioning the instruments the procedures followed to come up with the research results.

3.7.1 RESEARCH INSTRUMENT

There were eight sets of data required for this study. These were identifies as Gender Diversity, Educational Qualification Diversity, Board Independence, Board Committee, Board Age diversity, Board Meetings, Board Size and CEO Duality. Moreover questions were raised so as to help measuring performance of the SOEs.
There are several data collection instruments to include observation, questionnaire and interviews. A structured questionnaire was used to obtain objective data from the respondents.

3.7.2 QUESTIONNAIRE

This instrument entails distributing and asking questions to people thought to obtain the relevant information for the research. “The outcome of a research depends on the quality of tools or instruments used to gather data from the respondents”, (Chikudza, 2013).

The questionnaire was organised into different sets of variables that includes demographic issues and the framework inputs. The questionnaire responses sequentially structured on a 5-point Likert-type scale ranging from strongly disagree [1] to strongly agree [5]). The questionnaire to this study is as attached on Appendix 3.1. Questions were developed after engaging thoroughly into the literature. The Researcher then derived most of the questionnaires by himself and adopted some other few questions from Doctor Sandada who had done similar research but focusing on Zimbabwe Stock exchange listed banks.

3.7.3 PILOT TEST

“…pilot testing was adopted to test the validity of the questionnaire”, (Farhan et al. 2012). In order to obtain the true reflection of the purpose of the designed questionnaire, a pilot study is usually done so as to capture the critical elements of the study. “Before a questionnaire is ready for administration it needs to be pre-tested under field conditions. This is because no researcher can prepare a questionnaire perfectly at first attempt; improvements can hence be suggested in field tests” (chikudza, 2013). The researcher established and pilot tested a survey questionnaire on 10 trial respondents. The tests showed a good level of internal
reliability of 0.868 on the Cronbach’s alpha coefficients which was within the acceptable range of ≥ 0.7.

3.8 POPULATION AND SAMPLE

A population is a total of all subjects with same characteristics to be studied. William (2012) defines a population as, “a collective term used to describe the total quantity of cases of the type which are the subject of the study. It can consist of objects, people and even events”. The sampling frame consisted of the State owned Enterprises as at the end of the year 2014. (see appendix 3.4).

A sample size of 114 was arrived at based on the formula below;

Sample size, \( n = 50 + 8N \), where \( N \) is number of input Variables and small \( n \) is the sample sizes.

The Researcher decided to adopt this formula after finding it difficult to establish the entire study population. Tabachnick, B. G. & Fidell, L. S. (2001) suggested that when the researcher is not acquainted with the exact number in the population, it is prudent to make use of the number of the input variables in the model defined as \( N \) and a formula was arrived at as \( n = 50 + 8N \). Where \( n = \) sample size.

3.8.1 SAMPLING

There are basically two methods of sampling procedure namely sampling probability and non-probability sampling. William (2012) compares and contrasts the two methods and concludes that in probability sampling techniques reliability of results is higher to the entire population while non-probability techniques are biased due to much involvement of the Researcher thus very unreliable and difficult to generalise to the entire population.
3.8.1.1 PROBABILITY SAMPLING

Probability sampling is the type of sampling that includes elements like simple random, systematic, cluster and stratified sampling techniques. However, William (2012) identifies simple random sampling as a means utilised to choose subject at random from the uniform entire population. Stratified random sampling is a modification of random sampling in which the population is divided into two or more relevant and significant strata based on one or a number of attributes.

3.8.1.2 NON-PROBABILITY SAMPLING

Non-probability sampling methods include quota sampling, convenience sampling and purposive sampling. This methodology is subjective as there is no known probability in selecting an element.

3.8.2 PROCEDURE FOLLOWED

The researcher established a questionnaire that was distributed through a contact person identified in each and every state-owned enterprise. The Researcher targeted mainly the company Secretary for the distribution of the questionnaires to the board members. However, this was not a guarantee that every Company Secretary approached was supposed to respond to the questionnaire. Out of the identified sixty-three companies, the researcher expected two responses from each company. The identification of the members within the company was through random sampling. The distribution was either through hand delivery or emails. The aim of the researcher was to distribute and collect at least 114 filled questionnaires as has been identified in the formula $n = 50 + 8N$. 
3.9 DATA ANALYSIS TECHNIQUE

Data analysis encompasses the stages like data inspection, data cleaning, data transformation, and data modelling with the goal of converting data into useful information which can make it is to come up with a conclusion which becomes useful when making decisions. Cooper and Emory (1995) identifies data analysis as means of simplifying data thus coming up with summaries as well as and applying techniques that can be useful to make inferences and conclusions. However data analysis has numerous aspects and approaches thus it incorporates diverse techniques applicable in different subject areas thus applicable in different environments. The data analysis methods were embraced based on formulated research objectives and the proposed hypotheses.

Statistical techniques (SPSS) were employed in the analysis of the data. In order to understand the relationship between and strength amongst variables, correlation analysis was adopted. According to Sandada (2014), “Correlation analysis was used to test the strength and significance of the relationship between board characteristics and business”. The same was adopted in this study using Pearson correlation coefficient analysis. To test the robustness the regression was adopted to test hypothesis amongst the variables. “Regression enables the identification of statistically significant relations between multiple variables (Maher & Andersson 1999). Furthermore, several investigative tests such as multicolinearity, normality test and T-Tests were adopted so as to conclude on the relationship between board composition and SOEs performance.
3.9.1 RELIABILITY AND VALIDITY

According to Greener (2008) reliability refers to a term with same meaning to consistency or repeatability over a period of time. This can explain the extent to which similar outcome will be repeated/achieved by using the same measure.

Internal reliability testing was carried out on the questionnaire instrument. The tests showed a good level of internal reliability on the Cronbach’s alpha coefficients which was 0.868.

To ensure validity in this study, the questionnaires were developed after engaging literature which gave a guide and direction on the formulation of the questionnaire.

Furthermore a pilot study was conducted as a means of improving the validity and reliability of this study. Moreover the questionnaires were reviewed by the Supervisor who is a Fundi in the area and some other two experts in both corporate governance and research methods.

3.10 ETHICAL ISSUES

Bogdan & Biklen (2003) defines ethical issues as elements that have something to do with Informed consent, voluntary participation, right to privacy, data is confidential, and that Researcher is truthful when reporting results and that Researcher respect the dignity of participants. William (2012) defines ethics as rules of with other people and organizations, aimed at causing no harm and providing, providing, if possible, benefits.

The researcher has designed the data collection instrument (questionnaire) in such a way that no name was mentioned and no information that can trace to an individual or company that has contributed to this research study. Furthermore an informed consent form was designed that had allowed the respondents to freely and willingly answer the questionnaire, See appendix 3.2, moreover the Researcher had an introductory letter indicating that the research
was a part of the fulfilment of the MBA study, see *appendix 3.3* and was not intended to victimise the subjects.

### 3.11 CHAPTER CONCLUSION

The research was mainly to assess the impact of corporate board composition on SOEs performance in Zimbabwe. It is a quantitative research which calls for the Researcher to adopt the quantitative research method which purely uses quantitative techniques to quantify subjects’ responses. The chapter outlines the data collection methodologies adopted, design of questionnaires and dispatching of such in order to quantify the responses. The next chapter looked at the research findings and results were presented based on quantitative data analysis techniques- SPSS.
Chapter Four: Data Analysis, Findings and Discussion

4.1 Introduction

The previous chapter presented the study research methodology. The research data collection instrument was discussed and tested for reliability and an indication was given of the method of statistical analysis. In this Chapter, the findings and analysis of results derived from the survey are presented.

A total of 95 responses were received from the targeted 114 potential respondents, which provides an 83% response rate on the survey. The analysis was then carried out using the SPSS software. This chapter at the inception provides the summarised information pertaining to the respondents which focuses mainly on analysing their demographic minutiae. To facilitate clarity and simplicity, tables and graphs have been used. The data analysis focused mainly on reliability tests, descriptive analysis of the data where frequencies and means were presented, normality tests, as some parametric tests cannot be conducted if the data is not normally distributed, basic cross tabulations and finally the correlation tests.

4.2 Dispersion and Background of the Respondents

The response rate is summarised as below.

4.2.1 Gender and Age Range of Subjects

From the SPSS analysis, the majority of the respondents were between the ages of 25 and 35 years, which are represented by 26%. This indicates that women constitute 36% of the respondents whilst man constituted 64%. This implies that a higher number of males participated in the survey than females (28% more Man). The outcome portrayed a picture
that many Board members in SOEs are man and they are bound in the age range of 25 and 35 years although the numbers are almost the same in all the age groups except the below 25 years age range which was represented by one person. See distribution in fig 4.1 and table 4.1 below.

**FIG 4.1 GENDER DISTRIBUTIONS**

The age ranges of respondents are presented on the table below.

**Table 4.1 Age range**

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>95</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>&lt;25 years</td>
<td>1</td>
<td>1.1</td>
<td>1.1</td>
<td>1.1</td>
</tr>
<tr>
<td>25-&lt;35</td>
<td>26</td>
<td>27.4</td>
<td>27.4</td>
<td>28.4</td>
</tr>
<tr>
<td>35-&lt;45</td>
<td>19</td>
<td>20.0</td>
<td>20.0</td>
<td>48.4</td>
</tr>
<tr>
<td>45-&lt;55</td>
<td>25</td>
<td>26.3</td>
<td>26.3</td>
<td>74.7</td>
</tr>
<tr>
<td>55 and above</td>
<td>24</td>
<td>25.3</td>
<td>25.3</td>
<td>100.0</td>
</tr>
</tbody>
</table>
4.2.2 GEOGRAPHICAL LOCATION RESPONSE RATE

The geographical response rate shows how the various provinces had contributed to the study. The questionnaires were not distributed specifically on provincial basis but were focusing more on covering various industries in which the SOEs operate. However, the geographical statistics of the 95 respondents have been summarized as below. The dispersion reflects that the majority of respondents were in Manicaland and Harare. This was partly due to the fact that the researcher had better access to the two cities for both distribution and collection of the filled papers. Out of the 95 Respondents, 45.3% were from Manicaland while 32.6% were from Harare. Some other cities had few respondents. This result to an extent can be used in defining the activities of the SOEs in Zimbabwe. The distribution might mean the SOEs are more concentrated in Harare and Manicaland. See fig 4.1 below.

<table>
<thead>
<tr>
<th>Variable Location</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manicaland</td>
<td>43</td>
<td>45.3</td>
</tr>
<tr>
<td>Masvingo</td>
<td>9</td>
<td>9.5</td>
</tr>
<tr>
<td>Harare</td>
<td>31</td>
<td>32.6</td>
</tr>
<tr>
<td>Mashonaland East</td>
<td>5</td>
<td>5.3</td>
</tr>
<tr>
<td>Mashonaland West</td>
<td>1</td>
<td>1.1</td>
</tr>
<tr>
<td>Midlands</td>
<td>3</td>
<td>3.2</td>
</tr>
<tr>
<td>Bulawayo</td>
<td>3</td>
<td>3.2</td>
</tr>
<tr>
<td>Total</td>
<td>95</td>
<td>100</td>
</tr>
</tbody>
</table>

Fig 4.2 Distribution by Geographical Location
4.2.3 MARITAL STATUS DISPERSION

Under marital status, distribution of the 95 people is represented. These included the single, married, separated, widowed and divorced. The distribution showed that 64% of the respondents were married. See the figure below.

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>14</td>
<td>14.7</td>
</tr>
<tr>
<td>Married</td>
<td>61</td>
<td>64.2</td>
</tr>
<tr>
<td>Separated</td>
<td>6</td>
<td>6.3</td>
</tr>
<tr>
<td>Windowed</td>
<td>10</td>
<td>10.5</td>
</tr>
<tr>
<td>Divorced</td>
<td>4</td>
<td>4.2</td>
</tr>
<tr>
<td>Total</td>
<td>95</td>
<td>100</td>
</tr>
</tbody>
</table>

The result might mean many SOEs board members are married. This implies in marital status as control variables married people are dominant in the SOEs boards.
4.2.4 RESPONDENTS DISTRIBUTION BY EDUCATION

The majority of the respondents were either holders of the first degree or the master’s degree as shown below.

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate</td>
<td>2</td>
<td>2.1</td>
</tr>
<tr>
<td>Diploma</td>
<td>17</td>
<td>17.9</td>
</tr>
<tr>
<td>Degree</td>
<td>29</td>
<td>30.5</td>
</tr>
<tr>
<td>Masters</td>
<td>33</td>
<td>34.7</td>
</tr>
<tr>
<td>Doctorate</td>
<td>8</td>
<td>8.4</td>
</tr>
<tr>
<td>Professor</td>
<td>6</td>
<td>6.3</td>
</tr>
<tr>
<td>Total</td>
<td>95</td>
<td>100</td>
</tr>
</tbody>
</table>

This distribution might depict that most SOE board members in Zimbabwe are holders of a degree or a masters. This implies board members of the State owned enterprises are highly educated since most of them are holders of First degree and masters.

4.2.5 RESPONDENTS DISPERSION BY BOTH INDUSTRY AND SECTOR

Out of the total Respondents who responded to the question, 56 % of Respondents were from the service sector whilst only 9% were from the service and production sector. On the other hand 25% of the respondents were from the agriculture and environment sector and the least 3% were from the telecommunications industry. The pie chart below illustrates the distribution. From the presented charts, this has depicted that most of Zimbabwe SOEs might be concentrated in the Service sector. Whilst the total sum 43% ($18+25$) show that majority of the SOEs are in Agriculture and Energy & power Development. This implies the study
results are bound to be biased more on the activities of the Service sector, agriculture and power development.

![Respondents by Industry](image1)

![State Owned Enterprises Sector](image2)

**Fig 4.5 Dispersion by both Industry and sector**

### 4.3 RELIABILITY TESTS

The researcher carried out preliminary reliability tests which suggested that all variables were reliable. Below is a table that shows the final reliability when all the respondents questionnaires had been captured in SPSS for analysis. The tests showed an initial good level of internal reliability of **0.868** on the Cronbach’s alpha score.

Below is a summarized table of each individual item Cronbach’s alpha score.
Table 4.2 Reliability Test outcome Table

<table>
<thead>
<tr>
<th></th>
<th>Cronbach's Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO Duality</td>
<td>.757</td>
<td>5</td>
</tr>
<tr>
<td>Board Independence</td>
<td>.710</td>
<td>8</td>
</tr>
<tr>
<td>Board Educational diversity</td>
<td>.770</td>
<td>8</td>
</tr>
<tr>
<td>Board Gender diversity</td>
<td>.709</td>
<td>4</td>
</tr>
<tr>
<td>Board Age diversity</td>
<td>.886</td>
<td>3</td>
</tr>
<tr>
<td>Board Size</td>
<td>.612</td>
<td>3</td>
</tr>
<tr>
<td>Board Meetings</td>
<td>.800</td>
<td>9</td>
</tr>
<tr>
<td>Board committee</td>
<td>.844</td>
<td>3</td>
</tr>
<tr>
<td>Board performance</td>
<td>.922</td>
<td>8</td>
</tr>
</tbody>
</table>

The test scores of each factor on Reliability are shown in table 4.2 above. The table indicates that reliability score for board size (0.612) was below 0.7 but all the other factors were perfectly above 0.7 which imply the score was acceptable and the instrument was reliable.

Table 4.3 Reliability Statistics

<table>
<thead>
<tr>
<th>Reliability Statistics</th>
<th>Cronbach's Alpha</th>
<th>Cronbach's Alpha Based on Standardized Items</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.806</td>
<td>.815</td>
<td>9</td>
</tr>
</tbody>
</table>

The overall reliability score as indicated in table 4.2 above was recorded as 0.806 which happened to be above 0.7 that implies good test score. The implication of the test score is that the questionnaire had a good level of internal reliability and can be accepted as a good instrument for data collection. Based on the reliability outcome above, the Researcher adopted the variables for further analysis.
4.4 NORMALITY TESTS

The Researcher carried out the normality test so as to study the distribution of the samples and their significance to proceed with the rest of the analysis. This was done to ascertain whether the parametric tests can be conducted (Data normally distributed) otherwise non-parametric test would apply. The following table is an output of the SPSS analysis of the normality tests.

Table 4.4 Tests of Normality

<table>
<thead>
<tr>
<th></th>
<th>Shapiro-Wilk</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statistic</td>
</tr>
<tr>
<td>SOE Performance</td>
<td>.966</td>
</tr>
<tr>
<td>CEO Duality</td>
<td>.983</td>
</tr>
<tr>
<td>Board Independence</td>
<td>.985</td>
</tr>
<tr>
<td>Education Diversity</td>
<td>.983</td>
</tr>
<tr>
<td>Gender Diversity</td>
<td>.959</td>
</tr>
<tr>
<td>Age Diversity</td>
<td>.957</td>
</tr>
<tr>
<td>Board Size</td>
<td>.928</td>
</tr>
<tr>
<td>Board Meetings</td>
<td>.952</td>
</tr>
<tr>
<td>Board Committee</td>
<td>.956</td>
</tr>
</tbody>
</table>

Because the size of the sample was small (95), the Shapiro-Wilk test was chosen as more appropriate. Kolmogorov-Smirnova is more appropriate on very large samples.

Shapiro-Wilk tests offered an opinion on the non-normality distribution of the data. The p-values in the Sig. column portrayed that six (6) variables were below 0.05 ($p<0.05$) whilst only three (3) showed significance values above 0.05 ($p>0.05$). In this case, with greater subsets of Data with significance values less than 0.05 ($p<0.05$) the Researcher opted for non-parametric tests.
4.5 BASIC CROSS TABULATIONS

Cross-tabulation has been described as one of the most critical analytical tools in research. Its main technique hinges on analysing the relationship between two variables that have been organized in a table. The following cross tabulations were performed so as to find relationship between the variables.

a. Test For Differences in Gender

Table 4.5: Mann-Whitney Test

<table>
<thead>
<tr>
<th>Gender</th>
<th>N</th>
<th>Mean Rank</th>
<th>Sum of Ranks</th>
</tr>
</thead>
<tbody>
<tr>
<td>male</td>
<td>61</td>
<td>48.20</td>
<td>2940.00</td>
</tr>
<tr>
<td>female</td>
<td>34</td>
<td>47.65</td>
<td>1620.00</td>
</tr>
<tr>
<td>Total</td>
<td>95</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Mann-Whitney's U test was used to evaluate the difference in the responses of our 5-Likert scale question on SOE performance. The Researcher found no significant difference of gender Groups on evaluating SOEs performance (The mean ranks of Group A and Group B were 48.20 and 47.65, respectively; U = 1025, Z = -0.093, p > 0.05 (p=0.926) as depicted in the table below.

Table 4.6 Test Statistics on Gender and SOE performance

<table>
<thead>
<tr>
<th>Test Statistics(^a)</th>
<th>SOE Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mann-Whitney U</td>
<td>1025.000</td>
</tr>
<tr>
<td>Wilcoxon W</td>
<td>1620.000</td>
</tr>
<tr>
<td>Z</td>
<td>-.093</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>.926</td>
</tr>
</tbody>
</table>

\(^a\) Grouping Variable: Gender
b. Test For Differences in Age Range

Table 4.7 Table Kruskal-Wallis Test

<table>
<thead>
<tr>
<th>Age Range</th>
<th>N</th>
<th>Mean Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOE Performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;25 years</td>
<td>1</td>
<td>23.00</td>
</tr>
<tr>
<td>25-&lt;35</td>
<td>26</td>
<td>40.96</td>
</tr>
<tr>
<td>35-&lt;45</td>
<td>19</td>
<td>41.45</td>
</tr>
<tr>
<td>45-&lt;55</td>
<td>25</td>
<td>55.32</td>
</tr>
<tr>
<td>55 and above</td>
<td>24</td>
<td>54.23</td>
</tr>
<tr>
<td>Total</td>
<td>95</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.8 Test Statistics on Age range and SOE performance

<table>
<thead>
<tr>
<th>Test Statisticsa,b</th>
<th>SOE Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>6.606</td>
</tr>
<tr>
<td>df</td>
<td>4</td>
</tr>
<tr>
<td>Asymp. Sig.</td>
<td>.158</td>
</tr>
</tbody>
</table>

*a. Kruskal Wallis Test  
*b. Grouping Variable: Age Range

A Kruskal-Wallis H test showed that there was no statistically significant difference in SOE Performance among the different age ranges, $\chi^2(4) = 6.606$, $p = 0.158$, with a mean rank performance score of 23 for range <25 years, 40.96 for age range 25-<35, 41.45 for age range 35-<45, 55.32 for age range 45-<55 and 54.23 for age range 55 and above.
c. Test For Differences in Education Level

Table 4.9 Table Kruskal-Wallis Test

<table>
<thead>
<tr>
<th>SOE Performance</th>
<th>N</th>
<th>Mean Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate</td>
<td>2</td>
<td>64.75</td>
</tr>
<tr>
<td>Diploma</td>
<td>17</td>
<td>55.29</td>
</tr>
<tr>
<td>Degree</td>
<td>29</td>
<td>48.83</td>
</tr>
<tr>
<td>Masters</td>
<td>33</td>
<td>44.52</td>
</tr>
<tr>
<td>Doctorate</td>
<td>8</td>
<td>34.63</td>
</tr>
<tr>
<td>Professor</td>
<td>6</td>
<td>54.75</td>
</tr>
<tr>
<td>Total</td>
<td>95</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.10 Test Statistics on Educational Level and SOE performance

<table>
<thead>
<tr>
<th>Test Statistics&lt;sup&gt;a,b&lt;/sup&gt;</th>
<th>SOE Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>4.744</td>
</tr>
<tr>
<td>df</td>
<td>5</td>
</tr>
<tr>
<td>Asymp. Sig.</td>
<td>.448</td>
</tr>
</tbody>
</table>

<sup>a</sup> Kruskal Wallis Test

<sup>b</sup> Grouping Variable: Education level

A Kruskal-Wallis H test showed that there was no statistically significant difference in SOE Performance among the different Education Levels, $\chi^2(5) = 4.744$, $p = 0.448$, with a mean rank performance score of 64.75 for Certificate, 55.29 for Diploma, 48.83 for Degree, 44.52 for Masters, 34.63 for Doctorate holders and 54.75 for Professors. The P value is large ($p > 0.05$), this implies the data do not give you any reason to conclude that the distributions differ.
b. Test For Differences in Marital status

Table 4.11 Table Kruskal-Wallis Test

<table>
<thead>
<tr>
<th>Marital status</th>
<th>N</th>
<th>Mean Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOE Performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>14</td>
<td>45.61</td>
</tr>
<tr>
<td>Married</td>
<td>61</td>
<td>46.55</td>
</tr>
<tr>
<td>Separated</td>
<td>6</td>
<td>54.25</td>
</tr>
<tr>
<td>Windowed</td>
<td>10</td>
<td>55.20</td>
</tr>
<tr>
<td>Divorced</td>
<td>4</td>
<td>51.13</td>
</tr>
<tr>
<td>Total</td>
<td>95</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.12 Test Statistics on Marital Status and SOE performance

<table>
<thead>
<tr>
<th>Test Statistics&lt;sup&gt;a,b&lt;/sup&gt;</th>
<th>SOE Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>1.322</td>
</tr>
<tr>
<td>df</td>
<td>4</td>
</tr>
<tr>
<td>Asymp. Sig.</td>
<td>.858</td>
</tr>
</tbody>
</table>

a. Kruskal Wallis Test

c. Grouping Variable: Marital status

A Kruskal-Wallis H test was run on Marital status and SOE performance and results showed that there was no statistically significant difference in SOE Performance marital status of the respondents, $\chi^2(4) = 1.322$, $p = 0.858$, with a mean rank performance score of 45.61 for Single, 46.55 for Married, 54.25 for Separated, 55.20 for Windowed and 51.13 for Divorced. The P value is large ($p > 0.05$), this implies the data do not give you any reason to conclude that the distributions differ.
e. Test for Differences in Province of Residence

Table 4.13 Table Kruskal-Wallis Test

<table>
<thead>
<tr>
<th>Province of Residence</th>
<th>N</th>
<th>Mean Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOE Performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manicaland</td>
<td>43</td>
<td>49.52</td>
</tr>
<tr>
<td>Masvingo</td>
<td>9</td>
<td>48.00</td>
</tr>
<tr>
<td>Harare</td>
<td>31</td>
<td>42.56</td>
</tr>
<tr>
<td>Mashonaland East</td>
<td>5</td>
<td>61.30</td>
</tr>
<tr>
<td>Mashonaland West</td>
<td>1</td>
<td>36.00</td>
</tr>
<tr>
<td>Midlands</td>
<td>3</td>
<td>57.67</td>
</tr>
<tr>
<td>Bulawayo</td>
<td>3</td>
<td>54.50</td>
</tr>
<tr>
<td>Total</td>
<td>95</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.14 Test Statistics on Province of Residence and SOE performance

<table>
<thead>
<tr>
<th>Test Statistics\textsuperscript{a,b}</th>
<th>SOE Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>3.239</td>
</tr>
<tr>
<td>df</td>
<td>6</td>
</tr>
<tr>
<td>Asymp. Sig.</td>
<td>.778</td>
</tr>
</tbody>
</table>

\textit{a. Kruskal Wallis Test}

\textit{b. Grouping Variable: Province of Residence}

A Kruskal-Wallis H test was run on \textbf{Province of Residence} and SOE performance and results showed that there was no statistically significant difference in SOE Performance marital status of the respondents, $\chi^2(6) = 3.239$, $p = 0.778$, with a mean rank performance score of 49.52 for Manicaland Province, 48.00 for Masvingo, 42.56 for Harare, 61.30 for Mashonaland East, 57.67 for Midlands and 54.50 for Bulawayo. The P value is large ($p >0.05$), this implies the data do not give you any reason to conclude that the distributions differ.
f. Test for Differences by SOE Sector

Table 4.15 Table Kruskal-Wallis Test

<table>
<thead>
<tr>
<th>Ranks</th>
<th>What is your SOE sector</th>
<th>N</th>
<th>Mean Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOE Performance</td>
<td>service</td>
<td>53</td>
<td>50.12</td>
</tr>
<tr>
<td></td>
<td>Production and service</td>
<td>9</td>
<td>22.83</td>
</tr>
<tr>
<td></td>
<td>production</td>
<td>33</td>
<td>51.45</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>95</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.16 Test Statistics on SOE sector and SOE performance

<table>
<thead>
<tr>
<th>Test Statisticsa,b</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOE Performance</td>
</tr>
<tr>
<td>Chi-Square</td>
</tr>
<tr>
<td>df</td>
</tr>
<tr>
<td>Asymp. Sig.</td>
</tr>
</tbody>
</table>

*a. Kruskal Wallis Test  
*b. Grouping Variable: SOE sector

A Kruskal-Wallis H test was run on SOE Sector and SOE performance and results showed that there was statistically significant difference in SOE Performance SOE sector of the respondents, $\chi^2(2) = 8.368$, $p = 0.015$, with a mean rank performance score of 50.12 for service, 22.83 for Production and service and 51.45 for production. This implies at $\alpha = 0.05$ level of significance, there exists enough evidence to conclude that there is a difference among the three SOEs Sector based on the test scores.
h. Test for Differences by Industry

Table 4.17 Table Kruskal-Wallis Test

<table>
<thead>
<tr>
<th>Ranks</th>
<th>In which industry does your SOE operate</th>
<th>N</th>
<th>Mean Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOE Performance</td>
<td>Energy and Power</td>
<td>17</td>
<td>50.26</td>
</tr>
<tr>
<td></td>
<td>Agriculture and Environment</td>
<td>24</td>
<td>45.15</td>
</tr>
<tr>
<td></td>
<td>Financial-insurance Services</td>
<td>11</td>
<td>51.82</td>
</tr>
<tr>
<td></td>
<td>Telecommunications</td>
<td>3</td>
<td>35.83</td>
</tr>
<tr>
<td></td>
<td>Education, R&amp;D and sports</td>
<td>5</td>
<td>36.20</td>
</tr>
<tr>
<td></td>
<td>Tourism and hospitality</td>
<td>15</td>
<td>54.70</td>
</tr>
<tr>
<td></td>
<td>Health and Safety</td>
<td>6</td>
<td>38.58</td>
</tr>
<tr>
<td></td>
<td>Mining</td>
<td>6</td>
<td>47.58</td>
</tr>
<tr>
<td></td>
<td>Industry and Trade</td>
<td>8</td>
<td>53.25</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>95</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.18 Test Statistics on Industry and SOE performance

<table>
<thead>
<tr>
<th>Test Statistics$^{a,b}$</th>
<th>SOE Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>3.977</td>
</tr>
<tr>
<td>df</td>
<td>8</td>
</tr>
<tr>
<td>Asymp. Sig.</td>
<td>.859</td>
</tr>
</tbody>
</table>

A Kruskal-Wallis H test was run on industry and SOE performance and results showed that there was no statistically significant difference in SOE Performance and SOE industry of the respondents, $\chi^2(8) = 3.977$, $p = 0.859$, with a mean rank performance score of 50.26 for Energy and Power, 45.15 for Agriculture and Environment, 51.82 for Financial-insurance Services.
Services, 35.83 for Telecommunications, 36.20 for Education, R&D and sports, 54.70 for Tourism and hospitality, 38.58 for Health and Safety, 47.58 for Mining and 53.25 for Industry and Trade. The P value is large (p > 0.05), this implies the data do not give you any reason to conclude that the distributions differ.

i. Test for Differences by Position in the board

Table 4.19 Table Kruskal-Wallis Test

<table>
<thead>
<tr>
<th>Ranks</th>
<th>Indicate Position in the firm</th>
<th>N</th>
<th>Mean Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOE Performance</td>
<td>Executive director</td>
<td>21</td>
<td>37.83</td>
</tr>
<tr>
<td>CEO</td>
<td>7</td>
<td>68.50</td>
<td></td>
</tr>
<tr>
<td>Chairman</td>
<td>3</td>
<td>51.67</td>
<td></td>
</tr>
<tr>
<td>Company secretary</td>
<td>9</td>
<td>48.89</td>
<td></td>
</tr>
<tr>
<td>Non- executive director</td>
<td>1</td>
<td>23.00</td>
<td></td>
</tr>
<tr>
<td>Manager/ Board Member</td>
<td>54</td>
<td>49.41</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>95</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4.20 Test Statistics on Position in the board and SOE performance

<table>
<thead>
<tr>
<th>Test Statistics(^{a,b})</th>
<th>SOE Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>7.785</td>
</tr>
<tr>
<td>df</td>
<td>5</td>
</tr>
<tr>
<td>Asymp. Sig.</td>
<td>.169</td>
</tr>
</tbody>
</table>

\(^{a}\) Kruskal Wallis Test

\(^{b}\) Grouping Variable: Indicate Position in the firm

A Kruskal-Wallis H test was run on Position in SOE and SOE performance and results showed that there was no statistically significant difference in SOE Performance and Position of the respondents, \(\chi^2(5) = 7.785, p = 0.169\), with a mean rank performance score of 37.83 for
Executive director, 68.50 for CEO, 51.67 for Chairman, 48.89 for Company secretary, 23.00 for Non-executive director and 49.41 for Manager/Board Member. The P value is large (p >0.05), this implies the data do not give you any reason to conclude that the distributions differ.

j. Test for Differences by Board Committee

Table 4.21 Table Kruskal-Wallis Test

<table>
<thead>
<tr>
<th>Ranks</th>
<th>In which board committee do you sit?</th>
<th>N</th>
<th>Mean Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOE Performance</td>
<td>Risk committee</td>
<td>22</td>
<td>40.75</td>
</tr>
<tr>
<td></td>
<td>HRM committee</td>
<td>1</td>
<td>36.00</td>
</tr>
<tr>
<td></td>
<td>Operational committee</td>
<td>36</td>
<td>52.50</td>
</tr>
<tr>
<td></td>
<td>Audit</td>
<td>5</td>
<td>40.30</td>
</tr>
<tr>
<td></td>
<td>Finance</td>
<td>7</td>
<td>60.29</td>
</tr>
<tr>
<td></td>
<td>Projects and Technical</td>
<td>10</td>
<td>38.55</td>
</tr>
<tr>
<td></td>
<td>Compensation</td>
<td>3</td>
<td>66.33</td>
</tr>
<tr>
<td></td>
<td>mobilisation promotion and control</td>
<td>4</td>
<td>84.88</td>
</tr>
<tr>
<td></td>
<td>Remuneration</td>
<td>3</td>
<td>8.33</td>
</tr>
<tr>
<td></td>
<td>main/general board</td>
<td>4</td>
<td>41.25</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>95</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.22 Test Statistics on board committee and SOE performance

<table>
<thead>
<tr>
<th>Test Statistics\textsuperscript{a,b}</th>
<th>SOE Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>20.646</td>
</tr>
<tr>
<td>df</td>
<td>9</td>
</tr>
<tr>
<td>Asymp. Sig.</td>
<td>.014</td>
</tr>
</tbody>
</table>

a. Kruskal Wallis Test
b. Grouping Variable: In which board committee do you sit?
A Kruskal-Wallis H test was run on board committee and SOE performance and results showed that there was statistically significant difference in SOE Performance and board committee of the respondents, $\chi^2(9) = 20.646$, $p = 0.014$, with a mean rank performance score of 40.75 for Risk committee, 36.00 for HRM committee, 52.50 for Operational committee, 40.30 for Audit, 60.29 for finance, 38.55 for Projects and Technical, 66.33 for Compensation, 84.88 for mobilisation promotion and control, 8.33 for Remuneration and 41.25 for main/general board. At $\alpha = 0.05$ level of significance, there exists enough evidence to conclude that there is a difference in the median test scores (and, hence, the mean test scores) among the 10 board committee groups.

### 4.6 CORRELATION TESTS

From the normality tests that have been conducted, the normal distribution results were found to be unfavourable but the trend tends to follow a non-normal distribution.

The normality tests conducted led the Researcher in rejecting the parametric tests but resulted in the Researcher adopting equalling nonparametric tests in order to conduct correlation between the variables shortlisted from the reliability test.

Specifically in carrying out the nonparametric study, Spearman's rank correlation coefficient on nonparametric correlation testing was adopted. See table 4.23 overleaf.
Table 4.23 Spearman's Coefficient of Rank correlation

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Spearman's rho</th>
<th>Duality</th>
<th>Board Independence</th>
<th>Education Diversity</th>
<th>Gender Diversity</th>
<th>Age Diversity</th>
<th>Board Size</th>
<th>Board Meetings</th>
<th>Board Committee</th>
<th>SOE Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duality.</td>
<td>Correlation Coefficient</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board Independence</td>
<td>Correlation Coefficient</td>
<td>.219*</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education Diversity.</td>
<td>Correlation Coefficient</td>
<td>1.000**</td>
<td>.219*</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender Diversity.</td>
<td>Correlation Coefficient</td>
<td>.185</td>
<td>.123</td>
<td>.185</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age Diversity.</td>
<td>Correlation Coefficient</td>
<td>.428**</td>
<td>.080</td>
<td>.428**</td>
<td>.229</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board Size.</td>
<td>Correlation Coefficient</td>
<td>.069</td>
<td>.319**</td>
<td>.069</td>
<td>-.015</td>
<td>.174</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board Meetings.</td>
<td>Correlation Coefficient</td>
<td>.444**</td>
<td>.372**</td>
<td>.444**</td>
<td>.134</td>
<td>.262**</td>
<td>.211**</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board Committee.</td>
<td>Correlation Coefficient</td>
<td>.305**</td>
<td>.029</td>
<td>.305**</td>
<td>.229</td>
<td>.840**</td>
<td>.055</td>
<td>.250</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>SOE Performance</td>
<td>Correlation Coefficient</td>
<td>.408**</td>
<td>.131</td>
<td>.408**</td>
<td>.268**</td>
<td>.911**</td>
<td>.145</td>
<td>.320**</td>
<td>.930**</td>
<td>1.000</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.000</td>
<td>.205</td>
<td>.000</td>
<td>.009</td>
<td>.000</td>
<td>.161</td>
<td>.002</td>
<td>.000</td>
<td></td>
</tr>
</tbody>
</table>

* Correlation is significant at the 0.05 level (2-tailed).
** Correlation is significant at the 0.01 level (2-tailed).


4.6.1 CEO DUALITY AND SOE PERFORMANCE

The correlation between CEO duality and Firm Performance reported a positive correlation of ($r=0.408$) at p-value of ($p=0.000$) which is greater than 0.05. This reflects a moderate positive correlation and had shown statistical significance.

4.6.2 BOARD INDEPENDENCE AND SOE PERFORMANCE

Board independence had week positive correlation, its value being ($r=0.131$) and had no statistical significance as the p-value ($p=0.205$) > .05.
4.6.3 EDUCATION DIVERSITY AND SOE PERFORMANCE

The correlation figures as presented in the table above indicates that Board education diversity has moderate positive correlations of \( r=0.408 \) at the p-values \( p=0.000 \) which is less than 0.05. This however shows that the variable education diversity had statistical significance.

4.6.4 BOARD GENDER DIVERSITY AND SOE PERFORMANCE

Board Gender Diversity and SOE performance are weak positively correlated \( r=0.268 \) and statistical significant at \( p=0.009 \), which is less than 0.05.

4.6.5 AGE DIVERSITY AND SOE PERFORMANCE

Age Diversity had shown a strong positive correlation \( r=0.911 \) and at p-value of \( p=0.000 \) which shows the relationship had statistical significance.

4.6.6 BOARD SIZE AND SOE PERFORMANCE

Board size and firm performance had shown some week positive correlation \( r=0.145 \) but had no statistical significance \( p=0.161 \) which is greater than 0.05.
4.6.7 BOARD MEETINGS AND SOE PERFORMANCE

There was a moderate positive relationship and statistical significance between Board meetings and firm performance $r=0.320$ and p value of $p=0.002$.

4.6.8 BOARD COMMITTEE AND SOE PERFORMANCE

Board committee variables have reported strong positive correlations ($r=0.930$) and had statistical significance as their p-values ($p=0.000$) > 0.05.

In summary, CEO Duality, Education Diversity, Board Gender Diversity, Age Diversity, Board meetings and Board committee had proven to be positively correlated and statistical significant.

4.7 REGRESSION ANALYSIS

In order to obtain the predictive or cause-and-effect relationship between the board composition and SOEs performance, the Researcher went on to carry out the linear multiple regression analysis. The output tables from SPSS were presented and explained as in the next page.
Table 4.24- Model Summary table

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.974</td>
<td>.949</td>
<td>.939</td>
<td>1.604</td>
<td>.949</td>
<td>91.204</td>
<td>16</td>
<td>78</td>
<td>.000</td>
</tr>
</tbody>
</table>

*a. Predictors: (Constant), Board Committee Total, In which industry does your SOE operate, In which board committee do you sit?, Marital status, Province of Residence, Gender, Gender Diversity, Education level, Board Meetings, Position in the firm, Board Size, SOE sector, Education Diversity, Board Independence, Age Range, Age Diversity

*b. Dependent Variable: SOE Performance

In the model R, *multiple correlation coefficients* have been used to measure the quality of the prediction of the dependent variable (SOEs Performance). The R value obtained was 0.974 which indicates a good level of prediction. From the "R Square" ( $R^2$ ) value (coefficient of determination), it can be established that the independent variables explain 94.9% of the variability of dependent variable (SOE Performance).

Table 4.25- Statistical significance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>3753.316</td>
<td>16</td>
<td>234.582</td>
<td>91.204</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>200.621</td>
<td>78</td>
<td>2.572</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3953.937</td>
<td>94</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*a. Dependent Variable: SOE Performance

*b. Predictors: (Constant), Board Committee, In which industry does your SOE operate, In which board committee do you sit?, Marital status, Province of Residence, Gender, Gender Diversity, Education level, Board Meeting, Indicate Position in the firm, Board Size, What is your SOE sector, Education Diversity, Board Independence, Age Range, Age Diversity

The *F*-ratio in the ANOVA table above was used to test whether the overall regression model was a good fit for the data. It is given then that independent variables statistically...
significantly predict the dependent variable, $F(16, 78) = 91.204, p < .05 (p=0.000)$. In summary the regression model has been found to be a good fit of the data).

The table in the next page displays all the coefficients

**Table 4.26-Estimated model coefficients and statistical Significance of the independent variables.**

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients</th>
<th>Standardized Coefficients</th>
<th>Correlation</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unstandardized</td>
<td>Standardized</td>
<td>$\beta$</td>
<td>$t$</td>
</tr>
<tr>
<td>1</td>
<td>Intercept</td>
<td>-1.854</td>
<td>2.211</td>
<td>-3.835</td>
</tr>
<tr>
<td></td>
<td>Gender</td>
<td>-2.96</td>
<td>0.389</td>
<td>-0.222</td>
</tr>
<tr>
<td></td>
<td>Age Range</td>
<td>1.11</td>
<td>1.185</td>
<td>0.200</td>
</tr>
<tr>
<td></td>
<td>Education level</td>
<td>0.45</td>
<td>0.193</td>
<td>0.088</td>
</tr>
<tr>
<td></td>
<td>Marital status</td>
<td>0.96</td>
<td>0.103</td>
<td>0.144</td>
</tr>
<tr>
<td></td>
<td>Province of Residence</td>
<td>-0.052</td>
<td>0.115</td>
<td>-0.012</td>
</tr>
<tr>
<td></td>
<td>What is your SOE sector</td>
<td>0.44</td>
<td>0.224</td>
<td>0.096</td>
</tr>
<tr>
<td></td>
<td>In which industry does your SOE operate</td>
<td>-0.105</td>
<td>0.060</td>
<td>0.051</td>
</tr>
<tr>
<td></td>
<td>Indicate Position in the firm</td>
<td>0.008</td>
<td>0.089</td>
<td>0.009</td>
</tr>
<tr>
<td></td>
<td>In which board committee do you sit?</td>
<td>0.023</td>
<td>0.073</td>
<td>0.009</td>
</tr>
<tr>
<td></td>
<td>Board Independence</td>
<td>0.088</td>
<td>0.046</td>
<td>0.063</td>
</tr>
<tr>
<td></td>
<td>Education Diversity</td>
<td>0.050</td>
<td>0.047</td>
<td>0.044</td>
</tr>
<tr>
<td></td>
<td>Gender Diversity</td>
<td>0.063</td>
<td>0.075</td>
<td>0.023</td>
</tr>
<tr>
<td></td>
<td>Age Diversity</td>
<td>1.014</td>
<td>0.128</td>
<td>0.457</td>
</tr>
<tr>
<td></td>
<td>Board Size</td>
<td>-0.088</td>
<td>0.094</td>
<td>0.027</td>
</tr>
<tr>
<td></td>
<td>Board Meetings</td>
<td>0.029</td>
<td>0.037</td>
<td>0.025</td>
</tr>
<tr>
<td></td>
<td>Board Committee</td>
<td>1.088</td>
<td>0.140</td>
<td>0.051</td>
</tr>
</tbody>
</table>

The general form of the equation to predict SOE performance is;

$$\text{SOE Performance} = -1.854 + (1.014 \times \text{Age diversity}) + 1.288 \times \text{Board Committee}$$

The model has been overall explained as in next page:
A multiple regression was run to predict SOEs Performance from Board Committee, industry does SOE operate, board committee do you sit?, Marital status, Province of Residence, Gender, Gender Diversity, Education level, Board Meetings, Position in the firm, Board Size, SOE sector, Education Diversity, Board Independence, Age Range, Age Diversity. However only Age Diversity and board committee variables statistically significantly predicted SOE performance, $F(16, 78) = 91.204$, $p < .05 (p=0.000)$, $R^2=0.949$.

4.8 DISCUSSION OF FINDINGS

Hypothesis testing was done using Spearman's rho test and regression analysis. The dependent variables CEO duality, Gender Diversity, Board Meetings, Board Size, Education Diversity, Board Independence, Age Diversity and board committee were analysed for their association on performance of SOEs. However, the results of CEO duality and SOE Performance reported a significant positive correlation. This however has confirmed the suggested hypothesis of positive correlation. This in literature is in support with what (Kiel and Nicholson, 2003) in Sahin (2011) suggests. This has been the same with respect to the other variables (Gender Diversity, Board Meetings, Education Diversity, Age Diversity and board committee) which had shown positive correlation and statistical significance except the Board Independence and Board Size which were not statistical significant although positively correlated.

In line with literature, all the other variables had followed the suggested hypotheses except for board size which although was positively correlated was not significant. From the regression tests the model was a good fit to explain the impact of board composition to SOEs performance. However, board committee and age diversity were the only variables which were statistically significant thus were used on the prediction model.

The study results were however summarised in the model below where the statistical significant variables were presented;
Testing of Hypothesis

The proposed hypothesis were presented in chapter one as follows.

H\(_0\): There is a positive relationship between corporate board composition and SOEs performance.

H\(_1\): There is a negative relationship between corporate board composition and SOEs performance.

Test Significance Level \( \alpha = 0.05 \)

Rejection Criterion

Reject the null hypothesis if \( p \)-value > 0.05

Decision on the study

At \( \alpha = 0.05 \) level of significance, there exists enough evidence to conclude that there is positive significant relationship between board composition and performance of State Owned Enterprises. The final model is presented below.

![Model from the analysis (Revised Model)](image-url)

**CONTROL VARIABLES**
- Gender, Age Range and Education Level of the Respondents.
- Industry and sector in which the SOE operate.
- Age and Size of the State owned enterprise.

Fig 4.6 Model from the analysis (Revised Model)
4.9 CHAPTER CONCLUSION

In conclusion, this chapter has reported on varied statistics and some analysis related to such statistics. The Test that was run introduced critical information. In the research, the normality test indicated a non-normal distribution which resulted in the Researcher to adopt the non-parametric tests. Some reliability tests, Normality tests, correlation analyses were conducted followed by regression analysis that was meant to establish the cause and effect on the relationship. The reliability test which indicated seven factors showed a good reliable score of above 0.700 and only one factor which is board size which gave 0.612 which was low but acceptable. The correlation test indicated that non-parametric test be adopted as the distribution of samples were “non-normal” and as a result the Spearman's rho test has been performed. The result indicated that six factors were significant and had a positive correlation. The chapter also lastly reported on some other statistics which further scrutinised the input and output variables.
CHAPTER FIVE: CONCLUSION, RECOMMENDATIONS AND AREAS OF FURTHER RESEARCH

5.1 INTRODUCTION

The previous chapter was on presentation of the results and discussions of the research findings. This chapter includes summary of the study, verification of objectives and the research hypothesis, conclusions, recommendations and the areas for further and future research. This chapter is essential in this research in that it answers the research questions and outlines the managerial recommendations that if adopted will enhance the performance of SOEs.

5.2 SUMMARY

The main purpose of this study was to determine the relationship between the board composition and the performance of State Owned Enterprises in Zimbabwe. To the best of my knowledge, no empirical study had been undertaken to examine impact of board composition to corporate performance on Zimbabwe SOEs. This research sought to fill this gap. To achieve the main objective, the Researcher conducted the literature review for this dissertation where main aspects of the subject were raised, agreed and contrasted by many Researchers. With engagement of in-depth literature it was necessary to come up with the main themes of the Research topic. The Researcher had to develop a model with the intention of bringing in the attributes encompassing the totality of the SOEs performance. The main importance of the study was guided by the following contributions;

i. To assist corporate governance practitioners in understanding the importance of proper governance practices.

ii. To assist Universities in and outside of Zimbabwe on effective corporate governance on the existing knowledge.
iii. To assist in the performance of corporate boards in Zimbabwe as the study results can be incorporated in other companies. The performance of especially SOEs will enhance the performance of the economy and hence will help improving the livelihoods of many Zimbabweans.

iv. Contributing to academic knowledge-existing body of knowledge by coming up with a model that can be adopted by many organizations.

The Researcher then developed the Research instrument (Structured Questionnaire) which was distributed through the E-mail, post and Hand delivery. The Respondents were the board members who had the decision making of the SOEs. Responses were returned through fax, email, hand delivery and post. The data was then analysed and discussion were done on the findings. Once these fundamental steps were achieved, this research was able to go forward. This chapter reports the conclusions and recommendations that resulted from this study.

5.3 CONCLUSION

This study determined the existence of a relationship between board composition and SOEs performance in the Zimbabwe context. The findings seem to suggest that greater emphasis is needed board committees and diversification on age of the Board members. The other factors like CEO duality, Gender Diversity, Board Meetings and Education Diversity are argued and found in this study to have a positive implication on SOE performance. However, the findings suggested that Board Size and board independence do not affect performance in SOEs. This has concurred with Belkhir (2009) and Yurtoglu (2011) who had found a negative relationship on Board independence to SOEs performance. On the other hand, negative relationship was found between SOEs performance and board size as suggested by Sundgren (2009).
5.4 ANSWERS TO RESEARCH QUESTIONS

The research questions to this study were presented and discussed below.

1) What is the impact of corporate board composition on SOEs performance?

The objective that was in line with the above research question was to assess the impact of corporate board composition on SOEs performance. 

Both the research question and research objectives were addressed when the researcher analysed the likely impact of the board characteristics to SOEs performance. The results indicated a positive impact if the board characteristics are monitored and managed. The regression output has depicted that the board composition have potential to impact the performance of the SOEs. This is in tandem with literature which had advocated much on positive impact of board composition on SOEs performance.

2) What is the relationship and strength between SOEs corporate board practices and business performance?

The objective to the above research question was to determine the relationship and strength between SOEs corporate board practices and SOEs performance.

The strength and relationship of the Board composition and SOEs performance were identified and defined as below.

- The correlation between CEO duality and Firm Performance reported a positive correlation of \( r=0.408 \) at p-value of \( p=0.000 \) which is greater than 0.05. This reflects a moderate positive correlation and had shown statistical significance.
- Board independence had week positive correlation, its value being \( r=0.131 \) and had no statistical significance as the p-value \( p=0.205 \) > .05.
- The correlation figures as presented in the table above indicates that Board education diversity has moderate positive correlations of \( r=0.408 \) at the p-values \( p=0.000 \) which is less than 0.05. This however shows that the variable education diversity had statistical significance.
- Board Gender Diversity and SOE performance are weak positively correlated \( r=0.268 \) and statistical significant at \( p=0.009 \), which is less than 0.05.
Age Diversity had shown a strong positive correlation \( (r=0.911) \) and at p-value of \( (p=0.000) \) which shows the relationship had statistical significance.

Board size and firm performance had shown some weak positive correlation \( (r=0.145) \) but had no statistical significance \( (p=0.161) \) which is greater than 0.05.

There was a moderate positive relationship and statistical significance between Board meetings and firm performance \( r=0.320 \) and p value of \( p=0.002 \)

Board committee variables have reported strong positive correlations \( (r=0.930) \) and had statistical significance as their p-values \( (p=0.000) > 0.05 \)

3) **What measures and model can be recommended on board composition that can enhance board effectiveness for SOEs?**

The above research question was introduced in line with the research objective to recommend measures and a model on board composition that can enhance board effectiveness for SOEs.

A theoretical model has been established and presented. In the research model developed, the following were found as the key variables to the performance of the SOEs, thus **CEO duality, Board education diversity, Board Gender Diversity, Age Diversity, Board meetings and Board committee**. The final presentation of the model is as shown in the theoretical contribution section.
5.5 DISCUSSION OF THE MAIN ARGUMENT (PROPOSITION/HYPOTHESIS)

The main argument has been presented as below:

**H₀**: *There is a positive relationship between corporate board composition and SOEs performance.*

The research findings accepted the hypothesis $H₀$ at 95% Confidence interval ($α=0.05$). The model has been established as a good fit on regression analysis showing that independent variables explain 94.9% of the variability of dependent variable (SOE Performance). The correlation analysis depicted that out of the eight independent variables, six variables were positively correlated and statistically significant.

Board size and board independence did not indicate any statistical significance although they correlation values were greater than zero. The reason why board size has not been important might be because other characteristics are deemed more important than board size. Some companies are performing better with small boards whilst others are performing with small boards. On the other hand, board independence being not significant might be explained by the fact that some of the independent directors are busy with other issues and most of the time they affect the frequency of the meetings since they are always away and busy outside the function of the board.

5.5 METHODOLOGICAL, EMPIRICAL, PRACTICAL AND THEORETICAL CONTRIBUTION

The research culminated in the development of the model for implementation by SOEs. It invariably identified *board committee and age diversity* as the most positively correlated variables whilst Gender Diversity, Board Meetings, Education Diversity and board committee have also been identified as positively contributing to the model.
Fig 5.1: Initial conceptual model

Fig 5.2: Final model

CONTROL VARIABLES
• Gender, Age Range and Education Level of the Respondents.
• Industry and sector in which the SOE operate.
• Age and Size of the State owned enterprise.

- Board Educational diversity
- Board Gender diversity
- CEO Duality (Separation of Roles)
- Board Independence
- Board Meetings
- Age of Board Members
- Board Committee
Conceptual/Theoretical contribution

The study of the relationship between board composition and SOE performance will draw on and contribute to scholarly literatures. The theoretical contribution has been established as shown above when the conceptual model mentioned in chapter 2 has been modified to look as shown in fig 5.2 above. The model has shown the strengths, significance and relationship amongst the variables as shown above. This contribution had however introduced a model that can be adopted in SOEs when they are to improve their performances. There is no moderating variable on the model (board size and board independence are found to have no significance. The difference in the two models defines the Researchers contribution in the body of knowledge.

Methodological

Quantitative research approach has been adopted. The research instrument was developed, however the instrument was detailed and with each of the independent variables carrying comprehensive questions that captured all the required concepts and made it easier for the respondents to answer the questionnaire with easy unlike with other researches where the questionnaire instrument is difficult to complete. This has made a contribution in that when conducting such research in other fields; the questionnaire should be very simple yet carrying all the aspects that are necessary to collect the relevant data.

Furthermore, In order to improve on the rate at which questionnaires are returned, the Researcher used follow-up emails and phone calls. Sometimes it was prudent to visit some of the respondents to check on progress which is not commonly used by many researchers.
Empirical

Focusing on corporate governance in the SOEs in Zimbabwe, this study will contribute to the empirical records of ways in which board composition interact with SOE performance. It will also contribute to the empirical record of the formation of boards in state owned enterprises.

Practical

The outcome of this research study can help 1) better understand the impact of the board composition on SOE performance. 2) Improve corporate governance practices in Zimbabwe SOEs, and 3) create new opportunities for SOE boards structuring.

5.7 POLICY AND MANAGERIAL RECOMMENDATIONS

Based on the findings of this study to examine the impact of board composition to SOEs performance, it is clear that board composition has a direct and positive impact to the SOEs performance. In the light of the findings, the researcher made some recommendations, which, if taken into consideration and seriously, might bring some positive changes to the current board compositions in SOE which will consequently improve performance of these SOEs. The following recommendations were made to enhance performance of the SOEs.

i. From the literature review as well as the research findings, it has been found that Age Diversity had strong positive Link to the performance of the SOEs.

It is therefore recommended that SOEs should put more emphasis on recruiting board members of varied age groups. This might create a climate where the young and the old aged members might view some discussion and decision making from a different perspective and will allow the decisions to be encompassing. This thus will enhance the performance of the SOEs.
ii. An analysis of the relationship between Board committee variable and SOE performance revealed a strong positive correlation.

From this research findings supported by literature, it is therefore recommended that the SOEs must establish various committees including sub-committees that are motivated to work and discuss specific and peculiar issues in detail. This will however leave the main board to discuss general issues and leave technical issues to their specific groupings. The SOEs must create a climate that allows the board committee members to work together, share knowledge, skills, experience and expertise in order to enhance and improve performance of the SOEs.

iii. The quantitative research approach carried out to interrogate the conceptual model as presented in chapter 1 portrayed that Board education diversity has a positive influence to performance of the SOEs.

It is recommended that board members should have some diversity in education. There is need to have board members with diverse educational background such that during discussion and resolution of matters it will involve every aspect to be tackled comprehensively. A board with members from finance, human resources, Information technology, economics, law, political science etc. presents better results than that which has all its members from Accounting since this board will lack some critical aspects of the subject area.

iv. At 95% confidence interval, the study concluded that a significant and positive relationship existed between CEO roles from the chairman and SOEs Performance.

The Researcher has therefore recommends separation of roles between the chair and the CEO. According to agency theory, duality promotes CEO entrenchment by
reducing board monitoring effectiveness and can further reduce decision made by the board. For the performance of the SOEs in Zimbabwe it is prudent to continue the most prevailing way of appointing the Chairman who with the board will appoint the CEO. The chairman and the other board members are appointed by the Minister and collectively the board can appoint the CEO.

v. *This research has posited that board meetings and what is part of it play an important role in board’s effectiveness, leading to SOEs performance.*

SOEs boards are recommended to sit for meeting at minimum of the OECD recommendations and they should sit to discuss a well-structured agenda. It is further recommended that the frequency of the meetings should be proportional to the activities. The quality of the meeting contents should be monitored and it is further put forward that the audit committees meet so often so as to improve the quality of audits thus protecting the interests of the tax payer. The meetings will make management monitoring effective, resulting in improved SOEs performance.

vi. *Findings and analysis depicted that Board Gender Diversity and SOE performance are weak but positively correlated and statistical significant at 95% confidence interval.*

The Researcher recommended that for the performance of SOEs, the board should include members from the opposite sex. However it is recommended that the recruitment and selection should not only focus on quota principle but should put into consideration quality issues and level of education. This is important as a way of valuing the presents of women in the boards. Moreover it is postulated that woman brings in different dimension and flavour in thinking which will make it easier to think differently. It is also believed purchasing decisions are mostly spared for ladies starting from grocery, furniture even deciding on location to buy a house which if this power is brought into the boards will enhance performance since the decision will be made with the contribution of these ladies.
vii. Board size and firm performance had shown some weak positive correlation but had no statistical significance as presented in the results.

It is recommended that management should not focus on board size when looking at the board characteristics that can enhance performance of the SOEs. Emphasis should be put and left for the other six predictors as mentioned in the above recommendations.

viii. From the research findings, Board independence had weak positive correlation and had no statistical significance.

Once again the ministries and government entities are encouraged to put less focus on board independence and concentrate on the other six variables.

ix. From the research findings in regression analysis, board committee and age diversity were found to be statistical significant and it is prudent to put more attention on the board committees and age diversity when dealing with structuring the SOEs boards.

The researcher proposes implementation of the recommendations as soon as possible so as to improve the performance of SOEs as well as to avoid the rot that has been prevailing in the SOEs. The urgency is necessitated especially given the purported dearth of corporate governance practices in SOEs in Zimbabwe like the Premier Service Medical Aid Society (PSMAS) , Air Zimbabwe, ZBC and the Zimbabwe Newspapers (ZIMPAPERS) group to mention but a few. The implementation of such recommendations can be immediate since no resources are required to change the orientation of the SOEs board compositions. The problems that can arise are non-financial and are more of political issues. It is prudent to convince the ministers to adopt such policy recommendations once ministers have a buy in it will be very easy to implement the project recommendations. The proposed policy will much be effective and the researcher had proposed an annual review of the results once this framework is put in place. The researcher is highly optimistic that this model can be very effective once it’s operationalized.
5.8 GENERALISATION OF FINDINGS

The Researcher had a personal feeling that with different population or setting/context would yield same results, which made it easy to generalise the original study. Because personal interests take the Researcher so far, in academic context there has not been any good academic reason for not doing generalisation of results. Aspects like cultural, functional, economic and political reasons were not the theme of the study but it was purely in search of the relationship of the board characteristics to the performance of the SOEs which made it possible to generalise the results. More so the study was a quantitative research and it is easy to generalise the results better than the contextual research which is contextual based.

5.9 RESEARCH LIMITATIONS

Like any study, the following limitations were identified and were described as presented below;

1. The nature of the study in itself as a quantitative research has its challenges in that it uses structured questionnaires as the data collection instrument but is known to limit the contributions by the Respondents thus in-depth study might be compromised. The qualitative study has the capacity to solicit the participant so that more information can be tapped from the research.

   In trying to overcome this challenge the Researcher had designed the questionnaire in such a way that each and every variable had as much information or questions as possible so that every aspect was addressed. The questionnaire had 10 pages on 8 input variables with many questions to cover all the aspects. (See appendix 3.1).

2. The research was carried out on limited time constraint (six Months). In order to make sure the research was done on the required time frame, the Researcher developed the questionnaire earlier and distributed to the respondents earlier and also pushed for the return of the questionnaires through the contact persons.
Being a sensitive area of study that it involved government entities, some respondents were hesitant to attend to the questionnaire. In order to overcome this the Researcher had to include an introductory letter from the university to assure the respondents that it was for academic purpose as well as the informed consent form was attached so as to allow the respondents to be unrestricted when attending to the instrument.

5.10 RECOMMENDATIONS PERTAINING TO FURTHER RESEARCH

From the findings and the research limitations, it has been recommended that further research be conducted to investigate and assess the following:

- To carryout qualitative approach or mixed methods which are better in extracting more data for detailed analysis.
- Further research can be done on diversity on ethnic grounds (Tribal, cultural and issues to do with race) as part of the board characteristics
- To assess the fit of qualifications in the SOE of the board members
- To include and assess the impact of other board characteristics like directors remuneration in future studies for the SOEs.

From the discussion on board composition and SOEs performance, it would of course be interesting to see connections to the role of boards in SOEs performance coupled with Board composition. (Combined board roles and Board composition to SOEs performance)
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Walt, N. Van Der et al., 2006. Board configuration: are diverse boards better boards? Corporate Governance, 6, pp.129–147.
APPENDICES

APPENDIX 3.1: QUESTIONNAIRE SAMPLE

My name is Handsome Matamande, an MBA candidate at the University of Zimbabwe. I am carrying out a research entitled:


I kindly seek your assistance in answering the questions below. The responses that you give will be kept confidential and the information will be used for academic purposes only and only aggregated data will be used in the final analysis.

Contact: hmatamande@gmail.com, +263773081648; +263714839237

SECTION A: DEMOGRAPHIC DATA

Please fill in the demography information below tick for Yes ✓

A1 Gender

- [ ] Female
- [ ] Male

A2 Age Range

- [ ] < 25 Years
- [ ] 25-<35 Years
<table>
<thead>
<tr>
<th>A3  Education Level</th>
<th>35-&lt;45 Years</th>
<th>45-&lt;55 Years</th>
<th>55 Years and above</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Below “O” Level</td>
<td>“O” Level</td>
<td>“A” levels</td>
</tr>
<tr>
<td></td>
<td>Certificate</td>
<td>Diploma</td>
<td>Degree</td>
</tr>
<tr>
<td></td>
<td>Masters</td>
<td>PhD</td>
<td>Professor</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>A4  Marital Status</th>
<th>Single</th>
<th>Married</th>
<th>Separated</th>
<th>Widowed</th>
<th>Divorced</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>A5  Province of Residents</th>
<th>....</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>A6  What is your SOE (State Owned Enterprises) Sector.</th>
<th>Service</th>
<th>Production and Service</th>
<th>Production</th>
</tr>
</thead>
</table>

| A7  In which industry does your SOE operate e.g. Energy sector | .............................................. |
A8 Indicate your position in the firm: Executive Director CEO Chairman Company Secretary Non-Executive Director Manager

A9 In which board committee do you sit? e.g. Risk committee .................................................

...se fill-in the Circles on each characteristic below using tick for correct circle. The rating is as follows:

<table>
<thead>
<tr>
<th>Strongly Disagree 1</th>
<th>Disagree -2</th>
<th>Neutral-3</th>
<th>Agree-4</th>
<th>Strongly Agree-5</th>
</tr>
</thead>
</table>

**SECTION B: CEO DUALITY**

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1</td>
<td>There is separation of roles between CEO and Chair of the board in this SOE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B2</td>
<td>For a Body to be effective, it will be necessary to separate chairman and CEO roles.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B3</td>
<td>The board chairman is an effective leader.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B4</td>
<td>Firms benefit more from the checks and balances of having the separated roles</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B5</td>
<td>CEO duality heavily compromise Board independence.</td>
<td></td>
<td></td>
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</tbody>
</table>
### SECTION C: BOARD INDEPENDENCE

<table>
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<th></th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1</td>
<td>Can you say the board you sit in has independence?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C2</td>
<td>Members of the board meet all applicable independence requirements.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C3</td>
<td>The Chairman of the Board is independent, non-affiliated director</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C4</td>
<td>Independent Board members have no business dealings that could impair his capacity to act in an independent manner</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C5</td>
<td>Independent directors add value to the SOE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C6</td>
<td>Independent judgment is critical to the advisory and monitoring functions of the Board</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C7</td>
<td>Specialized committees benefit from insider knowledge.</td>
<td></td>
<td></td>
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<tr>
<td>C8</td>
<td>No former CEO serves on the Board</td>
<td></td>
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### SECTION D: BOARD EDUCATION DIVERSITY

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<th>Agree</th>
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<tbody>
<tr>
<td>D1</td>
<td>Board members have the appropriate qualifications to meet the objectives of the board’s charter.</td>
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<tr>
<td>D2</td>
<td>The Board has high skills diversity.</td>
<td></td>
<td></td>
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<tr>
<td>D3</td>
<td>Directors are selected into the board based on their qualifications and domain expertise.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D4</td>
<td>Board members demonstrate some appropriate financial literacy.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D5</td>
<td>Board members have different educational background.</td>
<td></td>
<td></td>
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<tr>
<td>D6</td>
<td>The board demonstrates appropriate industry knowledge and includes a diversity of experiences.</td>
<td></td>
<td></td>
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<tr>
<td>D7</td>
<td>Specialized committees (strategy, finance, technology, and Environmental, etc.) are recognised in the SOE in which you are a board member.</td>
<td></td>
<td></td>
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<tr>
<td>D8</td>
<td>Mentoring and development improves director effectiveness.</td>
<td></td>
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**SECTION E: BOARD GENDER DIVERSITY**

Please fill-in the Circles on each characteristic below using tick in the correct Circle:

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<tbody>
<tr>
<td>E1</td>
<td>The company performance has changed since the advent of women to the board</td>
<td><img src="image" alt="Circle" /></td>
<td><img src="image" alt="Circle" /></td>
<td><img src="image" alt="Circle" /></td>
<td><img src="image" alt="Circle" /></td>
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<tr>
<td>E2</td>
<td>The presence of women in the board enhances performance of the SOE</td>
<td><img src="image" alt="Circle" /></td>
<td><img src="image" alt="Circle" /></td>
<td><img src="image" alt="Circle" /></td>
<td><img src="image" alt="Circle" /></td>
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<tr>
<td>E3</td>
<td>Female directors perform better than male directors as board members</td>
<td><img src="image" alt="Circle" /></td>
<td><img src="image" alt="Circle" /></td>
<td><img src="image" alt="Circle" /></td>
<td><img src="image" alt="Circle" /></td>
</tr>
<tr>
<td>E4</td>
<td>Female directors introduce new dimensions in board resolutions and decision making</td>
<td><img src="image" alt="Circle" /></td>
<td><img src="image" alt="Circle" /></td>
<td><img src="image" alt="Circle" /></td>
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### SECTION F: BOARD AGE DIVERSITY

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<th>Agree</th>
<th>Strongly Agree</th>
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<tbody>
<tr>
<td>F1</td>
<td>Boards with members with varying age ranges provide better advice and oversight</td>
<td></td>
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<tr>
<td>F2</td>
<td>The frequency of young age board members in supervisory boards is high.</td>
<td></td>
<td></td>
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<tr>
<td>F3</td>
<td>Do you agree this SOE board members lie in different age ranges as presented below.</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>&lt; 25 Yrs.; 25-35 Yrs.; 35-45 Yrs.; 45-55 Yrs.; &gt;55 Years</td>
<td></td>
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### SECTION G: BOARD SIZE

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<th>Strongly Agree</th>
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</thead>
<tbody>
<tr>
<td>G1</td>
<td>This SOE board of directors is small in line with the SOE size.</td>
<td></td>
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<tr>
<td>G2</td>
<td>Increase in board size results in increase in board diversity.</td>
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<tr>
<td>G3</td>
<td>Smaller sized boards comes to an agreement more easily and speeds up the decision process</td>
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### SECTION H: Board MEETINGS

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<th>Agree</th>
<th>Strongly Agree</th>
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<tr>
<td>H1</td>
<td>Board Meetings are held with enough frequency to fulfill the board’s duties.</td>
<td><img src="rating.png" alt="Ratings" /></td>
<td><img src="rating.png" alt="Ratings" /></td>
<td><img src="rating.png" alt="Ratings" /></td>
<td><img src="rating.png" alt="Ratings" /></td>
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<tr>
<td>H2</td>
<td>Board Meetings are held at least quarterly.</td>
<td><img src="rating.png" alt="Ratings" /></td>
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<td><img src="rating.png" alt="Ratings" /></td>
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<tr>
<td>H3</td>
<td>Board Meetings are conducted effectively, with ample time expended on trivial or evolving issues.</td>
<td><img src="rating.png" alt="Ratings" /></td>
<td><img src="rating.png" alt="Ratings" /></td>
<td><img src="rating.png" alt="Ratings" /></td>
<td><img src="rating.png" alt="Ratings" /></td>
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<tr>
<td>H4</td>
<td>The frequency of board meetings influence corporate performance</td>
<td><img src="rating.png" alt="Ratings" /></td>
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<td><img src="rating.png" alt="Ratings" /></td>
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<td><img src="rating.png" alt="Ratings" /></td>
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<tr>
<td>H5</td>
<td>Board meetings are conducted in a manner that ensures open communication.</td>
<td><img src="rating.png" alt="Ratings" /></td>
<td><img src="rating.png" alt="Ratings" /></td>
<td><img src="rating.png" alt="Ratings" /></td>
<td><img src="rating.png" alt="Ratings" /></td>
<td><img src="rating.png" alt="Ratings" /></td>
</tr>
<tr>
<td>H6</td>
<td>The board chair encourages from board members when consolidating issues in the meeting agendas.</td>
<td><img src="rating.png" alt="Ratings" /></td>
<td><img src="rating.png" alt="Ratings" /></td>
<td><img src="rating.png" alt="Ratings" /></td>
<td><img src="rating.png" alt="Ratings" /></td>
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</tr>
<tr>
<td>H7</td>
<td>Board meetings encourages meaningful participation and timely resolution of issues.</td>
<td><img src="rating.png" alt="Ratings" /></td>
<td><img src="rating.png" alt="Ratings" /></td>
<td><img src="rating.png" alt="Ratings" /></td>
<td><img src="rating.png" alt="Ratings" /></td>
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</tr>
<tr>
<td>H8</td>
<td>The board maintains adequate minutes of each meeting.</td>
<td><img src="rating.png" alt="Ratings" /></td>
<td><img src="rating.png" alt="Ratings" /></td>
<td><img src="rating.png" alt="Ratings" /></td>
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<td><img src="rating.png" alt="Ratings" /></td>
</tr>
<tr>
<td>H9</td>
<td>The agenda and related information are circulated in advance of meetings to allow board members sufficient time to study and understand the information.</td>
<td><img src="rating.png" alt="Ratings" /></td>
<td><img src="rating.png" alt="Ratings" /></td>
<td><img src="rating.png" alt="Ratings" /></td>
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**SECTION I: BOARD COMMITTEE**

<table>
<thead>
<tr>
<th></th>
<th><strong>Strongly Disagree</strong></th>
<th><strong>Disagree</strong></th>
<th><strong>Neutral</strong></th>
<th><strong>Agree</strong></th>
<th><strong>Strongly Agree</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>The independent committees have a direct influence to the performance of the SOE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>The audit, compensation, Risk and nominating/governance committees are independent in this organisation.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>The board respects the line between oversight and management</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
SECTION J: FIRM PERFORMANCE

Below are statements about the effect of corporate board composition on your business performance where you are required to indicate the extent to which you agree or disagree with the statement by ticking the appropriate number where:

1-strongly disagree; 2-disagree; 3-Neutral; 4-agree; 5-strongly disagree

| J1 | Customers and suppliers satisfaction has improved. |
| J2 | The business has introduced new products/Innovative activities have increased |
| J3 | The volume of sales has increased in productive SOEs |
| J4 | The business’ market share has improved |
| J5 | Employee satisfaction and motivation has improved |
| J6 | The quality of product/services has improved |
| J7 | Contacts with key players in the industry have improved |
| J8 | Productivity levels have improved |

END OF QUESTIONNAIRE

THANK YOU FOR TAKING YOUR TIME IN ANSWERING THE QUESTIONNAIRE
APPENDIX 3.2; INFORMED CONSENT

INFORMED CONSENT FORM FOR MBA DISSERTATION

Research Period: March 2015 to July 2015

Researcher: Eng. Handsome Matamande, MBA candidate, Post Graduate Program in Business Management, University of Zimbabwe

Program: Master’s in Business Administration (MBA)

Institution: University of Zimbabwe


Invitation paragraph
You are being invited to take part in a research study. Before you decide whether or not to take part, it is important for you to understand why the research is being done and what it will involve. Please take time to read the following information carefully.

Purpose of the Research:
The questionnaire, for which you are being asked to participate in, is a part of a research study that is focused on examining the impact of corporate board performance in the SOEs. The purpose of this study is to gain insight into the influence of SOEs board composition to the resultant performance of these parastatals.

Research Ethics

Voluntary Participation: Your participation in the study is completely voluntary and you
may refuse to answer any question or choose to stop participating at any time. Your decision not to volunteer will not influence the nature of your relationship with University of Zimbabwe either now, or in the future.

**Procedure/Your Participation:**

Your participation in this research will comprise of a set of structured questions that need to be answered in approximately 10 minutes. The questionnaire is structured in such a way that you will get ten sections with the first section covering the demographic data (this is where you will be asked a series of questions about your life and professional experiences, the next eight sections covering the board characteristics and the last section covering the aspects of firm performance. You may skip any question that makes you feel uncomfortable. There is no penalty for discontinuing participation.

**Risks and Discomforts:**

I do not foresee any risks or discomfort from your participation in the research.

**Benefits/significance of the Research and Benefits to You:**

The findings could assist corporate governance practitioners in understanding the importance of proper governance practices.

The study will help contributing to academic knowledge-existing body of knowledge by coming up with a framework that can be adopted by many organizations.

The performance of especially SOEs will enhance the performance of the economy and hence will help improving the livelihoods of many Zimbabweans.

**Withdrawal from the Study:**

You can stop participating in the study at any time, for any reason, if you so decide. Your decision to stop participating, or to refuse to answer particular questions, will not affect your relationship with the researcher or University of Zimbabwe.

**Data Collection**

Data collection is done using the questionnaire as the research instrument and the data
analysis will be done using quantitative approach thus employing the Statistical techniques (SPSS). The information will be used for academic purposes only and only aggregated data will be used in the final analysis.

Confidentiality/ anonymity:

All information you supply during the research will be held in confidence and, unless you specifically indicate your consent, your name will not appear in any report or publication of the research. Confidentiality will be provided to the fullest extent possible by law.

Questions about the Research:

If you have questions about the research in general or about your role in the study, please feel free to contact Handsome Matamande, MBA candidate Graduate School Management, at the University of Zimbabwe or through email at hmatamande@gmail.com or even calling on +263773081648. This research has been reviewed and approved for compliance with research ethics protocols by the University GSM project Review Committee. If you have any questions about your rights as a participant in the study, please contact Dr. David. D Madzikanda on d.madzikanda@gmail.com, Senior lecturer in Strategic Management and corporate governance.

Legal Rights and Signatures:

I ………………………….consent to participate in (A critical assessment on the Impact of Corporate Board composition to firm performance Case of State-Owned-Enterprises (SOEs) in Zimbabwe) conducted by Handsome Matamande. I have understood the nature of this project and wish to participate. I am not waiving any of my legal rights by signing this form. My signature below indicates my consent.

Signature _____________ Date _____________

Participant

Signature _____________ Date _____________

Researcher
GRADUATE SCHOOL OF MANAGEMENT
UNIVERSITY OF ZIMBABWE

6 Langham Road
Mt Pleasant
Harare, Zimbabwe
Email: nykas@cseke@gmail.com
Tel: 263-4- 745316/18

12 June 2015

TO WHOM IT MAY CONCERN

RE: ACADEMIC RESEARCH BY MR HANDSOME MATAMANDE STUDENT NO:
R135174J

This letter serves to confirm that Mr Matamande is a bona fide Master of Business Administration (MBA) student at the Graduate School of Management, University of Zimbabwe. He is carrying out an academic research in partial fulfillment of the requirements of the MBA degree programme.

We kindly request you to provide him with the information he requires. Please understand that the Graduate School of Management upholds high levels of confidentiality and ethical standards in conducting research.

Thank you.

[Signature]

DR N. KASEKE
DIRECTOR, GRADUATE SCHOOL OF MANAGEMENT
APPENDIX 3.4- PARASTATALS LIST

The Government of Zimbabwe, as a way of raising revenue and providing essential services to the general public, runs several state enterprises and parastatals. These are:

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<th>MINING</th>
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<tbody>
<tr>
<td>• Pig Industry Board</td>
<td>• Minerals marketing Corporation of Zimbabwe (MMCZ)</td>
</tr>
<tr>
<td>• Grain Marketing Board (GMB)</td>
<td>• Hwange Colliery Company</td>
</tr>
<tr>
<td>• Tobacco Research Board (TMB)</td>
<td>• Zimbabwe Mining Development Corporation (ZMDC)</td>
</tr>
<tr>
<td>• Agricultural and Rural Development Authority (ARDA).</td>
<td></td>
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<tr>
<td>• Cold Storage Company (CSC)</td>
<td></td>
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<tr>
<td>• Agricultural Research Council (ARC)</td>
<td></td>
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<tr>
<td>• Tobacco Industry and Marketing Board (TIMB)</td>
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<td>• Civil Aviation Authority of Zimbabwe (CAAZ)</td>
<td>• State Lotteries and Gaming Board</td>
</tr>
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<td>• Central Mechanical and Equipment Department (CMED)</td>
<td>• National Gallery of Zimbabwe</td>
</tr>
<tr>
<td>• Air Zimbabwe Holdings</td>
<td>• National Library and Documentation Services</td>
</tr>
<tr>
<td>• ZUPCO Private Limited</td>
<td></td>
</tr>
<tr>
<td>• National Railways of Zimbabwe (NRZ)</td>
<td></td>
</tr>
<tr>
<td>• Zimbabwe National Road Administration (ZINARA)</td>
<td></td>
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<td>• Traffic Safety Council of Zimbabwe (TSCZ)</td>
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<tr>
<td>• ZARNET</td>
<td>• Urban Development Corporation</td>
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<tr>
<td>• NETONE Pvt Ltd</td>
<td>• ZISCO Private Limited</td>
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<tr>
<td>• Postal and Telecommunication Regulatory Authority</td>
<td>• Industrial Development Corporation (IDC)</td>
</tr>
<tr>
<td>• Tel One</td>
<td>• ZITF Company</td>
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<td>• Transmedia</td>
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<td>• IDBZ</td>
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<tr>
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<td>Rural Electrification Authority (REA)</td>
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<td>Allied Timbers Private Ltd</td>
<td>National Oil Company of Zimbabwe</td>
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<td>Environmental Management Authority (EMA)</td>
<td>ZESA Holdings</td>
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<td>Forestry Commission Company (FCC)</td>
<td>Petrotrade</td>
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<td>Zimbabwe Schools Examination Council (ZIMSEC)</td>
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<td>Broadcasting Authority of Zimbabwe (BAZ)</td>
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