

UNIVERSITY OF ZIMBABWE



“A critical analysis of the effectiveness of shareholder activism and stewardship in Zimbabwe`s State Owned Enterprises.”

TAVENHAVE ADVENT

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Supervisor:

Dr.Madzikanda

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DEDICATION

I dedicate this dissertation , to my family. A special feeling of gratitude goes to my loving wife Gracious and my Kids Natalie and Advent Jnr . All of you you have been my cheerleaders. I salute you guys for your unfailing support during my studies.

I also dedicate this work to my parents whose support has been beyond measure throughout my academic life. I also thank god who has given you long life to see me graduating with my Masters degree.

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ABSTRACT

The research sought to assess the critical analysis of the effectiveness of shareholder activism and stewardship in Zimbabwe's State Owned Enterprises. The objectives of the research comprised to explore the influence of shareholder activism on performance of state owned enterprises; to explore the influence of stewardship on performance of state owned enterprises ; to examine the effectiveness of shareholderactivisms and stewardship of state owned enterprises; to explore how shareholder activism and stewardship influence decision making by top management and to make strategic recommendations. The researcher used stratified random and simple random sampling and managed to sample 116 respondents to be used in the research. The sample was selected from a population of 312 in State owned enterprices in Zimbabwe. Questionnaires were used to collect data from the respondents and the researcher concluded and came up with recommendations. The researcher concluded that there was poor communication policy with shareholders and or inadequate disclosures made in SOEs reports is a challenge affecting shareholder activism. The researcher concluded that shareholder activism and stewardship influence decision making by top management of SOEs in Zimbabwe. The researcher recommends that the SOEs to improve communication of information so a enhance performance. The researcher also recommended the management of SOEs should take proactive measures that so companies it as an evaluation of their corporate governance structure and practices and then a shoring-up of any weaknesses.

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LIST OF ACRONOMY

SOEs	- State Owned Enterprises
GoZ	- Government of Zimbabwe
GMB	- Grain Marketing Board,
ARDA	- Agricultural and Rural Development Authority
NRZ	- National Railways of Zimbabwe,
ZESA	- Zimbabwe Electricity Supply Authority
CSC	- Cold Storage Commission
PESTLEG	- Political, Economic, Social, Technology, Legal and Global
OECD	- Organisation for Economic Co-operation and Development

CHAPTER ONE: INTRODUCTION

1.1 INTRODUCTION

The role of shareholder activism evolves as a result of conflict of interest between management and shareholders. According to Government of Zimbabwe (2013) shareholder activism has become one of the most important aspects of the corporate governance of public institutions in Zimbabwe. A paramount emphasis of activism has been to focus on poorly performing enterprises and mount pressure on the top management to improve service delivery, improved performance and enhance shareholder value.

The study focused on shareholder activism and stewardship in practice of corporate governance with the main focus being on the Public institutions in Zimbabwe. Shareholder refer to a person, groups or institutions that has interest or concern in an organization (MacCarthaigh, 2009), examples of shareholders are creditors , directors, employees, government, shareholders, suppliers, communities from which the organization draws its resources. According to Tricker, (2011:90) stewardship pertains to acting as a surrogate for others by managing property, financial affairs and resources in general. Activism is a doctrine or practice that emphasizes direct rigorous action especially in support of or opposition to one side of a controversial issue (MacCarthaigh, 2009). Shareholder stewardship and activism involves acting as watchdogs over corporate activities by challenging decisions by top management (Tricker, 2011).

1.2 BACKGROUND

1.2.1 Background of State owned enterprises

The government of Zimbabwe created the State Owned Enterprises (SOEs) for the function of generating revenue and to provide essential services to the general public. The system was inherited from the pre-colonial government and it is also being used currently by the Government of Zimbabwe (GoZ).

The colonial state also used State Owned Enterprises (SOEs) as key instruments for ensuring its control over all strategic economic activities. SOEs were established in areas that were deemed

unattractive to private investors such that by 1945 state enterprises such as electrical power stations, the Cold Storage Commission's abattoirs, the Rhodesian Iron and Steel Corporation's foundries and the Sugar Industry Board's Triangle estate; had been created. The global depression of the 1930s also set the stage for colonial state intervention in the agricultural sector, a policy that continued up to 1979 (Zhou and Masunungure,2006).

They are about 78 state owned enterprises in Zimbabwe. They cover in the area of Local government, Agriculture, Finance, and Sports only to mention a few. The other areas covered are indicated in Appendices 2. The major reason for the creation of SOE is to generate taxes for government, thus improving government net revenue. This was in turn to reduce government's propensity to borrow from the domestic market, thus releasing more funds for productive ventures. A related source of government revenue would also be the sale of government shares or whole companies to the public (Zhou,2000).

In an effort to unlock value out of SOEs, Zimbabwe implemented SOE reforms since 1991. As in most African countries, SOE reforms were applied as a major element of structural adjustment programmes. As such, SOE reforms were expected to alleviate macro-economic problems besetting the nation. As outlined in Zimbabwe: A Framework for Economic Reforms (1991-95) and later in Zimbabwe: Programme for Economic and Social Transformation(ZIMPREST), 1996-2000, macro-economic problems ranged from a high budget deficit, rising unemployment, high rates of inflation and interest, and low level of investment (Zhou,2000). In 2013, the government has moved towards the ZIMASSET economic blue print and SOEs are expected in playing a vital role towards that turnaround of the economy (The Zimbabwean, 2014).

1.2.2 Business Environment Analysis

The researcher focussed on the business environment that the State owned enterprises are operating in. In order to access the environment , the researcher used the PESTLEG framework (**Political, Economic, Social, Technology, Legal** and the **Global** environment) for the analysis.

i) Political

State owned enterprises are created by the government to provide services and generate revenue for the government. The establishments are enacted through act of parliament. Therefore, the heads are appointment in State owned enterprises are appointed directly from the government ministry responsible. The operations are governed by the political manifesto of the ruling government.

ii) Economic

Since 2009 the nation state of Zimbabwe adopted the multi- currency system to avert 10 years of a hyper-inflation. The SOE started providing their products and services in other currencies such as the United States dollars and and this brought stability to their finances which had been severly affected by a very volatile economic environment. Due to challenges in strategic planning most the SOE are not economically viable to meet the production needs of their operations. The organisations have accumulated huge debts that they are failing to repay; moreover they have failed to secure funding from private investors such as banks. According to Zhou (2012) there is a Usd600million inter parastal debt that is hindering the performance of SOEs in Zimbabwe. The government is not willing to take over the debts thereby creating a huge operational deficit.

iii) Social

The State Owned Enterprises has been blamed for failing to provide basic social necessities such as sewage, water, schools electricity, health and roads. This has been blamed on strained financial resources which the State Owned Enterprises are failing to improve. The social amenities cannot meet the growth of the country population which now has grown to 14 million residents from 7.9 million in 1980 (Zimstats, 2014). Due to political corruption and interference there is an increase in poor allocation of funds and resources as well mismanagement of resources. For example the poor management of Zupco, the national passanger company led to private players to enter the market. These private players sometimes are charging exhobitent transport fares. This is a threat toward the social being of the residents of Zimbabwe in general.

iv) Technology

Lack of financial resources has been the major reason that has been given by SOE for not managing to obtain modern equipment in all their firms. A notable example is that of Morton Jeffrey water treatment unit was built in 1965 when to serve around 500 000 residents then and currently, the same plant is serving more than 2 million residents. Another, example is ZESA Holdings is producing electricity that is below capacity to meet the nation`s needs. The power generation unit has not been upgraded since it was built in 1959. Some firms have managed to embrace the new trends in technology, to mention is ZBC which has turned from Analogue to digital transmission of broadcasting.

1.2.3 State Owned Enterprises performance

Zimbabwe`s State Owned Enterprises have come under fire for failing to deliver services that they have been created for. Several state-run institutions such as Agricultural and Rural Development Authority (ARDA), Grain Marketing Board (GMB), Agribank, Zimbabwe Electricity Supply Authority (ZESA), Cold Storage Commission, National Railways of Zimbabwe (NRZ), Noczim, ZiscoSteel have been in intensive care for the past decade due to the mismanagement of lack of clear policy direction, financial resources, corruption and poor corporate governance (The Zimbabwean, 2014). It is against this background that shareholder activism has been aroused so as to balance the interests of the shareholders and management.

The number of SOEs has increased to 58 from 14 parastatals at independence, but yet these firms are operating debts amounting to millions of dollars (The Zimbabwean Government,2014). These underperforming state entities continue to eat in the fiscus after recording a loss of over US\$40 million during the period ending June 30, 2010 alone. Air Zimbabwe recorded a loss of \$14.6m, NRZ \$9.6m, Noczim \$11.9m, Cold Storage \$3m, GMB \$4.5m and \$2.8m for Agribank. These parastatals have become sanctuary of corruption and mismanagement, yet the government is putting the blame on West imposed sanctions (The Zimbabwean,2014). The board that is representing the major shareholder which is the government has not put pressure to ensure that the management perform in the SOEs.

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 (Zimbabwe Situation, 2013). There have been some reports where top management also awarded themselves hefty salaries for example the case of PSMAS, ZBC and ZIMRA. However, this has been done against the background of poor performance by these Public Institutions, most of which are failing to deliver a service, paying employees and yet millions of dollars have been looted by top management in the form of incentives and salaries. The minister of State Enterprises and Parastals in 2013 took the lead in addressing the rot at Zimbabwe Broadcasting Corporation (ZBC) where Chief Executive Officer was reported to have been earning close to US\$40 000 per month while the rest of the workers are wallowing in poverty (Zimbabwe Situation, 2013).

The board of directors is the principal governance and oversight forum in all state-owned enterprises. The majority of enterprises have their boards primarily appointed by the minister, either with or without consultation with his or her cabinet colleagues. A small number of subsidiary enterprises have boards appointed by the parent organization. Government credibility to undertake a transparent and accountable SOE reform poised to ensure equitable distribution of resources had also been severely dented by such revelations about corruption in government circles (e.g. the Willowvale Scandal) (Zhou, 2000).

The glaring message is that the legal framework within which these reforms are implemented is largely intact as most SOEs still operate under their traditional enabling Acts. This legal framework compromises management decisional autonomy as parent ministers occasionally invoke these Acts to effect controls on pricing, investment, borrowing, hiring and firing decisions at enterprise level. Under these inhibiting legal frameworks, entrepreneurship and innovativeness may not reap their expected rewards (Zhou, 2000). The demise of public institutions in Zimbabwe has aroused shareholder activism as their interest and resources went down the drain due to wrong decisions by top management of these institutions.

Proponents of this view further argue that reforms are not based on a coherent and clear policy guideline. Zhou and Masunungure (2006) cites "lack of a clear strategy and programme" as one major impediment in the Zimbabwean policy environment. In these circumstances, SOE

managers operate with no clearly defined guidelines. Decisions on privatisation have been shrouded in secrecy, as public sector managers are often not well informed about what specific decisions government has made on the respective parastatals. In other words, the central argument is that qualifications may not make any difference if the policy context is irrelevant (Zhou, 2000).

Ensuring that the boards of state enterprises have the correct mix of experience, skills and competencies remains central to the performance of the enterprises. Media reports from the Zimbabwe Mail (28 February, 2014) indicated that Zimbabwe had a problem of Cabinet ministers appointing to parastatal boards, incompetent individuals whom they use as conduits to fleece the country. Board membership comes with an increasing number of legal, fiduciary and stewardship responsibilities, which some of the appointments are not able to carry out. Contact between departmental civil servants and senior management within state enterprises is common, and based around the concept of 'no surprises'. This is the major drive that is pushing the ministers who represent the shareholding of the government not to take any action towards improving the performance of management.

1.3 PROBLEM STATEMENT

Poor performance by SOE in Zimbabwe has aroused activism from shareholders as their interest and resources were abused (Zhou and Masunungure, 2006). Not much has been done to ensure that the boards of state enterprises have the correct mix of experience, skills and competencies and this remains a central to the performance of the enterprises. Interviews suggest that chairpersons of boards will normally have regular contact with ministers, and ministers may on occasion attend board meetings or an AGM. The management in the SOEs is operating under inflexible laws that are making it difficult to operate thereby focusing on the employment contracts and awarding themselves hefty salaries at the expense of performance i.e. PSMAS \$230 000 per month and ZBC \$40 000 per month. These SOE's have been experiencing serious losses as a result of the poor shareholder activism and stewardship. The highest amount of loss as recorded was from Air Zimbabwe that recorded a loss of \$14.6 million dollars and inter parastatal debt stands at \$600 million as at December 2012 (The Zimbabwean, 2014). The government

being the major shareholder has done enough to ensure that the loss making SOEs are operating to remain viable in the current global environment. If the problems of shareholder activism and stewardship are not resolved in SOEs, the nation is bound to lose resources to individual and closure of operations.

1.4 RESEARCH OBJECTIVES

The main objective of the study is to assess the role of shareholder activism and stewardship is affecting the performance of SOEs in Zimbabwe.

The sub objectives are as follows:

1.4.1 To explore the influence of shareholder activism on performance of state owned enterprises.

1.4.2 To explore the influence of stewardship on performance of state owned enterprises.

1.4.3 To examine the effectiveness of shareholderactivisms and stewardship of state owned enterprises.

1.4.4 To explore how shareholder activism and stewardship influence decision making by top management.

1.4.5 Make strategic recommendations.

1.5 RESEARCH QUESTION

The main research question of the study is to what extent has shareholder activism and stewardship is affecting the performance of SOEs in Zimbabwe.

The sub research questions are as follows:

1.5.1 How does the concept of shareholder activism influence the performance of state owned enterprises?

1.5.2 How does the concept of stewardship influence the performance of state owned enterprises?

1.5.3 What is the effectiveness of shareholderactivisms and stewardship of state owned enterprises?

1.5.4 How does shareholder activism and stewardship influence decision making by top management of state owned enterprises?

1.6 HYPOTHESIS

The researcher hypotheses were:

Hypothesis 1: Relational support a positive relationship to successful shareholder activism and stewardship in SOEs in Zimbabwe.

Hypothesis 2: Contextual support has a positive relationship to successful shareholder activism and stewardship in SOEs in Zimbabwe.

Hypothesis 3:Motivational support has a positive relationship to successful shareholder activism and stewardshipin SOEs in Zimbabwe.

Hypothesis 4: Moral courage has a positive relationship to successful shareholder activism and stewardshipin SOEs in Zimbabwe.

1.7 SIGNIFICANCE OF STUDY

The study is expected to contribute to the current debate on performance of state owned enterprises and to make insights in to the causes of their demise.

This research will to a great extent diagnose the problems associated with failure in state owned enterprises and the extent to which shareholder activism and stewardship will contribute to good performance and good decision making by state owned enterprises, Boards and Management.

This research is important to top management Boards of state owned enterprises government ministries, academics and business community even the private sector will find this research highly beneficial as they also relate and deal with state owned enterprises.

This study therefore exposed SOEs managers on the value of corporate governance in creating a competitive advantage for the firms. The study also proved to be very significant in that ever since SOEs adopted corporate governance as a competitive tool for distinguishing its operations

from its competitors and value creation, no studies were done to measure how corporate governance has impacted on board decisions and competitive advantage.

In addition to fulfilling the requirements of the researcher's MBA studies, this research not only left the researcher an expert in corporate governance, but it also gave SOE critical information on the progress and proffers suggestions to ensure the transformation is a success.

1.8 SCOPE OF RESEARCH

This research was conducted within 6 months. The population of the study was from state owned enterprises in Zimbabwe. Due to time constraint, the sampling unit was constituted by management of SOE under the different ministries in the Government of Zimbabwe.

1.9 DISSERTATION OUTLINE

The structure of the research will be as follows: Chapter one introduced the background of the subject on State owned enterprises and its effectiveness of shareholder activism and stewardship in Zimbabwe, Literature Review (Chapter 2), and then the methodology of how the research was carried out (Chapter 3). Then the study was carried out and results are shown of the findings together with discussions (Chapter 4). Lastly the conclusion followed by a recommendation (Chapter 5).

1.10 CHAPTER SUMMARY

The researcher in this chapter looked at the background of the study and came up with objectives and recommendations that are supposed to be answered at the end of the research. The researcher also came up with a proposition and justification why the research was being conducted and who were the intended beneficiaries. The next chapter will be Chapter 2 and it will look at the literature review.

CHAPTER TWO: LITERATURE REVIEW

2.1 INTRODUCTION

This chapter focused on the literature review of the area of shareholder activism and stewardship. The researcher started by defining the key concepts of shareholder activism and stewardship and subsequently reviewed a theoretical framework to explore solutions for SOEs in Zimbabwe. The researcher also developed a conceptual framework to be adopted for data collection in the research.

2.2 SHAREHOLDER ACTIVISM

2.2.1 Meaning and objectives

According to Karpoff (2010) shareholder activism is the way in which shareholders can assert their power as owners of the company to influence its behaviour. Activism covers a broad spectrum of activities. Although the term 'shareholder activism' is often used in a manner that presumes a shared understanding of the context, objectives and techniques of activism, it is probably better to regard activism as something that can be placed on an axis between two quite different approaches (Trivedi, 2005). The model of activism envisaged by the Stewardship Code is one in which long-term investors engage with portfolio companies with a view to improving long-term returns to shareholders (Donaldson and Davis, 1991).

According to the literature by Dalton and Dalton (2010), the focus on the SOE sector stems from the poor performance of the sector. For several years questions were raised about the performance of SOEs, particularly in developing countries (Ghayad, 2008). Indeed, they were found to incur huge losses even under the special privileges and concessions as monopolies and monopsonies (Nadler and Schulman, 2014). Among the problems cited for this situation were poor monitoring, managerial and technical challenges, deficient board of directors, poor reporting systems, political interference, too many objectives (absence of focus) and so on (Karns, 2011).

Implicit in this model is the understanding that long-term institutional investors will often be required to hold diversified portfolios and therefore will be constrained as to the use of the 'exit' option should problems emerge (Davis, Schoorman, and Donaldson, 1997). In those

circumstances, activism provides a form of intervention to address performance or governance issues either through initiatives undertaken ‘behind the scenes’ or in a more public challenge to the board (Piesse, Strange and Toonsi, 2011). An alternative approach to activism, adopted in particular by hedge funds, is to make an investment in an undervalued company on the basis that intervention may result in changes which lead to a rise in the share price (Myers and Ziegenfuss, 2006). These two approaches have been labelled, respectively, ‘defensive’ and ‘offensive’ activism: the former because it seeks to defend the value of an existing position and the latter because the investment is made explicitly on the basis that intervention will follow (Khongmalai, Tang, and Siengthai, 2010). While the difference in approach and the techniques employed may be fundamental, the objective in each case is the same, namely, an improvement in the returns to shareholders (Brown and Caylor, 2004). Moreover, the nature of shareholding and the traditional insistence of institutional investors on simple shareholding structures in listed companies means that the benefits of activism (if any) will be shared among all shareholders (Tang, Xi, Chen and Wang, 2006). That remains true irrespective of who participates in activist initiatives and irrespective of the techniques that are used (Simpson, 2013). However, it does not in itself imply that all forms of activism are positive in their effect: that is a more difficult question that may prompt different legal and regulatory approaches to the facilitation of activism in different national systems of corporate governance (MacNeil, 2010).

2.2.2 Legal and regulatory obligations underlying activism

The introduction to the Stewardship Code recognizes that activism is a strategy that should be considered by institutional investors in order to discharge their fiduciary obligations to end-beneficiaries (Karpoff, 2010). However, in so doing it may have the effect of extending the strict fiduciary framework beyond the circumstances in which it would apply according to a strict interpretation of the law (Okpara, 2011). For example, in the case of ‘with-profits’ funds operated by life assurance companies, the relationship with the policyholder is contractual rather than fiduciary (Ooghe and Langhe, 2002). That analysis reflects the contractual nature of the claim inherent in the life assurance policy and the outright ownership of the fund assets by the assurance company (Brown and Caylor, 2004). The implications for investment management are that, absent the agreement of fiduciary-type obligations between the parties, the approach to

activism is entirely in the hands of the life fund rather than a matter that is subject to fiduciary duty (Fahy, Roche and Weiner, 2004). While there may be many circumstances in which an institutional investor such as a life fund would act in the same way irrespective of the presence of legal duties or their nature (as between contractual and fiduciary) (Khongmalai, Tang and Siengthai, 2010). It must logically be the case that fiduciary duties will also prompt different behaviour in some circumstances: if that were not the case, they would be of little value as an investor-protection mechanism (Brown and Caylor, 2004). Thus, while the question of who owes fiduciary duties does matter, the issue of whether the Code seeks to extend the legal regime cannot be definitively answered (Karpoff, 2010). The better view is probably that it does not and that it is more appropriately viewed as an articulation of existing fiduciary duties (MacNeil, 2010).

The Code can be viewed as providing some clarification and expansion of the rather sparse legal framework that surrounds activism (Brown and Caylor, 2004). The focus of the law is on ensuring that a fiduciary exercises discretion in the interests of his constituent rather than on mandating that activism be undertaken in particular circumstances (Alves and Mendes, 2001). The Code recognizes the importance of the outcomes of activism for the formulation of an institution's guidelines on intervention (Ghayad, 2008). In that sense, the issue of the potential benefits that can be derived from activism is a central issue and one on which investors should have regard to evidence that extends beyond their own immediate experience: to that end, some recent empirical evidence is assessed in the following section (Lubatkin, Lane, Collin, and Very, 2005).

2.2.3 Intervention: nature and process

Both observation and measurement of shareholder activism is complicated by the fact that much of it takes place behind closed doors and that in many instances a public initiative is the outcome of a failed private dialogue between a company and shareholders (Karpoff, 2010). Public initiatives may be informal in that they may do no more than publicly contest the management's view of a particular issue (Guo, Kruse and Nobel, 2008). That represents an important and potentially powerful form of intervention at key points in a company's development, such as at the time of a strategic acquisition (Becht, Mayer, and Rossi, 2006). However, public

intervention with a longer-term objective or a broader focus, such as a change in strategy, is likely to take the form of a shareholder-sponsored resolution (Bengtsson, 2005). As already noted, such resolutions are binding in the UK (Alves and Mendes, 2001). While they are rare in the case of large listed companies, empirical studies agree that poorly performing companies are most likely to be the target of such resolutions (Kimber and Lipton, 2005). Moreover, it is not surprising that the relative ease with which directors can be removed in the results in resolutions with that objective being the most common form of public intervention (Brown and Caylor, 2004). Changes to the board of directors represent the most direct route to a change in strategy and while bidders (in a full takeover) (Kimber and Lipton, 2005) and providers of new finance are most likely to promote board change, there is also a significant role undertaken by activist investors, especially in smaller companies (MacNeil, 2010).

Alternative channels for contesting the view of the incumbent board on specific issues may also be relevant for understanding the nature of activism (The Economist, 2014). For example, the mandatory resolution on the directors' remuneration report provides an opportunity for investors to express dissatisfaction over remuneration policy (Karpoff, 2010). Recent experience has been that investors are increasingly willing either to withhold their vote or vote against the remuneration report. While that does not have a direct effect on the remuneration paid, it has been shown to have an important restraining effect on remuneration design even if not on quantum (Alves and Mendes, 2001). Moreover, although voting against board-sponsored resolutions on other issues remains rare, there have been recent instances indicating a more robust approach among investors (Witt, 2012). In that sense, shareholder-sponsored resolutions should not be viewed in isolation but as part of the broader public interaction between companies and shareholders that is represented by the voting process (MacNeil, 2010). According to Nadler and Schulman (2014) reasonable people will differ about the appointment of friends and family in high-level positions, but public officials should be aware that such choices can give the appearance of unfairness.

2.2.4 Constraints on activism

Although activism offers considerable potential to improve long-term value, it is widely recognized that there are both practical and legal constraints on the extent to which an activist stance can be adopted (Fahy, Roche and Weiner, 2004). The practical constraints relate primarily

to cost. In a system of dispersed shareholding such as the UK, activism typically involves substantial cost relative to the size of shareholding and since the benefits (if any) of activism will be shared with all shareholders, there is a classic ‘free rider’ problem (Brown and Caylor, 2004). The extent to which that represents a constraint will vary as between different types of investor, and some maybe more prepared than others to incur the cost of intervention in the expectation that it will generate ‘positive externalities’ by sending a message to other companies and thus act as a disciplinary mechanism that has the potential to improve portfolio value and not just firm value (Karpoff, 2010). Conflicts of interest between investment managers and portfolio companies have also been regarded as a potential constraint. Such conflicts can arise especially when the investment manager is a subsidiary of a bank or other financial institution which has a client relationship with the portfolio company that might be threatened by activism (Brown and Caylor, 2004). The Stewardship Code deals with the issue by requiring that institutional investors should have a robust policy on managing conflicts of interest and that this policy should be publicly disclosed (Strebel, 2011). Finally, diversification requirements may be a barrier to the acquisition of a shareholding sufficiently large to justify activism from a cost or relative-power (e.g. to call a general meeting) perspective—less so for hedge funds (MacNeil, 2010).

While the primary objective of the regime is to promote market integrity, it may have the effect of limiting activism by constraining the ability of an investor to deal in shares if the investor can be considered to have become an ‘insider’ as a result of an intervention (Brown and Caylor, 2004). In that sense, activism may have the (unintended) effect of eliminating the choice between ‘voice and exit’, at least for the duration of the intervention. However, the Financial Services Authority’s (FSA) recent clarification of the relevance of the market-abuse regime to shareholder engagement both casts doubt over the extent to which the market-abuse regime has operated as a constraint in the past and limits the extent to which it may do so in the future (Fahy, Roche and Weiner, 2004). On the first issue, the FSA noted that the firms that we have met do not consider that the market abuse regime is an impediment to their activist strategies. On the second point, the Financial Service Authority (FSA) made clear that affirm would not be committing market abuse if it carried out trading on the basis of its own intentions or knowledge of its own strategy.

Thus, buying shares in a company as a platform for intervention or re-structuring does not in itself represent market abuse.

Finally, the Stewardship Code itself constrains activism of the public type by creating a ladder according to which intervention should be escalated (Fahy, Roche and Weiner, 2004). According to that ladder, the first stage of intervention should be discussion with the company on confidential basis. If that process is not successful, there remain another four options that should be explored before the matter becomes public (MacNeil, 2010). They are:

- holding additional meetings with management specifically to discuss concerns;
- expressing concerns through the company's advisers;
- meeting with the Chairman, senior independent director or with all independent directors; and
- Intervening jointly with other institutions on particular issues.

Since this ladder for escalation formed part of the Stewardship Code in its former existence as the Institutional Shareholders Committee Code (which itself attempted to capture existing best practice), it seems clear that public intervention is the exception rather than the norm and that conclusions based on the potential value of such intervention cannot claim to represent the value of intervention as a whole (Karns,2011). However, since public interventions by definition represent the most serious forms of disagreement between shareholders and boards of portfolio companies, they do merit special attention in terms of their characteristics and outcomes, especially from the perspective of determining whether an 'investor protection' response is appropriate to resolve a 'systemic' problem that is commonly encountered in such interventions (MacNeil, 2010).

2.3 STEWARDSHIP

According to Sarkar and Sarkar, (2007) a lot of research has been done on the topic of leadership, the development of a comprehensible, empirically testable theoretical framework that systematically addresses social responsibility concerns surrounding the context of firm leadership behaviors has progressed rather slowly. Brown and Caylor (2004) highlighted that industry programs such as global leadership emphasizes the essential need for corporations to balance for local and global needs, as well as operate cross-divisionally, cross-functionally and

cross-culturally around the world. Academic theory according to Davis, Shoorman, & Donaldson (1997) and Donaldson & Davis (1991) has continued limited to a few general standards of ethical leadership, and one more specific theory of stewardship. The theory broadly argues according to Turker, Toker and Altuntas (2013) that the role of a leader is to model behaviors that place the long-standing best interests of the business and its stakeholders ahead of their individual interest.

Mullerat and Brennan (2005) postulates that the theory on stewardship has persisted limited in its predictive ability. According to Sarkar and Sarkar (2007) most comprehensions from these scholarships have been appropriate primarily to corporate governance research. The research according to Martin, (2006) bearing on organizational-level consequences than on firm behavior exploration, which account for the psychological foundation of singular action within organisations. Accordingly, Haynes, Murray and Dillard, (2013) indicated that, the need to develop a theoretically grounded, cohesive, empirically testable paradigm of stewardship surrounded by the field of organizational behavior, and in particular, a clear the study of leadership. According to Turker, Toker and Altuntas (2013) that principal-agent dichotomy is where the concept of stewardship in the literature has been traditionally grounded. Mullerat and Brennan (2005) noted that a steward of the firm is an individual who demonstrates an obligation to the paramount interests of the firm, while an agent, whose interests may problems with the principals and the firm. Sarkar and Sarkar, (2007) highlighted that the emphasis of this conceptualization is on providing concern to the rights and needs of employees, as well as making decisions and taking actions that serve the interests of the stakeholders over the personal interests of the organizational actor. According to Haynes, Murray and Dillard (2013) a contemporary development of this classification is the inclusion of other stakeholders' interests beyond stockholder benefit.

Therefore, Bainbridge (2011) noted that a steward is one who grows above the level of an agent and is committed to the wellbeing of all stakeholders. In this way, Haynes, Murray and Dillard (2013) indicated that the notion of stewardship has changed to incorporate a deep obligation to uphold the fiduciary commitments to institutional interests, as well as a non-fiduciary, but still moral obligation to other stakeholders affected by firm activities. Turker, Toker and Altuntas (2013) noted that it is imperative to highlight that the fiduciary obligations to stakeholders are

suggested to go beyond short-range profit and be subject to moral criteria in their accomplishment. As it applies to leadership, Tricker and Tricker, (2012) postulated that stewardship encompasses the commitment of leaders to protect the well-being of all investors by modeling behaviors that place the longstanding best interests of the business and its stakeholders ahead of their self-interest and the interests of any single group. Therefore, Bainbridge (2011) stewardship is defined as the behaviors and attitudes that position the long-standing best interests of a group in front of individual goals that serve an personal self-interests. It exists to the extent that leaders take individual responsibility for wield organizational power and organizational actions in the provision of wide-ranging stakeholder welfare. Haynes, Murray and Dillard (2013) added that the issue of equilibrium is a key part of captivating personal responsibility; in working toward communal welfare, leaders aim to balance their obligations to stakeholders inside and outside the firm while maintenance a broader obligation to social and universal moral norms. Donaldson & Davis (1991) asserts that it is difficult for stewardship to be created through formal rules but can be expedited through firm`s structures that assist leaders create motivational, relational and contextual support for their followers, which in turn, emboldens followers to performance morally courageous in service of the firm or business. Bainbridge (2011) it is anticipated that stewardship behavior is fashioned through social relations between leader and follower(s) that outspread through generations.

2.4 THEORETICAL FRAMEWORK

The aim of presenting a descriptive behavioral science model of stewardship is to investigate the predictors of stewardship behaviors. In the model presented here, relational support, contextual support, and motivational support are identified as three factors that influence stewardship through a mediating factor, moral courage (see Figure2.1).

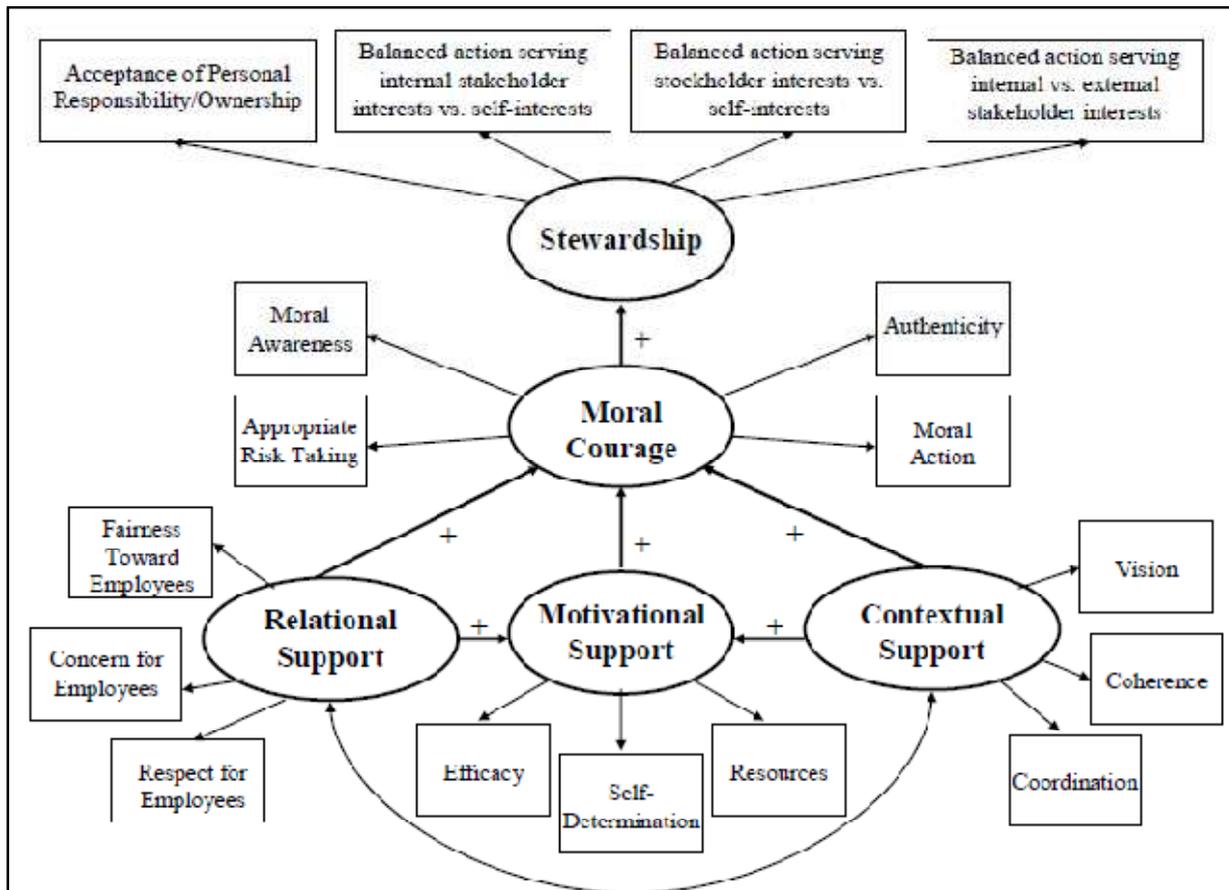


Figure 2. 1 Proposed Model of Stewardship

2.4.1 Relational Support

According to Kana (2009) the interpersonal relationship builds a basis of mutual trust among the leader and follower through relational leadership behaviors, which demonstrate respect, fairness and concern for the follower. According to Sitkin, Lind, and Long’s (2005) relational support is founded on paradigm of “Relational Leadership”. Brown and Caylor (2004) noted that these leadership behaviors disclose a constructive relationship between the leader and the follower, allowing the leader to form a reputation for trustworthiness.

According to Fahy, Roche and Weiner (2004) trust basically involves a willingness to be susceptible under conditions of interdependence and uncertainty. Trust within the leader-follower interpersonal relationship develops over time according to Tricker and Tricker (2012). Smolo and Smajic (2011) indicated that it is entrenched in the follower’s dependability and reliability judgments of the leader that are derivative through repeated relations with the

follower. Jain and Kedia (2011) expressed that the basis for this continuing phenomenon is grounded in individual's need to fit to a group. The implication is that individuals tend to look beyond an inaccessible outcome to search for evidence proposing whether, in the long term, they will benefit from members of the group (MacNeil, 2010). Therefore, Clifford (2007) noted that the trust shared in interpersonal interactions among leaders and followers serve a significant role in determining the follower's perception of group membership.

According to Brown and Caylor (2004) the model of trust basic to stewardship thrusts further than short-lived self-interest to long-term group value concerns and identity. A dynamic perspective of trust according to Tricker and Tricker (2012) is postulated in the stewardship model where continuing experiences can heighten interdependence, attachments based on reciprocated interpersonal care and concern. Brown and Caylor (2004) also noted that potentially strengthen undesirable beliefs. Haynes, Murray and Dillard (2013) noted that abuses to this trust may intensely damage a follower's fundamental confidence in the give-and-take nature of the exchange relationship amid themselves and a leader that was at one point based on the undertakings implied or made in their relations. Robinson & Rousseau (1994) reiterated that, "the consequences of violating this "psychological contract" can lead to feelings of injustice, deception or betrayal among followers and subsequently progress into harmful effects on follower's trust in the leader, performance and behavior (Yin, 1994).

2.4.2 Contextual Support

According to Haynes, Murray and Dillard (2013) the institutional relationship is fashioned through contextual support and it is grounded on the Contextual support is established on Sitkin et al.'s (2005) concept of "Contextual Leadership". Jain and Kedia (2011) highlighted that contextual support for followers is created by leaders by promoting a clear vision, and creating a sense of coordination and coherence between, procedures, structures, policies of governance. In fostering coherence and coordination, Huse (2008) noted that the contextual leader make simpler the context, which provides a broad direction for their followers. This leadership behavior will in turn create a sense of belonging and pride to the greater institutional environment (Cadbury, 2000).

The two sub-categories identified by Hendry, Barker and Roberts (2004) are coordination and coherence. Kana (2009) indicated that some powerful threats to trust can be removed by engagements that contribute to work coherence by constructing a shared understanding of the issues and goals that are likely to decrease the possibility of misunderstandings. Brown and Klein and Zur (2006), indicated that procedures, rules and practices assist in coordination that demarcate accountability and “facilitate hand-offs and joint work efforts which necessitate trust”. Together these two sets of context-creating actions have a favorable impact on the development of trust in the leader (Kana, 2009).

MacAvoy and Millstein (2003) add as a necessary component to contextual support: a communication of the broader mission. Millstein (2001) noted that the recognition of the goals of the firm is a necessary factor in building developing a follower commitment to the business. This commitment reinforces the followers’ feelings of community within the institutional environment. Stewardship theorists Donaldson & Davis (1997) support this notion, proclaiming that the leader’s role in creating stewardship outcomes is to provide consistent and clear role expectations in the provision of the organizational mission.

2.4.3 Motivational Support

According to Paetzold (2010) leaders who nurture and create motivational support in followers do so by assisting followers gain self-efficacy particular to work; that is, the follower’s confidence in their competence to accomplish work activities with skill. Tricker and Tricker (2012) highlighted that these leaders also impart self-determination, which constructs in followers a sense of choice in regulating and initiating their own actions and reflects independence over the continuation and initiation of work processes and behavior (Organisation for Economic Co-operation and Development (OECD), 2004), that involve making decisions about work pace, methods and effort. By fostering self-determination and efficacy, and resources necessary to complete tasks, leaders generate motivational support for their followers (Guo, Kruse and Nobel, 2008).

According to Huse (2008) self-efficacy is an important notion to motivational support; it controls individual choices, goals, persistence and coping emotional reactions. Bebhuk and Cohen (2005) defined as the confidence in individual’s capabilities to start and successfully convey specified jobs at designated levels, persevere in the face of adversity, and expend greater effort,

self-efficacy can alter as a result of learning, feedback and experience. Kimber and Lipton (2005) noted that behavior, cognition and the environment all affect each other in a dynamic fashion. Motivational support is conceptualized here as enabling or enhancing personal efficacy (Boyson, and Mooradian, 2007).

Huse (2008) highlighted that socially responsible leadership draws from a solid foundation of partnership, rather than control to promote both the belief in the desire and the capability to achieve the job at hand. The literature from Friedman and Miles (2006) supports the notion that leaders leverage both institutional and interpersonal relationships to inspire their followers. This motivational support according to Hopt and Leyens, (2004), to smooth the progress of self-governing action in service of the organizational cause.

Karpoff (2010) noted that stewardship theorists have proclaimed a direct relation from builds conceptualized in the research as relational support, which exemplify a high obligation management philosophy, to motivational support. An involvement-oriented approach according to Strikwerda (2003) relies a great deal on interpersonal trust between leader and follower allowing the self-management and self control of the follower.

2.4.4 Moral Courage

According to Mallin (2009) moral courage is defined as risky action in provision of upholding personal moral standards and principles. Building on Tricker and Tricker (2012) definition of courage the following five conditions for moral courage can be deduced: (1) The situation reminds a consideration of one's personal values; (2) free choice is involved in taking accomplishment in response to the situation (Baxter and Jack, 2008); (3) individual and/or expert risk is related with taking action (Tricker, 2009); (4) the threat has been sufficiently appraised (Karns, 2011); and (5) the action is in line with the person's moral standards (Witt, 2012). Accordingly, MacCarthaigh (2009) noted that moral courage involves a individual responsibility to take into account one's individual values within a wider social context when in view of risky behavior. According to Mallin (2006) leaders generate morally courageous behavior by fostering contextual, motivational and relational support in followers. Admati and Pfleiderer (2005) moral courage in followers is displayed to the extent that they demonstrate a moral awareness, propensity toward moral action (Yaacob, Jaya and Hamzah, 2012), applicably take risk by

appreciating what is at risk both professionally and personally, and genuinely inform their values through their engagements.

2.5 POWER IN THE ORGANIZATION: THE IMPORTANCE OF OWNERSHIP

According to Maher and Andersson (1999) a central part of this definition is the issue of individual ownership or responsibility; stewardship can only exist if there is personal accountability for organizational actions. Boeger, Murray, and Villiers, (2008) noted that this is an imperative issue bearing in mind the power leaders have to apply the immense social influence of firms in modern society. Brav, Partnoy and Thomas (2006) noted that the issue of power has been discussed systematically in the stewardship literature through its comparison of agency theory and stewardship theory. The focus of this continuing analysis is on the use or foundation of power by those in the business (Clarke, 2007). According to Haynes, Murray and Dillard (2013) principal-agent relations, control is likely to be sustained through use of institutional power to come up with the desired levels of coercion and influence over rewards, while in converse principal-steward relationships, individual power is more likely to be used. Tricker (2009) noted that personal power exploits influence derived from perceived capability where entities identify with each other. According to Aras and Crowther, (2009) the institutional-personal power dichotomy is further expounded upon through the idea of ownership . Tricker and Tricker (2012) indicated that ownership represents a source of power that can be utilized to either oppose or support management depending on how it is concentrated and used. Agency theorists have long argued that differences in ownership structure are vital to understanding the outcomes and the resolution of principal-agent problems in present corporations such as Lehman (Budiman, Lin and Singham, 2009) .

The benefits of psychological ownership have been shown to include quality, productivity, attitudes, turnover and positive relations (Lehman, 2005) while the result of increased levels of management ownership through institutional power sources have been shown to decrease the levels of research and development (R&D) (Boyson and Mooradian, 2007) and, in turn, reduction the longrun worth of a firm (Tricker and Tricker, 2012). Consequently, Boeger, Murray, and Villiers (2008) noted that creating personal power in followers rather than prolonging

institutional control may be the more effective leadership strategy for the long-standing success and wellbeing of the organization.

2.6 CONCEPTUAL FRAMEWORK

According to Svinicki (2010) a conceptual framework is an analytical tool with several variations and contexts. It is used to make conceptual distinctions and organize ideas. Strong conceptual frameworks capture something real and do this in a way that is easy to remember and apply. Figure 2.2 is a conceptual framework that was developed and informed by the literature.

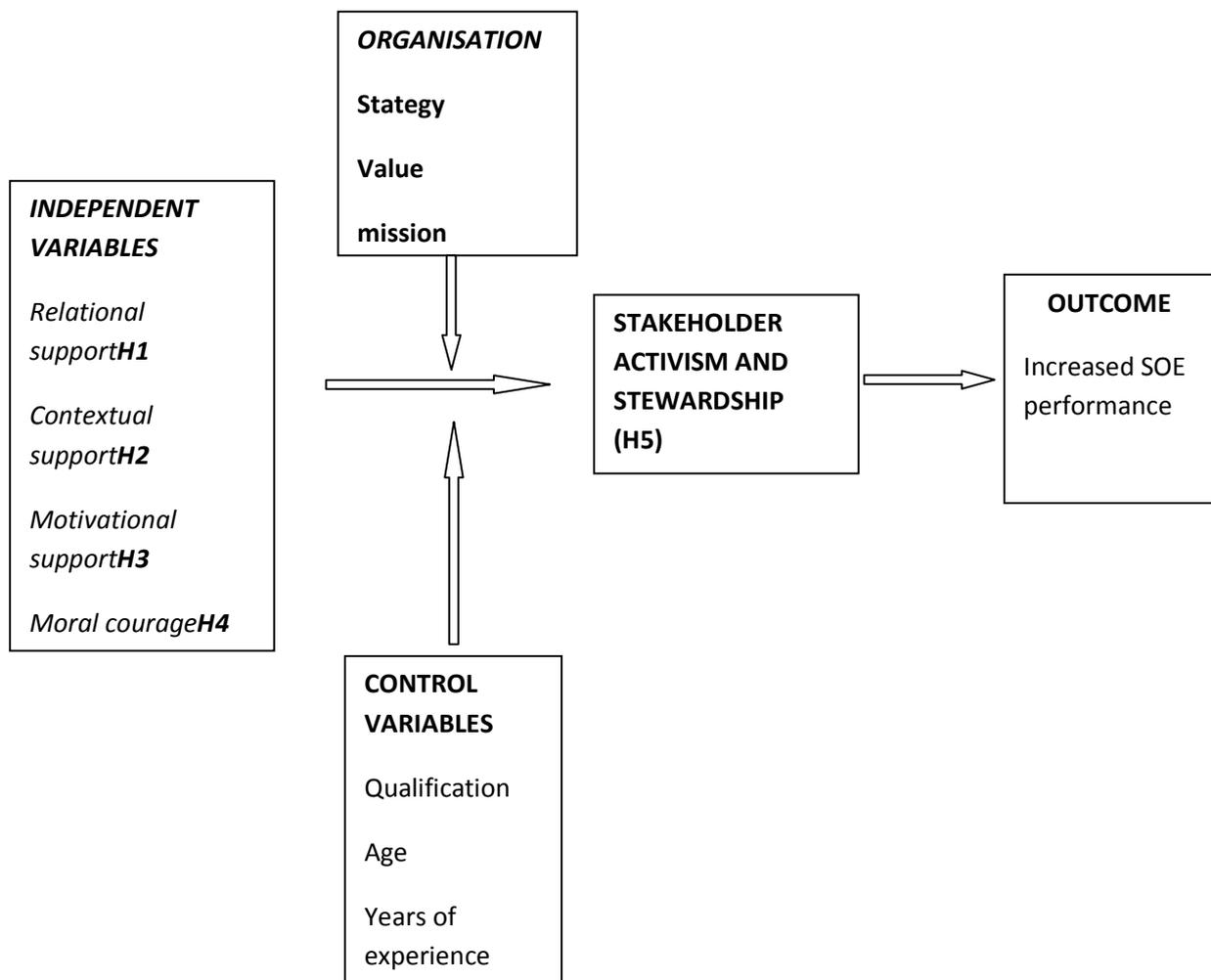


Figure 2. 2 Conceptual framework shareholder activism and stewardship.

Source: Researcher's own

Figure 2.2 highlights the following:

- I. Relational support will directly and positively influence shareholder activism and stewardship in SOEs in Zimbabwe.
- II. Contextual support will directly and positively influence shareholder activism and stewardship in SOEs in Zimbabwe.
- III. Motivational support will directly and positively influence shareholder activism and stewardship in SOEs in Zimbabwe.
- IV. Moral courage will positively influence the effects of relational support, contextual support, and motivational support on shareholder activism and stewardship in SOEs in Zimbabwe.

2.7 CHAPTER SUMMARY

This chapter looked at the literature review of the research area under study. Secondary research was collected from different authors who have done research on the area of on shareholder activism and stewardship in SOEs in Zimbabwe. The researcher started by defining shareholder activism and stewardship and explained the key facets behind the concepts. The researcher then reviewed a theoretical framework that can be able to provide solutions to shareholder activism and stewardship in SOEs in Zimbabwe. This theoretical framework looked at issues such as relational support, contextual support, motivational support and moral courage as variables that can be used to drive shareholder activism and stewardship for SOEs to achieve desired results. The next chapter will be methodology that will assess strategies of how to acquire primary data from the research respondents.

CHAPTER THREE:RESEARCH METHODOLOGY

3.1 INTRODUCTION

The preceding chapter reviewed the literature available on the subject of stewardship and shareholder activism and sustainable competitive advantage. This chapter is going to dwell on the research methodology which will tackle issues of the research philosophies available and which one the researcher believes in. The population, sampling as well as research instruments are also covered in this chapter.

3.2 RECAPITULATION OF STATEMENT OF THE PROBLEM AND RESEARCH OBJECTIVES

As was stated in Chapter 1, the core objective of the study is to analysis the effectiveness of shareholder activism and stewardship in the performance of Zimbabwe`s State Owned Enterprises.

3.2.1 RECAPITULATION OF STATEMENT OF THE PROBLEM

Poor performance by SOE in Zimbabwe has aroused activism from shareholders as their interest and resources were abused (Zhou and Masunungure, 2006). Not much has been done to ensure that the boards of state enterprises have the correct mix of experience, skills and competencies and this remains a central to the performance of the enterprises. Interviews suggest that chairpersons of boards will normally have regular contact with ministers, and ministers may on occasion attend board meetings or an AGM. The management in the SOEs is operating under inflexible laws that are making it difficult to operate thereby focusing on the employment contracts and awarding themselves hefty salaries at the expense of performance i.e. PSMAS \$230 000 per month and ZBC \$40 000 per month. These SOE`s have been experiencing serious losses as a result of the poor shareholder activism and stewardship. The highest amount of loss as recorded was from Air Zimbabwe that recorded a loss of \$14.6million dollars and inter parastal debt stands at \$600 million as at December 2012 (The Zimbabwean,2014). The government being the major shareholder has done enough to ensure that the loss making SOEs are operating to remain viable in the current global environment. If the problems of shareholder activism and stewardship are not resolved in SOEs, the nation is bound to lose resources to individual and closure of operations.

3.2.2 RECAPITULATION OF RESEARCH HYPOTHESIS

The research is based on the hypotheses which are as follows:

Hypothesis 1: Relational support a positive relationship to successful shareholder activism and stewardship in SOEs in Zimbabwe.

Hypothesis 2: Contextual support has a positive relationship to successful shareholder activism and stewardship in SOEs in Zimbabwe.

Hypothesis 3: Motivational support has a positive relationship to successful shareholder activism and stewardship in SOEs in Zimbabwe.

Hypothesis 4: Moral courage has a positive relationship to successful shareholder activism and stewardship in SOEs in Zimbabwe.

3.3 METHODOLOGY FRAMEWORK

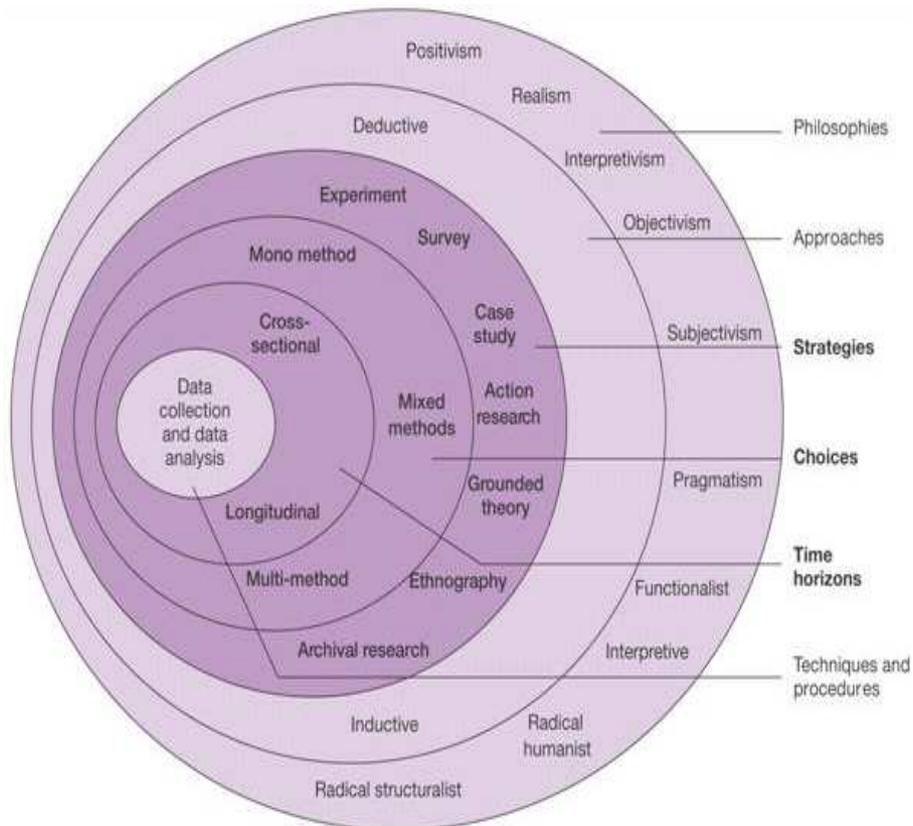


Figure 3.1 Research onion framework

Source: Saunders (2009).

The researcher adopted the research onion framework which is made up of six layers which are: philosophies, approaches, strategies, choices, time horizons, procedures and techniques.

3.4 RESEARCH PHILOSOPHY

3.4.1 Positivism

The philosophy argues that one should be able to explain phenomena in terms of what causes the behaviour that we observe. Van De Ven (2007) describe positivism as working with observable social reality. Keleman and Rumens (2008) say that positivism is the view that the methodology of natural sciences can be applied to understanding and improving human lives. Knowledge is absolute which is why there is hypothesis testing in order to establish whether a certain body of knowledge is true or false (Baker, 2005). Eriksson and Kovalainen (2008) say that positivism entails objectivism and assumes that the social world exists independently of people and their actions and activities.

3.4.2 Interpretivism

This ideology focuses on the social process and how individuals shape and give meaning to the social world. Understanding and interpreting these meanings underpins interpretivism methodology (Lee and Lings, 2008). The interpretivism paradigm argues that the social world of business and management is far too complex to lend itself to theorizing by definite “laws” in the same way as natural sciences (Van De Ven, 2007). Interpretivism favours methods that produce data that is rich in insight, understanding, explanation and depth of information, but which cannot be justified statistically. Eriksson and Kovalainen (2008) add that this is also called subjectivism and views reality as being socially constructed.

3.4.3 Realism

Sekaran (2000) have advanced the fact that realism is based on the belief that reality exists that is independent of human thoughts and beliefs. Marsh (2012) is also of the view that realism is based on the assumption that the world can be observed, and that you can separate the research

from the subject, hence concludes that realism emphasises on observation. Silverman (2005) further explains that the ontological debate between realism assumes that the business world exists independently of an individual's appreciation of it whilst nominalism assumes that the business world is external to individual cognition and is made up of nothing more than, concepts and labels which are structure reality (Yin, 1994).

This study made use of the quantitative (positivism) approach as the data to be collected was largely quantitative. According to Cooper and Schindler (2012) qualitative research is regarded as a precursor to quantitative research, in that it is often used to generate possible leads and ideas that can be used to formulate a realistic and testable hypothesis. These hypotheses created by the researcher was comprehensively tested and statistically analysed, with standard quantitative research methods. The researcher adopted a positivism approach to explain the cause and effect relationship between the SOEs and shareholder activism and stewardship. Hypothesis were developed to identify the problems the organisations were facing. The results were used to draw conclusions and recommendations for the research.

3.5 RESEARCH APPROACHES

The extent to which the researcher is clear about the theory at the beginning of his/her research culminates into the way the researcher decides on which approach to use. The researcher has option to use either the deductive approach, in which to develop a theory and hypothesis and design a research strategy to test the hypothesis (Sekaran, 2000). The alternative is to use the inductive approach in which data is collected and then the researcher reasons from the evidence found in the data and infer on the population (Cooper and Schindler, 2004).

Having adopted a positivist philosophy, a deductive method was used in the research as it involved the development of a hypothesis that is subjected to a rigorous test. It emphasised on the need to explain casual relationships between variables such as Relational support, Conceptual support, Motivational support and moral courage. According to Sekaran (2005) this concept needs to be operationalised in a way that enables facts to be measured quantitatively and aspects of generalisation are well pronounced.

The researcher used the deductive approach which is well suited to the nature of the study wherein data was collected and analysed and then conclusions drawn based on the data and analysis.

3.6 RESEARCH STRATEGIES

The next important layer in the research onion is research strategy. There are various strategies that researchers adopt for a particular research study. In Saunders' research onion various research strategies are explained. Some of the strategies are experiment, survey, action research, case study, grounded theory, ethnography and archival research (Saunders, Lewis and Thomhil, 2007).

Experimental research is mainly used for the research in physical sciences. It is used to identify the cause effect relationships and verifying inferences. The main features of this technique are isolation of factors, replication of experiment, and quantitative measurement of results (Sharavanavel, 2006).

According to Saunders, Lewis and Thomhil (2007) survey research studies large and small populations by selecting and studying samples chosen from the populations to discover the relative incidence, distribution and interrelations of sociological and psychological variables. This research is mainly used to investigate social and psychological factors.

Case study is a comprehensive study of a social unit. Here the subject of the study is a person, group, or a social institution. In this research the context is analysed in detail. Real life situations in real life context is analysed and studied (Sharavanavel, 2006).

Action research is a study associated with a particular project and problem (Coghlan and Brannick, 2009). Action research is concerned with actual life. It studies the 'what', 'how', and 'why' of actual life. In short it is an attempt to understand the present issues and a help to predict the future changes (Jonker and Pennink, 2009).

In this study the researcher used survey research strategy. The survey was appropriate the researcher to select the respondents from the large number of respondents from the different SOEs in Zimbabwe. The research strategy enabled the researcher to use the questionnaire to

reach out to the respondents who were situated in different geographical locations.

3.8 TIME HORIZON

The researcher used cross sectional time horizon in gathering data for the research.

3.9 STUDY POPULATION

A population refers to all the observations of a random variable under study (Saunders, Lewis and Thornhill (2009). The author further explains that the population is also defined as including only those sampling units that fit the problem. Cooper and Schindler (2005) agree indicating that it is the total collection of elements that a researcher would want to make some inferences on. This study's population is made up of all senior and middle managers at SOEs based in Harare. The population is chosen as these are the people who make decisions regarding resources and their deployment. The researcher used top management employees as a unit of analysis and selected top executive members from each organisation from the 58 SOEs operating in Zimbabwe. The study population used for the research was 312 executives in SOEs in Zimbabwe.

Table 3. 1 Study Population

<i>Category</i>	Population Number
<i>State owned Enterprises</i>	312
<i>Total</i>	312

Own source

3.10 SAMPLING

Saunders, Lewis and Thornhill (2009) indicated that only a subset of the population is observable or measurable if it is not possible to observe every member of the population. The reasons offered by the author include cost, time and unit destruction. The idea of sampling is to enable the researcher to then infer the results from the sample to the whole population (Cooper and Schindler, 2004). Due to the small size of the population, the researcher proposes to do a census which will include mailing the chosen research instrument to all the elements in the population.

Simple random sampling was used to select the 2 respondents from the different SOE organisations. The SOEs include Grain Marketing Board (GMB), Agribank, Agricultural and Rural Development Authority (ARDA), National Railways of Zimbabwe (NRZ), Zimbabwe Electricity Supply Authority (ZESA), Noczim, Ziscosteel, Cold Storage Commission.

Table 3. 2 Study Sample

<i>Category</i>	Research Sample
<i>Managerial employees</i>	116
<i>Total</i>	116

Own source

3.12 DATA COLLECTION

3.12.1 Primary Data

Primary data is data that is derived through a formalised research for a specific problem (Carsrud and Brännback, 2014). Primary data are sought for their truth and control over error (Cooper and Schindler, 2005).

3.12.2 Secondary Data

According to Cooper and Schindler (2005) secondary data is data that would have had at least one level of interpretation between an event and its recording. With secondary data, a researcher only needs to locate it and reinterpret it to make it applicable to the current problem (Carsrud and Brännback, 2014).

This study made use of mostly primary data and secondary data which is collected for the problem at hand. The researcher used primary data when data was collected through questionnaires from the respondents. It is difficult for the researcher to apply secondary information to the current problem because of how that data may have been assembled or the reasons for its collection (Carsrud and Brännback, 2014). The secondary data was gathered from different authors who had contributed on the issue of shareholder activism and stewardship. This information was vital to come up with solutions for SOEs in Zimbabwe.

3.12.3 Research Instrument

The study will make use of the questionnaire as a research instrument. The questionnaire is chosen for a number of reasons. Firstly, using a questionnaire will bring versatility as it can be used to get data relative to most problems (Kei, 2010). Secondly, a questionnaire is cheaper and faster than other instruments as they will be provided to a number of people simultaneously and the researcher has got more control over the data gathering activities than with other instruments (Babbie, 2004). Thirdly, questionnaires allow respondents more time to consider their responses before answering (Carsrud and Brännback, 2014). Fourthly, there is uniformity in that each respondent will be given a similar set of questions (Saunders, Lewis and Thornhill, 2009). Fifthly, the questionnaire can address a number of issues of concern in an efficient manner (Saunders, Lewis and Thornhill, 2000). Sixthly, questionnaires allow for anonymity of respondents which may lead to an increased response rate (Saunders, Lewis and Thornhill, 2007).

The questions were derived through the variables that were indicated in the conceptual framework of the research on SOEs and stewardship and shareholder activism. The researcher used secondary data to derive questions that could be answered by the respondents in the research. The questions were Lickert scaled to ensure quick responses to the questions. This made it easier for the researcher to analyse and come up with recommendations and conclusions.

3.12.3 Pilot test of the questionnaire

After the questionnaire was developed the questionnaire was pretested. Pretest was done to ensure that there was no bias from the study population. This was done to ensure that the questions could be verified if they were answering the research questions. The irrelevant information was removed and a final version of the questionnaire was developed. Some questions were removed because they were not well phrased and they were confusing participants during the pilot test. The respondents that participated in the pretest were excluded from respondents that were selected in the final sample.

3.13 DATA PROCESSING, ANALYSIS AND PRESENTATION

Van De Ven (2007, p.373) “data analysis is essential for understanding results from surveys, administrative sources and pilot studies; for providing information on data gaps; for designing

and redesigning surveys; for planning new statistical activities; and for formulating quality objectives.” The researcher organized checked if all questionnaires were well-answered. The data was presented in tabular form and graphs with frequencies and percentages for classifications of responses, easier analysis and visual impression. The researcher used Statistical Package for Social Sciences (SPSS) to analyze the relationship between the variables under study. The researcher used Spearman`s Rank Correlation coefficients to assess the strength and direction of dimensions that lead to a shareholder activism and stewardship.

3.14 VALIDITY

The researcher had to use findings from other researchers on shareholder activism and stewardship to achieve performance in SOEs. Variables of shareholder activism and stewardship were selected and they were assessed on the organisation that was selected for the research.

The questionnaires were administered in various SOEs in Zimbabwe. The researcher approached the senior executives of the organisations as sampled. This ensured validity as a way to attain credible data on stewardship and shareholder activism. The researcher self administered the questionnaire to ensure that the response rate was high. In other areas the researcher left the questionnaires and collected them a day after they were completed.

The researcher pre-tested was done on the questionnaires before administering them. The pre-test was done with six respondents. This consisted of ten respondents from the SOE institutions. This was done to reveal and rectify out ambiguities. As Minichielle et al. (2008) claim designing appropriate and insightful questions, for research purposes, is much more difficult than many of us realize.

As another way to overcome issues of validity, large samples are used by the researcher to collect data from senior managers in SOEs in Zimbabwe. The data can be obtained from different sources and then triangulated to come up with a research on stewardship and shareholder activism in SOEs in Zimbabwe.

3.15 RELIABILITY

To ensure reliability the research questionnaire was pretested before being administered to the final respondents for data collection. To ensure that respondents did not have any problems answering, the questions asked were assessed and they were restructured. The researcher triangulated the data sources using both primary and secondary data source. This was done to verify the primary data that was collected from the respondents. The researcher also calculated the reliability test using Cronbach's Alpha value to check if the values whether the results were consistent.

3.17 ETHICAL CONSIDERATIONS

The researcher exercised ethical responsibility when conducting the research. The following considerations were accounted for:-

- i) The researcher used the information that was gathered from the respondents for academic consideration.
- ii) The information was kept with high confidentiality as a moral obligation to the respondents.
- iii) The researcher did not disclose any names of the participants of the research.
- iv) The researcher also sought approval from the relevant authorities to carry out the research.

3.18 CONCLUSION

The Methodology looked at how the study was conducted. It explains the research approach, research design, sources of data, methods of data collection and analytical procedures used. The next chapter will focus on the results and analysis.

CHAPTER FOUR :DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 INTRODUCTION

This chapter presents a description of the findings and analysis of the research on a concept by concept basis. Findings are analysed in relation to the aim and objectives of the study set out at the onset of the study. As set out in chapter three, a questionnaire was used to solicit for information from the respondents. Collected data was analysed through the manipulation of the Statistical Package for Social Scientists (SPSS) version 20.0.

4.2 DESCRIPTIVE ANALYSIS OF DATA

4.2.1 DEMOGRAPHICS

4.2.1.1 What is the level of your position in your organization?

Table 4. 1Position level in your organization.

		Position			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Management	111	100.0	100.0	100.0

The data suggests that the respondents who responded from different SOEs were in the management level. It can therefore be assumed that the respondents had arguably knowledge of the issues concerning stewardship and shareholder activism.

4.2.1.2 How long have you been with this organization?

Table 4.2 2 Length of service

		Experience			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 5 years	36	32.4	32.4	32.4
	5-less than 10 years	56	50.5	50.5	82.9
	10-less than 15 years	19	17.1	17.1	100.0
	Total	111	100.0	100.0	

The statistics above show that 32.4% of the respondents had less than 5 years with the organisation. About 50.5% had more than 5 years but less than 10 years with their organisations while 17.1% had more than 10 years but less than 15 years. The data suggests that the respondents had been with the organisation for a reasonably long period and had experience to respond to the issues concerning stewardship and shareholder activism.

4.2.1.3 What is your level of education?

Table 4. 3 Educational qualifications

Education				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma level	17	15.3	15.3
	Bachelors degree	55	49.5	64.9
	Masters and above	39	35.1	100.0
	Total	111	100.0	100.0

Table 4.3 show that 15.3% had Diplomas , 49.5% of respondents had bachelors degrees while 35.1% had masters degrees and above. The statistics suggest that the level of education of the respondents was good enough for them to understand the subject matter under study.

4.2.1.4 Strategy of our organisation

Table 4. 4 Awareness of strategy

Strategy				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	76	68.5	68.5
	No	35	31.5	100.0
	Total	111	100.0	100.0

Table 4.4 seek to assess if respondents were aware of the strategy of their organisation. The statistics indicate that 68.5% were aware of the strategy of the organisation, while 31.5% were not aware. The results suggest that the respondents were aware of the strategy of the organisation they were working for.

4.2.1.5 Values of our organisation.

Table 4. 5Awareness oforganizational values.

		Values			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	68	61.3	61.3	61.3
	No	34	30.6	30.6	91.9
	Not sure	9	8.1	8.1	100.0
	Total	111	100.0	100.0	

Table 4.5 shows that 61.3% of the respondents were aware of the values of the organisation. About 30.9% were not aware of the values, while 8.1% were not sure. This shows that the respondents had know-how of the values of the SOEs they were operating in. This indicated that the organisations have values they upheld in their operations.

4.2.1.6 Mission of our organisation

Table 4. 6Awareness of mission statement

		Mission			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	67	60.4	60.4	60.4
	No	33	29.7	29.7	90.1
	Not sure	11	9.9	9.9	100.0
	Total	111	100.0	100.0	

Table 4.6 seeks to assess if the respondents were aware of the mission of their organisations. About 60.3% were aware of the mission of the organisation, 29.7% were not aware while 9.9% were not sure. The statistics show that the respondents were aware of the mission of the organisation.

4.2.2 DESCRIPTIVE ANALYSIS SHAREHOLDER ACTIVISM

4.2.2.1 Shareholder activism provides a form of intervention to address performance or governance issues either through initiatives undertaken ‘behind the scenes’

Table 4. 7 Intervention to address performance or governance issues.

		Activism			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	8	7.2	7.2	7.2
	Disagree	44	39.6	39.6	46.8
	Neutral	19	17.1	17.1	64.0
	Agree	36	32.4	32.4	96.4
	Strongly Agree	4	3.6	3.6	100.0
	Total	111	100.0	100.0	

Table 4.7 assessed the extent to which shareholder activism provides a form of intervention to address performance or governance issues either through initiatives undertaken ‘behind the scenes’.The data shows that 7.2% strongly disagreed, 39.6% disagreed ,17.1% were neutral, 32.4% agreed while 3.6% strongly agreed.The results showed that shareholder activism did not provide interventions to address performance in SOEs in Zimbabwe.The results might suggest that it could be that not many people in the organisation are knowledgeable about the concept of shareholder activism.

4.2.2.2 Conflicts of interest between investment managers and portfolio companies have also been regarded as a potential constraint.

Table 4. 8 Conflicts of interest between investment managers and portfolio companies

Conflicts

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	5	4.5	4.5	4.5
Disagree	30	27.0	27.0	31.5
Neutral	18	16.2	16.2	47.7
Agree	50	45.0	45.0	92.8
Strongly Agree	8	7.2	7.2	100.0
Total	111	100.0	100.0	

Table 4.8 assessed the extent to which conflicts of interest between investment managers and portfolio companies have also been regarded as a potential constraint. The data shows that 4.5% strongly disagreed, 27.0% disagreed, 16.2% were neutral, 45.0% agreed while 7.2% strongly agreed. This statistics suggests that there is conflict of interests between investment managers and portfolio companies and that was creating some constraints in the SOEs. These conflict of interest lead to managers in SOEs to mismanage organizational funds for their own benefit.

4.2.2.3 Favouritism in appointment/reappointment Directors of the company is affecting shareholder activism in our organisation.

Table 4.9 Favouritism in appointment/reappointment directors

Favoritism				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	5	4.5	4.5	4.5
Disagree	15	13.5	13.5	18.0
Neutral	34	30.6	30.6	48.6
Agree	47	42.3	42.3	91.0
Strongly Agree	10	9.0	9.0	100.0
Total	111	100.0	100.0	

Table 4.9 assessed the extent to which there is favouritism in appointment/reappointment directors of the company. The data shows that 4.5% strongly disagreed, 13.5% disagreed, 30.6% were neutral, 42.3% agreed while 9.0% strongly agreed. This indicates that there is favouritism in appointment or even reappointment of directors in SOEs and that was affecting shareholder

activism. Some of the directors emanate from different backgrounds that do not add value to the SOEs thus this was also affecting the direction the organizations are going.

4.2.2.4 Excessive Compensation packages to directors is affecting shareholder activism in our organisation.

Table 4. 10 Excessive Compensation packages to directors

		Packages			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	8	7.2	7.2	7.2
	Disagree	14	12.6	12.6	19.8
	Neutral	25	22.5	22.5	42.3
	Agree	41	36.9	36.9	79.3
	Strongly Agree	23	20.7	20.7	100.0
	Total	111	100.0	100.0	

Table 4.10 assessed the extent to which excessive compensation packages to directors is affecting shareholder activism in our organisation. The data shows that 7.2% strongly disagreed, 12.6% disagreed, 22.5% were neutral, 36.9% agreed while 20.7% strongly agreed. The results suggest that the directors were receiving excessive compensation packages and this had a negative reflection on shareholder activism. This tends to affect the moral of the employees in the system and that has a reciprocal negative effect on the performance of the organization, considering also that the salary levels in the SOEs are very low.

4.2.2.5 Insider trading indulgence is a problem leading to shareholder activism in our organisation.

Table 4. 11 Insider trading indulgence

Indulgence

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	9	8.1	8.1	8.1
Disagree	17	15.3	15.3	23.4
Neutral	18	16.2	16.2	39.6
Agree	35	31.5	31.5	71.2
Strongly Agree	32	28.8	28.8	100.0
Total	111	100.0	100.0	

Table 4.11 assessed the extent to which insider trading indulgence is a problem affecting shareholder activism in our organisation. The data shows that 8.1% strongly disagreed, 15.3% disagreed, 16.2% were neutral, 31.5% agreed while 28.8% strongly agreed. The results suggest that insider trading of directors had a bearing on the performance of the organisation and that was affecting shareholder activism. The board of directors might be having conflicting business interest in the organization and these businesses have a bearing on the decision making process of SOEs.

4.2.2.6 There is lack of proper forum to voice shareholder's concern in the organisation.

Table 4. 12 Proper forum to voice shareholder's concern.

Concern				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	7	6.3	6.3	6.3
Disagree	15	13.5	13.5	19.8
Neutral	27	24.3	24.3	44.1
Agree	50	45.0	45.0	89.2
Strongly Agree	12	10.8	10.8	100.0
Total	111	100.0	100.0	

Table 4.12 assessed whether there is lack of proper forum to voice shareholder's concern in the organisation. The data shows that 6.3% strongly disagreed, 13.5% disagreed, 24.3% were neutral,

45.0% agreed while 10.8% strongly agreed. The results advise that there is no proper forum to air concerns of shareholder in SOEs in Zimbabwe. This therefore suggests that there is limited communication with regards company reports on the performance of the SOEs. If the shareholders are getting information from the managers it might be distorted to meet their needs.

4.2.2.7 Poor shareholders right accorded to investors in our organisation.

Table 4. 13 Shareholders rights are accorded to investors.

		Right			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	12	10.8	10.8	10.8
	Disagree	18	16.2	16.2	27.0
	Neutral	26	23.4	23.4	50.5
	Agree	44	39.6	39.6	90.1
	Strongly Agree	11	9.9	9.9	100.0
	Total	111	100.0	100.0	

Table 4.13 assessed the extent to which poor shareholders right accorded to investors in our organisation. The data shows that 10.8% strongly disagreed, 16.2% disagreed ,23.4% were neutral, 39.6% agreed while 9.9% strongly agreed. This suggests that shareholders can not fully express their rights in order to shape the way SOEs are run. The governemant being the shareholder, in this matter do not have actual control of what will be taking place in the SOEs. The more complacent they are on this issue, management is bound to take advantage of the situation to enrich or benefit from the system.

4.2.2.8 The organisation is facing poor financial performance (stock price/profit) as a result of limited shareholder activism.

Table 4. 14 Financial performance as a result of limited shareholder activism.

Price

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	12	10.8	10.8	10.8
Disagree	12	10.8	10.8	21.6
Neutral	21	18.9	18.9	40.5
Agree	53	47.7	47.7	88.3
Strongly Agree	13	11.7	11.7	100.0
Total	111	100.0	100.0	

Table 4.14 assessed the extent to which the organisation is facing poor financial performance (stock price/profit) as a result of limited shareholder activism. The data shows that 10.8% strongly disagreed, 10.8% disagreed, 18.9% were neutral, 47.7% agreed while 11.7% strongly agreed. The results suggest that there is poor performance within SOEs and that was as a result of lack shareholder activism. Most SOEs in Zimbabwe are in financial problems as a result of poor management of resources. These organizations also do not have benchmarks to manage performance.

4.2.3 DESCRIPTIVE ANALYSIS STEWARDSHIP

4.2.3.1 Shareholders and management accepts the personal scrutiny that accompanies leadership.

Table 4. 15 Personal scrutiny that accompanies leadership.

Personal				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	17	15.3	15.3	15.3
Disagree	54	48.6	48.6	64.0
Neutral	9	8.1	8.1	72.1
Agree	18	16.2	16.2	88.3
Strongly Agree	13	11.7	11.7	100.0
Total	111	100.0	100.0	

Table 4.15 assessed the extent to which shareholders and management accepts the personal scrutiny that accompanies leadership. The data shows that 15.3% strongly disagreed, 48.6%

disagreed ,8.1% were neutral, 16.2% agreed while 11.7 % strongly agreed. The results suggests that shareholder and management do not accept person scrutiny with regard their leadership. This shows that the shareholders and management do not use their roles to raise important issues that are important for the SOEs.

4.2.3.2 Shareholders and management try hard to be good representatives of the company.

Table 4. 16 Try hard to be good representatives of the company.

		Representatives			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	14	12.6	12.6	12.6
	Disagree	13	11.7	11.7	24.3
	Neutral	19	17.1	17.1	41.4
	Agree	50	45.0	45.0	86.5
	Strongly Agree	15	13.5	13.5	100.0
	Total	111	100.0	100.0	

Table 4.16 assessed the extent to which shareholders and management try hard to be good representatives of the company. The data shows that 12.6% strongly disagreed, 11.7% disagreed, 17.1% were neutral, 45.0% agreed while 13.5% strongly agreed. The results indicate that the shareholders and management try hard to be representatives of the company. The results suggests that shareholders and management do not behave personally in ways that show the good leadership.

4.2.3.3 Shareholders and management balances the interests of their unit and the interests of the organization as a whole.

Table 4. 17 Balances the interests of their unit and the organization.

Balances

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	26	23.4	23.4	23.4
Disagree	49	44.1	44.1	67.6
Neutral	2	1.8	1.8	69.4
Agree	27	24.3	24.3	93.7
Strongly Agree	7	6.3	6.3	100.0
Total	111	100.0	100.0	

Table 4.17 assessed the extent to which shareholders and management balances the interests of their unit and the interests of the organization as a whole. The data shows that 23.4% strongly disagreed, 44.1% disagreed, 1.8% were neutral, 24.3% agreed while 6.3% strongly agreed. The results submit that shareholders and management do not balance the interests of the organisation. The means that shareholders and management in Zimbabwean SOEs are focused on their personal interests in the organisation.

4.2.3.4 Shareholders and management seeks to balance long-term and short-term goals.

Table 4. 18 Balance long-term and short-term goals.

Longterm				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	9	8.1	8.1	8.1
Disagree	57	51.4	51.4	59.5
Neutral	17	15.3	15.3	74.8
Agree	20	18.0	18.0	92.8
Strongly Agree	8	7.2	7.2	100.0
Total	111	100.0	100.0	

Table 4.18 assessed the extent to which shareholders and management seeks to balance long-term and short-term goals. The data shows that 8.1% strongly disagreed, 51.4% disagreed, 15.3% were neutral, 18.0% agreed while 7.2% strongly agreed. The results suggest that shareholders

and management do not seek to balance between long-term and short-term goals for the SOE. The lack of long term perceptive on the operations of the SOE has a bearing on their survival as a whole.

4.2.4 DESCRIPTIVE ANALYSIS RELATIONAL SUPPORT

4.2.4.1 Shareholders care about the priorities and interests of management in SOEs.

Table 4. 19 Care about the priorities and interests of management.

		Priorities			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	26	23.4	23.4	23.4
	Disagree	39	35.1	35.1	58.6
	Neutral	18	16.2	16.2	74.8
	Agree	13	11.7	11.7	86.5
	Strongly Agree	15	13.5	13.5	100.0
	Total	111	100.0	100.0	

Table 4.19 assessed the extent to which shareholders care about the priorities and interests of management in SOEs. The data shows that 23.4% strongly disagreed, 35.1% disagreed, 16.2% were neutral, 11.7% agreed while 13.5% strongly agreed. Shareholders do not care about the priorities and interests of management in SOEs. The results submit that shareholders do not display concern for management in SOEs and this might be affecting the performance of SOEs in Zimbabwe.

4.2.4.2 Shareholders makes an effort to seek out others' opinions on important issues.

Table 4. 20 Seek out others' opinions on important issues.

Opinion					
	Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	Strongly disagree	12	10.8	10.8	10.8
	Disagree	55	49.5	49.5	60.4
	Neutral	13	11.7	11.7	72.1
	Agree	16	14.4	14.4	86.5
	Strongly Agree	15	13.5	13.5	100.0
	Total	111	100.0	100.0	

Table 4.20 assessed the extent to which shareholders makes an effort to seek out others' opinions on important issues. The data shows that 10.8% strongly disagreed, 49.5% disagreed ,11.7% were neutral, 14.4% agreed while 13.5% strongly agreed. The results show that shareholders do not make any effort to seek other`s opinion on important issues. This might be as a result that the shareholders,which is the government do not trust or consult the management on the key issues affecting the SOEs in Zimbabwe. Thus, they can make decisions without consulting the managers in the process.

4.2.4.3 Management takes the time to explain decisions to shareholders.

Table 4. 21 Takes the time to explain decisions to shareholders.

Explain					
	Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	Strongly disagree	14	12.6	12.6	12.6
	Disagree	20	18.0	18.0	30.6
	Neutral	22	19.8	19.8	50.5
	Agree	36	32.4	32.4	82.9
	Strongly Agree	19	17.1	17.1	100.0
	Total	111	100.0	100.0	

Table 4.21 assessed the extent to which management takes the time to explain decisions to shareholders. The data shows that 12.6% strongly disagreed, 18.0% disagreed,19.8% were neutral, 32.4% agreed while 17.1% strongly agreed. The results show that management take time

to explain decisions to shareholders in SOEs. The results suggest that management of SOEs are not trusted by shareholders to be fair. This imply that the decisions will have been imposed on them and they only excute without having a clear understanding of how it was reached.

4.2.4.4 Management of SOEs are unbiased on the decisions that they make.

Table 4. 22 Unbiased on the decisions that they make.

		Unbaised			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	36	32.4	32.4	32.4
	Disagree	34	30.6	30.6	63.1
	Neutral	17	15.3	15.3	78.4
	Agree	5	4.5	4.5	82.9
	Strongly Agree	19	17.1	17.1	100.0
	Total	111	100.0	100.0	

Table 4.22 assessed the extent to which management of SOEs are unbiased on the decisions that they make. The data shows that 32.4% strongly disagreed, 30.6% disagreed ,15.3% were neutral, 4.5% agreed while 17.1% strongly agreed. The results suggests that management of SOEs are baised on the decisions that they make. The biase of their descision is based on personal interests that the managers will attain from the system. This is substantiated by the heft salaries they reward themselves at the expense of the SOEs. Most of the SOEs in Zimbabwe are not making any profits yet the executives are paid beyond the productivity of the organisations.

4.2.5 DESCRIPTIVE ANALYSIS CONTEXTUAL SUPPORT

4.2.5.1 Shareholders provides a clear vision for management for the organization or unit.

Table 4. 23 Clear vision for management for the organization or unit.

Clearvision					
	Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	Strongly disagree	7	6.3	6.3	6.3
	Disagree	18	16.2	16.2	22.5
	Neutral	15	13.5	13.5	36.0
	Agree	54	48.6	48.6	84.7
	Strongly Agree	17	15.3	15.3	100.0
	Total	111	100.0	100.0	

Table 4.23 assessed the extent to which shareholders provides a clear vision for management for the organization or unit. The data shows that 6.3% strongly disagreed, 16.2% disagreed ,13.5% were neutral, 48.6% agreed while 15.3% strongly agreed. The results propose that shareholders provides a clear vision for management for the organisation. The SOEs have vision statements all areas crafted by the boards and they have to be followed and adered to. The key challenge is that they are not be followed through by the managers to create a long term benefit to the organization.

4.2.5.2 Shareholders and management make sure that those he/she leads adequately understand business issues.

Table 4. 24 Adequately understand business issues.

Understand					
	Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	Strongly disagree	36	32.4	32.4	32.4
	Disagree	34	30.6	30.6	63.1
	Neutral	14	12.6	12.6	75.7

Agree	12	10.8	10.8	86.5
Strongly Agree	15	13.5	13.5	100.0
Total	111	100.0	100.0	

Table 4.44 assessed the extent to which shareholders and management make sure that those he/she leads adequately understand business issues. The data shows that 32.4% strongly disagreed, 30.6% disagreed ,12.6% were neutral, 10.8% agreed while 13.5% strongly agreed. The results propose that the shareholders and management do not make sure that those he/she leads adequately understand business issues.This might also suggests that the shareholders and management do not explain to those employees they lead where the organization/unit is going.

4.2.5.3 Shareholders and management cut through complex or ambiguous problems to make them easier to understand.

Table 4. 25 Cut through complex or ambiguous problems

Ambiguous					
	Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	Strongly disagree	29	26.1	26.1	26.1
	Disagree	37	33.3	33.3	59.5
	Neutral	19	17.1	17.1	76.6
	Agree	10	9.0	9.0	85.6
	Strongly Agree	16	14.4	14.4	100.0
	Total	111	100.0	100.0	

Table 4.25 assessed the extent to which shareholders and management cut through complex or ambiguous problems to make them easier to understand. The data shows that 26.1% strongly disagreed, 33.3% disagreed ,17.1% were neutral, 9.0% agreed while 14.4% strongly agreed. The results suggests that shareholders and management do not cut through complex or ambiguous problems to make them easier to understand.Since shareholders do not promote a shared understanding about complex issues it will be difficult for the managers to take prompt action to resolve some of the problems they face.

4.2.5.4 Shareholders and management resolve conflicts constructively.

Table 4. 26 Resolve conflicts constructively

Resolve					
	Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	Strongly disagree	17	15.3	15.3	15.3
	Disagree	18	16.2	16.2	31.5
	Neutral	11	9.9	9.9	41.4
	Agree	48	43.2	43.2	84.7
	Strongly Agree	17	15.3	15.3	100.0
	Total	111	100.0	100.0	

Table 4.26 assessed the extent to which shareholders and management resolve conflicts constructively. The data shows that 15.3% strongly disagreed, 16.2% disagreed ,9.9% were neutral, 43.2% agreed while 15.3% strongly agreed.The results suggests that shareholders and management resolve conflicts constructively in SOEs.The SOEs in Zimbabwe has a system that can mitigate problems to do with conflict resolution.

4.2.5.5 Shareholders and management make clear how responsibilities are being divided.

Table 4. 27 Make clear on division of responsibilities

Clear					
	Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	Strongly disagree	12	10.8	10.8	10.8
	Disagree	57	51.4	51.4	62.2
	Neutral	12	10.8	10.8	73.0

Agree	20	18.0	18.0	91.0
Strongly Agree	10	9.0	9.0	100.0
Total	111	100.0	100.0	

Table 4.27 assessed the extent to which shareholders and management make clear how responsibilities are being divided. The data shows that 10.8% strongly disagreed, 51.4% disagreed, 10.8% were neutral, 18.0% agreed while 9.0% strongly agreed. The results submit that shareholders and management do not make clear how responsibilities are being divided. This imply that shareholders and management do not create processes that facilitate the work to flow from one unit to another.

4.2.6 DESCRIPTIVE ANALYSIS MOTIVATIONAL SUPPORT

4.2.6.1 Shareholders and management help the people they lead to see how to successfully perform their roles in the organization.

Table 4. 28 Successfully perform their roles in the organization

Perform				
	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	14	12.6	12.6	12.6
Disagree	49	44.1	44.1	56.8
Neutral	21	18.9	18.9	75.7
Agree	15	13.5	13.5	89.2
Strongly Agree	12	10.8	10.8	100.0
Total	111	100.0	100.0	

Table 4.28 assessed the extent to which shareholders and management help the people they lead to see how to successfully perform their roles in the organization. The data shows that 12.6% strongly disagreed, 44.1% disagreed, 18.9% were neutral, 13.5% agreed while 10.8% strongly agreed. The results suggests that shareholders and management do not help the people they lead to see how to successfully perform their roles in the organization. This imply that if the necessary support is given to directors and managers they are motivated to be more productive.

4.2.6.2 Shareholders and management are honest with us about our weaknesses as well as our strengths.

Table 4. 29 Honest with us about weaknesses and strengths.

Honest					
	Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	Strongly disagree	44	39.6	39.6	39.6
	Disagree	18	16.2	16.2	55.9
	Neutral	12	10.8	10.8	66.7
	Agree	20	18.0	18.0	84.7
	Strongly Agree	17	15.3	15.3	100.0
	Total	111	100.0	100.0	

Table 4.29 assessed the extent to which shareholders and management are honest with us about our weaknesses as well as our strengths. The data shows that 39.6% strongly disagreed, 16.2% disagreed, 10.8% were neutral, 18.0% agreed while 15.3% strongly agreed. The results suggest that shareholders and management are not honest about weaknesses as well as the strengths of employees in the SOEs.

4.2.6.3 Shareholders and management encourages a "can do" attitude.

Table 4. 30 Encourages a positive attitude.

Attitude					
	Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	Strongly disagree	13	11.7	11.7	11.7
	Disagree	53	47.7	47.7	59.5
	Neutral	13	11.7	11.7	71.2
	Agree	21	18.9	18.9	90.1
	Strongly Agree	11	9.9	9.9	100.0
	Total	111	100.0	100.0	

Total	111	100.0	100.0
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Table 4.30 assessed the extent to which shareholders and management encourages a "can do" attitude. The data shows that 11.7% strongly disagreed, 47.7% disagreed ,11.7% were neutral, 18.9% agreed while 9.9% strongly agreed.The results suggest that shareholders and management do not work to build others' self-confidence.If the shareholders and management discourages those people they leads to take on tough challenges. They are bound not to work with an attitude that they can achieve what they will be doing.

4.2.6.4 Shareholders and management ensures delivery of the resources others need to accomplish tasks.

Table 4. 31 Ensures delivery of the resources.

Delivery				
	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	19	17.1	17.1	17.1
Disagree	45	40.5	40.5	57.7
Valid Neutral	21	18.9	18.9	76.6
Agree	26	23.4	23.4	100.0
Total	111	100.0	100.0	

Table 4.31 assessed the extent to which shareholders and management ensures delivery of the resources others need to accomplish tasks.The data shows that 17.1% strongly disagreed, 40.5% disagreed ,18.9% were neutral while 23.4% agreed.The results suggests that shareholders and management do not ensure delivery of the resources, others need to accomplish tasks.

4.2.7 DESCRIPTIVE ANALYSIS MORAL COURAGE

4.2.7.1 Shareholders and management promote high ethical standards.

Table 4. 32 Promote high ethical standards.

Ethical				
	Frequency	Percent	Valid Percent	Cumulative Percent

Valid	Strongly disagree	18	16.2	16.2	16.2
	Disagree	19	17.1	17.1	33.3
	Neutral	13	11.7	11.7	45.0
	Agree	53	47.7	47.7	92.8
	Strongly Agree	8	7.2	7.2	100.0
	Total	111	100.0	100.0	

Table 4.32 assessed the extent to which shareholders and management promote high ethical standards. The data shows that 16.2% strongly disagreed, 17.1% disagreed, 11.7% were neutral, 47.7% agreed while 7.2% strongly agreed. The result submit that shareholders and management promote high ethical standards. This might imply that the organization has got ethical standards that it upholds, but in practice that is not being followed. Reference to the mismanagement of resources and funds.

4.2.7.2 Shareholders and management explain the importance of values and ethics.

Table 4. 33 Explain the importance of values and ethics.

		Importance			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	18	16.2	16.2	16.2
	Disagree	45	40.5	40.5	56.8
	Neutral	14	12.6	12.6	69.4
	Agree	25	22.5	22.5	91.9
	Strongly Agree	9	8.1	8.1	100.0
	Total	111	100.0	100.0	

Table 4.33 assessed the extent to which shareholders and management explain the importance of values and ethics. The data shows that 16.2% strongly disagreed, 40.5% disagreed, 12.6% were neutral, 22.5% agreed while 8.1% strongly agreed. The results submit that shareholders and management do not explain the importance of values and ethics. The employees were not being informed on how to discourage unlawful or unethical behavior.

4.2.7.3 Shareholders encourage us to be true to management`s personal beliefs and values.

Table 4. 34 Personal beliefs and values.

		Beliefs			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	32	28.8	28.8	28.8
	Disagree	36	32.4	32.4	61.3
	Neutral	17	15.3	15.3	76.6
	Agree	7	6.3	6.3	82.9
	Strongly Agree	19	17.1	17.1	100.0
	Total	111	100.0	100.0	

Table 4.35 assessed the extent to which shareholders encourage us to be true to management`s personal beliefs and values. The data shows that 28.8% strongly disagreed, 32.4% disagreed ,15.3% were neutral, 6.3% agreed while 17.1% strongly agreed. The results suggests that shareholders discourage employees to be true to management`s personal beliefs and values.

4.2.7.4 Shareholders and management promote a climate in which constructively challenging the status quo is acceptable.

Table 4. 35 Promote a climate where the status quo is challenged.

		Climate			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	5	4.5	4.5	4.5
	Disagree	50	45.0	45.0	49.5
	Neutral	23	20.7	20.7	70.3
	Agree	25	22.5	22.5	92.8
	Strongly Agree	8	7.2	7.2	100.0
	Total	111	100.0	100.0	

Table 4.36 assessed the extent to which shareholders and management promote a climate in which constructively challenging the status quo is acceptable. The data shows that 4.5% strongly disagreed, 45.0% disagreed, 20.7% were neutral, 22.5% agreed while 7.2% strongly agreed. The results suggest that shareholders and management do not promote a climate in which constructively challenging the status quo is acceptable. The people will work to the extent they feel the superiors believe in them. Thus, they have to maintain the status quo for them to survive in the SOEs. The result suggests that shareholders and management discourage appropriate risk-taking. By managing the status quo employees are not bound to go an extra mile to innovate new ideas that can be used by the organization to further its vision.

4.3 RELIABILITY- CRONBACH'S ALPHA

Cronbach's alpha measures the internal consistency within the instrument. In this case the study measured the internal consistency constructs for an instrument measuring shareholder activism and stewardship. The greater the internal consistency in the results, the greater the reliability of the measuring instrument.

Table 4. 36 Cronbach's Alpha values

Construct	Cronbach's Alpha	N of Items
Shareholder activism	.709	8
Stewardship	.731	4
Relational support	.835	4
Contextual support	.822	5

Motivational support	.875	4
Moral corage	.915	4

Table 4.37 show that the Cronbach's Alpha values of items under study was above the standard of between 0.6 and 0.8. thus the researcher decided not to remove them from further analysis. Some are certainly some questions (items) were removed from the analysis using the ITEM DELETE function of SPSS, in order to ensure consistency. Some questions were removed because they were not well phrased and they were confusing participants during the pilot test. Thus, the instrument remained reliable to use in the research. According to Hair *et al.* (2006) the presence of high correlation (generally of 0.90 and above) is the first indicator of substantial collinearity and in this case, there were no obvious collinearity among constructs revealed. Face and content validity was proved through internal checkups.

4.4 NORMALITY TEST

The Kolmogorov-Smirnov and Shapiro-Wilk normality tests were done on the data. This was to test whether the distribution of the observed set of values for each category of a variable differs from a specified distribution (Saunders *et al.*, 2011). They went on to prescribe that a probability of 0.05 or smaller means one can be at least 95% sure that the difference between the two distributions cannot be explained by chance factors alone. Table 4.18 shows the results of the two tests. The table shows that the p-values are less than 0.05 except for "Contextual Support" which is 0.200 which means that the are statistically significant. The implication of this being that the data is not normally distributed.

Table 4. 37 Tests of Normality

	Tests of Normality					
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
RelSuptT	.182	111	.000	.886	111	.000
ContextT	.069	111	.200 [*]	.975	111	.033
MotivSuptT	.148	111	.000	.908	111	.000
MoralCoT	.235	111	.000	.825	111	.000

ActivismT	.137	111	.000	.970	111	.014
StewardT	.099	111	.010	.962	111	.003

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

The Table 4.38 shows that the results were statistically significant regarding Stewardship, shareholder activism, relational support, motivational support and moral courage. From the results of the normality tests, it therefore means that non-parametric tests will be conducted instead.

4.5 CORRELATIONS

The correlation coefficient, can also be referred to as cross-correlation coefficient, which is the quantity that highlight the quality of a least squares fitting to the novel data. According to Lehman (2005) “if there are no repeated data values, a perfect Spearman correlation of +1 or –1 occurs when each of the variables is a perfect monotone function of the other.” The data below show the summary of correlation among variables.

Table 4. 38 Correlations

		Correlations					
		OrgAttributes	RelSuptT	ContextT	MotivSuptT	MoralCoT	ActivismT
OrgAttributes	Correlation Coefficient	1.000					
	Sig. (2-tailed)	.					
	N	111					

RelSuptT	Correlation Coefficient	-0.462**	1.000				
	Sig. (2-tailed)	.000	.				
	N	111	111				
ContextT	Correlation Coefficient	-0.409**	.820**	1.000			
	Sig. (2-tailed)	.000	.000	.			
	N	111	111	111			
MotivSupt T	Correlation Coefficient	-0.334**	.620**	.817**	1.000		
	Sig. (2-tailed)	.000	.000	.000	.		
	N	111	111	111	111		
MoralCoT	Correlation Coefficient	-0.277**	.344**	.571**	.661**	1.000	
	Sig. (2-tailed)	.003	.000	.000	.000	.	
	N	111	111	111	111	111	
ActivismT	Correlation Coefficient	-0.647**	.515**	.508**	.539**	.322**	1.000
	Sig. (2-tailed)	.000	.000	.000	.000	.001	.
	N	111	111	111	111	111	111

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

- There is a positive relationship between relational support and activism which is statistically significant ($\rho=0.515$ and $p=0.000<0.05$)
- There is a positive relationship between conceptual support and outcome which is statistically significant ($\rho= 0.508$ and $p=0.000<0.05$)
- There is a positive relationship between motivational support and outcome which is statistically significant ($\rho= 0.539$ and $p=0.000<0.05$)
- There is a positive relationship between moral courage and outcome which is statistically significant ($\rho=-0.322$ and $p=0.01<0.05$)

4.6 MULTIPLE REGRESSION

Multiple regression is an extension of simple linear regression. It is used when we want to predict the value of a variable based on the value of two or more other variables. The variable we want to predict is called the dependent variable (or sometimes, the outcome, target or criterion variable).

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.792 ^a	.627	.593	3.696

a. Predictors: (Constant), Mission of our organisation, How long have you been with this organization?, MoralCoT, Values of our organisation, RelSuptT, Strategy of our organisation, ContextT, MotivSuptT, What is your level of education?

b. Dependent Variable: ActivismT

A summary of the regression model shows that 62.7% of the variations in shareholder activism and stewardship were explained by the model in a positive way and therefore the model is meaningful.

Table 4. 39 ANOVA and Model Fit

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2316.379	9	257.375	18.838	.000 ^b
	Residual	1379.891	101	13.662		
	Total	3696.270	110			

a. Dependent Variable: ActivismT

b. Predictors: (Constant), Mission of our organisation, How long have you been with this organization?, MoralCoT, Values of our organisation, RelSuptT, Strategy of our organisation, ContextT, MotivSuptT, What is your level of education?

The above table 4.40 shows a significant F (18.838, p=0.00) statistic indicating that using the model is better than guessing the results

Regression coefficients obtained from regression analysis was used to show how much the independent variable affects the dependant variable. Each unit of change in the independent

variable(s) affects the dependant variable as much as the regression coefficient. Further, the beta coefficient is the standardized regression coefficient (Tanriverdi, 2008).

Table 4. 40 Regression

Model	Coefficients ^a				t	Sig.
	Unstandardized Coefficients		Standardized Coefficients	Beta		
	B	Std. Error				
(Constant)	50.670	9.829			5.155	.000
RelSuptT	-.108	.148	-.153		-.727	.469
ContextT	.023	.124	.034		.188	.851
MotivSuptT	.197	.110	.335		1.793	.076
MoralCoT	-.060	.089	-.099		-.680	.498
1 How long have you been with this organization?	3.462	1.373	.412		2.522	.013
What is your level of education?	-4.052	2.279	-.479		-1.778	.078
Strategy of our organisation	-9.560	2.608	-.770		-3.666	.000
Values of our organisation	-.927	.735	-.103		-1.262	.210
Mission of our organisation	-.463	.687	-.054		-.673	.502

From Table 4.41, Length of service and strategy of the organization had values of significance of 0.013 and 0.00 and $\beta = 0.412$ and -0.777 . This indicates that Length of service and strategy of the organization was positively related to to successful shareholder activism and stewardship, the relationship are statistically significant.

4.7 HYPOTHESIS TESTING

Hypothesis 1: Relational support a positive relationship to successful shareholder activism and stewardship in SOEs in Zimbabwe.

Table 4.41 shows that Relational support has a significant value of 0.469 which is greater than 0.05 and is negatively related ($\beta = -0.153$) to shareholder activism and stewardship in SOEs in Zimbabwe. This indicates that although Relational support is positively related to successful shareholder activism and stewardship, the relationship is not statistically significant. Therefore H1 is not supported and is rejected.

Hypothesis 2: Contextual support has a positive relationship to successful shareholder activism and stewardship in SOEs in Zimbabwe.

From Table 4.41, Contextual support has a significant value of 0.851 and $\beta = 0.034$. This indicates that although Contextual support is positively related to successful shareholder activism and stewardship, the relationship is not statistically significant. Therefore H2 is not supported and is rejected.

Hypothesis 3: Motivational support has a positive relationship to successful shareholder activism and stewardship in SOEs in Zimbabwe.

From Table 4.41, Motivational support has a significant value of 0.076 and $\beta = 0.335$. This indicates that although Motivational support is positively related to successful shareholder activism and stewardship, the relationship is not statistically significant. Therefore H3 is not supported and is rejected.

Hypothesis 4: Moral courage has a positive relationship to successful shareholder activism and stewardship in SOEs in Zimbabwe.

From Table 4.41, Moral courage has a value of significance of 0.498 and $\beta = -0.099$. This indicates that although Moral courage is positively related to successful shareholder activism and stewardship, the relationship is not statistically significant. Therefore H4 is not supported and is rejected.

4.8 DISCUSSION OF FINDINGS

4.8.1 To explore the influence of shareholder activism on performance of state owned enterprises.

The results showed that shareholder activism did not provide interventions to address performance in SOEs in Zimbabwe. This did not concur with the literature from Trivedi, (2005) which indicated that the term 'shareholder activism' is often used in a manner that presumes a shared understanding of the context, objectives and techniques of activism. The different approaches being used in different SOEs have no shared understanding of this context of shareholder activism. According to Brown and Caylor, (2004) conflicts can arise especially when the investment manager is a subsidiary of a bank or other financial institution which has a client relationship with the portfolio company that might be threatened by activism. This apparently influence the way the organization operate and the efficiency of the shareholders, this has severe consequences in the long run.

The researcher findings show that there was lack of independence of the board of directors and that was severely compromising on shareholder activism. According to Nadler and Schulman (2014) reasonable people will differ about the appointment of friends and family in high-level positions, but public officials should be aware that such choices can give the appearance of unfairness. Due to bias some of the board members selected will lack depth in the problems of the SOEs and this was affecting the performance of the organisations.

The researcher also show that there was poor communication policy with shareholders and or inadequate disclosures made in SOEs reports is a challenge affecting shareholder activism. The management could have an opportunity to raise their perks without the shareholders unaware. Thus, this affect the compensation system of the organisation. According Fahy, Roche and Weiner (2004) it is important to model compensation on international best practices; hiring senior executives on a limited-time, contract basis, and evaluating management according to their success in implementing reform. If such issues are not resolved this will inturn affecting negatively on the poor financial results of the SOEs in the organisation. According to the Economist (2014) the root of the underperformance is what looks like a huge misallocation of capital by SOEs. The misallocation of resources is emanating from the shareholders failing to have a broad overview of the SOE operations.

4.8.2 To explore the influence of stewardship on performance of state owned enterprises.

The research findings show that shareholders and management did not accept personal scrutiny and they were not using their leadership roles to raise important issues. Leaders should take personal responsibility for organizational actions and wield organizational power in the service of broader shareholder welfare (Fahy, Roche and Weiner, 2004).

According to Donaldson and Davis (1991) the model of activism envisaged by the Stewardship Code is one in which long-term investors engage with portfolio companies with a view to improving long-term returns to shareholders. Therefore, it is necessary for management to seek a balance to improve the long term goals of the organization. The issue of balance is a key part of taking personal responsibility; in working toward communal welfare, leaders aim to balance their obligations to shareholders inside and outside the organization while upholding a broader commitment to societal and universal moral norms (Budiman, Lin and Singham, 2009).

But on the contrary, shareholders and management did not balance the interests of their unit and the interests of the organization as a whole. According to Sitkin, (1995) institution-based trust facilitates calculative and relational aspects of trust through conflict management and cooperation whose interactions create a context for interpersonal and interorganizational trust.

The research finds also show that the concept of stewardship was not being implemented in SOEs in Zimbabwe therefore it had a negative effect on the performance of the SOEs in Zimbabwe. According to Brown and Caylor (2004) the real challenges normally come in reforming the management structure of these companies and reducing any legacy of cronyism and corruption. This can be depend on the ethnicity of the person in the organization.

4.8.3 To examine the effectiveness of shareholder activism and stewardship of state owned enterprises.

The research findings show that shareholders shared or displayed limited concern to its management in the SOEs. This was a major limitation on the effectiveness of shareholder

activism and stewardship in the SOEs. Literature from MacAvoy and Millstein, (2003) motivational support generates an internal and active, rather than external and passive, orientation to an individual's work role. It becomes imperative that to motivate the managers so that they create the best out of their roles.

The findings also show that shareholders which is represented mainly by the government, do not make any effort to seek other's opinion on from management on important issues although management took time to explain decisions to shareholders in SOEs. There was no effective shareholder activism and stewardship in state owned enterprises. Literature by Sitkin et al. (2005) propose that by fostering efficacy and self-determination, as well as providing the resources necessary to accomplish tasks, leaders create motivational support for followers. If the government provide the necessary support they are able to draw better performance results from the managers. According to MacCarthaigh (2009) violations to this trust may profoundly damage a follower's fundamental belief in the reciprocal nature of the exchange relationship between themselves and a leader that was at one point based on the promises made or implied in their interactions.

4.8.4 To explore how shareholder activism and stewardship influence decision making by top management.

The research findings show that the shareholders were fair when dealing with management issues but management of SOEs are biased on the decisions that they make. According to Fahy, Roche and Weiner, (2004) stewardship is the attitudes and behaviors that place the long-term best interests of a group ahead of personal goals that serve an individual's self-interests. It is the attitude and the behaviours that assist the shareholders and management to develop the confidence to face different challenges in the SOEs. By pursuing different challenges in the organisation the managers will be able to make critical decisions that will be important for the SOE as a whole. Ethical leadership, argues that the function of a leader is to model behaviors that place the long-term best interests of the organization and its shareholders ahead of their self-interest (Marquardt, 2003). These managers under such scenarios will make the necessary decisions the organisations can benefit.

The research show that there was no clear explanation why certain things were being done in a particular way. Donaldson and Preston (1995) indicated that by modeling behaviors places the long-term best interests of the organization and its shareholders ahead of their self-interest and the interests of any single group. This can be done through refreshing managers on issues to do with importance of values and ethics in the organisation.

The findings display that shareholder activism and stewardship influence decision making by top management of SOEs in Zimbabwe. According to MacAvoy and Millstein (2003) motivational support creates an intrinsic task motivation that reflects followers' confidence in their effectiveness. The weaknesses can be worked on if the managers provide the necessary motivational support.

4.9 CHAPTER SUMMARY

The chapter investigated the factors that led to shareholder activism and stewardship. The study evaluated the cum diagnostic in nature as it tries to find the type of relationship between the various independent variables (Relational Support, Conceptual support, Motivational support, Moral Courage) and shareholder activism and stewardship. Demographic factors were also considered in this equation as it is postulated that there is a relationship between demographic factors and shareholder activism and stewardship. The next chapter five discusses these results and brings the study to an end by making some recommendations.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter discusses the substantive findings from chapter 4 with respect to existing literature to see if the results conform or not. The chapter highlights the managerial recommendations of the study as well as makes suggestions for areas for further studies. The study is then brought to an end. The study started on the premise that much is known about the mechanisms of shareholder activism and stewardship at SOEs.

5.2 CONCLUSION

5.2.1 Research Hypothesis Validation

From the study, there was no sufficient empirical evidence from the study to validate and support the following two hypothesis, hence their rejection:

Hypothesis 1: Relational support a positive relationship to successful shareholder activism and stewardship in SOEs in Zimbabwe.

Hypothesis 2: Contextual support has a positive relationship to successful shareholder activism and stewardship in SOEs in Zimbabwe.

Hypothesis 3: Motivational support has a positive relationship to successful shareholder activism and stewardship in SOEs in Zimbabwe.

Hypothesis 4: Moral courage has a positive relationship to successful shareholder activism and stewardship in SOEs in Zimbabwe.

5.2.2 Answering to research questions

How does the concept of shareholder activism influence the performance of state owned enterprises?

The researcher concludes that there was lack of independence of the board of directors and that was severely compromising on shareholder activism. The researcher also concluded that there was

poor communication policy with shareholders and or inadequate disclosures made in SOEs reports is a challenge affecting shareholder activism. This in turn was affecting negatively on the poor financial results of the SOEs in the organisation. Also the lack of shareholder activism was affecting the ethics of the directors and the managers and this was affecting the potential of the SOEs to provide the essential products and services. The researcher concluded that the concept of shareholder activism had influence on the performance of SOEs in Zimbabwe.

How does the concept of stewardship influence the performance of state owned enterprises?

The researcher concluded that shareholders and management did not accept personal scrutiny and they were not using their leadership roles to raise important issues. This shows that the SOEs are not learning from their mistakes that lead them to an array of losses. Each director or manager is focused on what he or she can access from the SOE because of his or her position. The researcher concluded that the shareholders and management encourages balance between personal interests and organizational interests. But on the contrary, shareholders and management did not balance the interests of their unit and the interests of the organization as a whole. For example the salarygate issue clearly confirms that the directors in the SOEs were enriching themselves at the expense of the organizations. The researcher concluded that the concept of stewardship was not being implemented in SOEs in Zimbabwe therefore it had a negative effect on the performance of the SOEs in Zimbabwe.

What is the effectiveness of shareholder activism and stewardship of state owned enterprises?

The researcher concluded that shareholders shared or displayed limited concern to its management in the SOEs. The shareholders in SOEs do not use their ability to push their directors to produce good financial results. The researcher concluded that shareholders do not make any effort to seek other's opinion on from management on important issues although management took time to explain decisions to shareholders in SOEs. This encompasses changes in policy directions for example ESAP, Zimprest and Zimasset are not jelling with the capacity and performance in SOEs. When such blue prints are drafted the SOEs are the major vehicles for effective growth but it is not the case in Zimbabwe. The challenge is coming from the lack of activism among shareholders and stewardship among the directors and managers in the SOE

who are not worried about the nation they are serving. Therefore, research concludes that there was no effective shareholder activism and stewardship in state owned enterprises.

How does shareholder activism and stewardship influence decision making by top management of state owned enterprises?

The researcher concluded that the shareholders were fair when dealing with management issues but management of SOEs are biased on the decisions that they make. The bias emanates from the conflict of interest the directors have in the operations of SOEs. The researcher concluded that shareholders and management make clear how responsibilities are being divided. The organization had clear lines of how they of how their organizational structures. But this was not being utilized to effectively make effective decisions for the SOEs to be profitable. The research concluded that there was no clear explanation why certain things were being done in a particular way. The researcher therefore, concluded that shareholder activism and stewardship influence decision making by top management of SOEs in Zimbabwe.

5.3 CONTRIBUTION TO LITERATURE

Previously, there has been no literature on factors affecting stewardship and shareholder activism in Zimbabwe. Most of the available work has been to outside and far locations who might have different conditions of operating. So, this research has contributed to existing literature and body of knowledge on factors that affect stewardship and shareholder activism.

Figure 5.1 depicts a modified conceptual framework after considerations of research findings in this research. The solid lines connecting variables and outcome indicate accepted relationships that have been found to be positive and significant while dotted lines represent those rejected hypotheses.

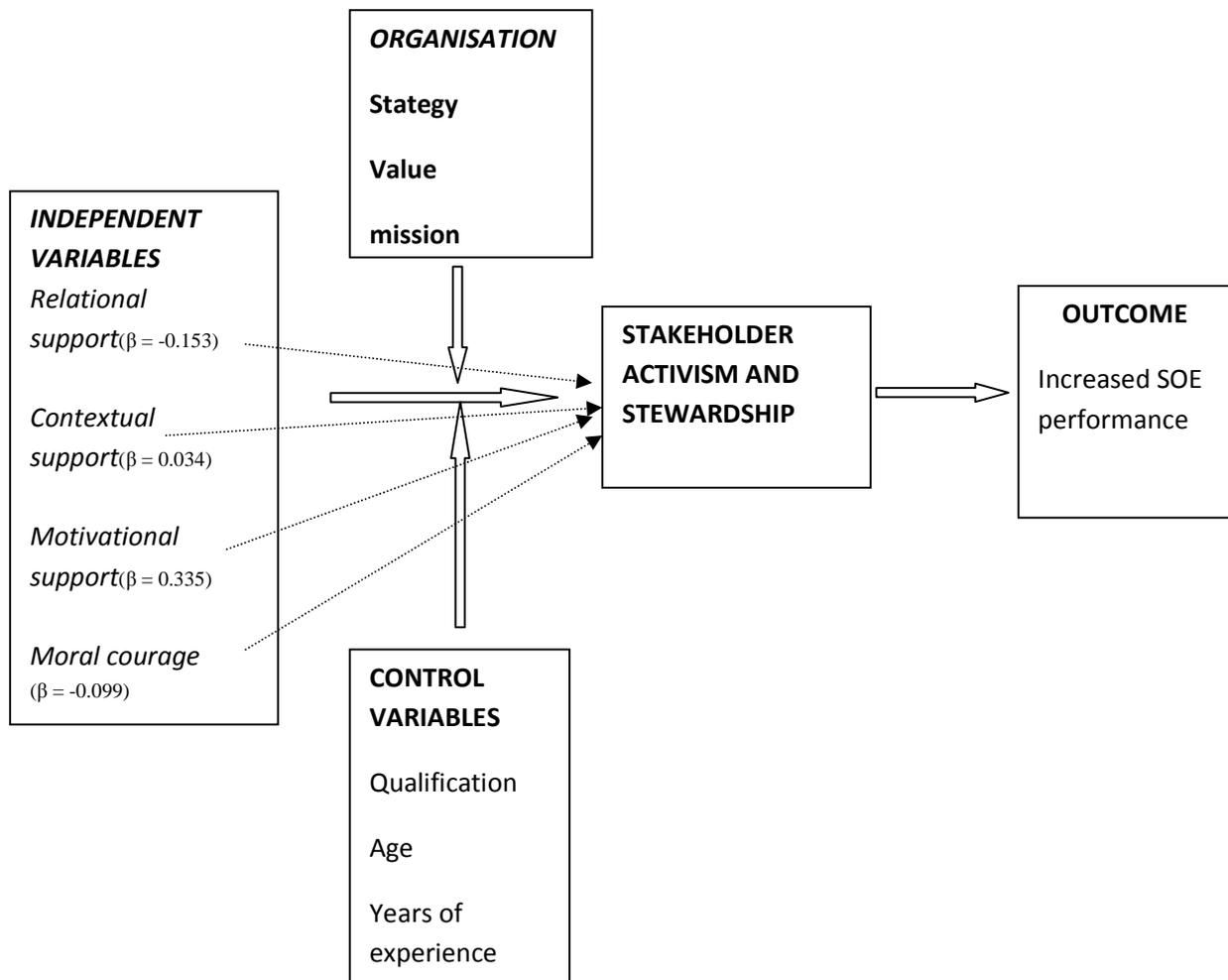


Figure 5. 1 Modified conceptual framework

5.4 RECOMMENDATIONS

The researcher recommended that :

5.3.1 Institutional Investor Engagement

Institutional investors should be engaged to ensure that shareholder activism is enhanced in the SOEs in Zimbabwe. Institutional investors traditionally limit their “activism” to waging withhold campaigns, submitting shareholder proposals and supporting proxy contests and M&A transactions launched by more aggressive activists and hedge funds. This is because Institutional investors have a greater voice than individuals.

5.3.2 Communication

The researcher recommends that the SOEs to improve communication of information so a enhance performance. At its core, shareholder activism is a communications battle to win the support of the shareholder base to support a particular direction for the company.

5.3.3 Corporate governance vulnerabilities.

One proactive measure that companies can take is an evaluation of their corporate governance structure and practices and then a shoring-up of any weaknesses. Most SOEs have significant institutional ownership. Activists understand that in order to succeed in their goals they will need the support of institutional investors.

5.3.4 SOE shareholder forum

The researcher recommends SOEs to come with a forum that address the concerns of the shareholders. The shareholder issues will be able to be addressed from a central point to ensure that there is uniformity when handling shareholder issues.

5.3.5 Restructuring and reorganisation

Strategic investors with capital, technology and managerial advantages, as well as institutional investors such as social security funds, insurance funds and private equity funds are encouraged to participate in the restructuring and reorganization of SOEs.

5.3.6 Packages

There should be forum that assess and recommend packages amongst different shareholders in Zimbabwe. The foun can have different members from different sectors who can provide independent and expert views on the packages. The packages should also be based on the performance of the SOE in question to avoid rewarding poor performers.

5.4 AREAS FOR FURTHER RESEARCH

The researcher recommends the following as an area for further: “A critical analysis of the effectiveness of shareholder activism in Zimbabwe`s financial sector to enhance corporate performance”

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APPENDICE 1: SURVEY QUESTIONNAIRE



Graduate School of Management
University of Zimbabwe
Mt Pleasant
Harare

Dear Survey Respondent

May you kindly fill in this attached questionnaire. It is part of a research being conducted in partial fulfillment of the requirements of the MBA programme with the Graduate School of Management, University of Zimbabwe. This survey is part of a research project to a critical analysis of the effectiveness of shareholder activism and stewardship in Zimbabwe`s State Owned Enterprises.

This is a confidential survey; no individual will be identified by name in the report. You have been identified as a stakeholder in this survey, may you kindly assist in the data gathering process by responding to the questionnaire. The information you provide will be treated with utmost confidence and will be used solely for the purpose of this research.

I kindly ask you to send back the completed form as soon as you are able to complete it, but not later than 1 December 2014.

For further information, please do not hesitate to call me back on 0773 032 111.

Your assistance is greatly appreciated.

Yours faithfully,

Advent Tavenhave

1. Demography

1. What is the level of your position in your organization? Please put an (x) in the appropriate box.

Management	
Non Management	

2. How long have you been with this organization? Please put an (x) in the appropriate box for your answer on a scale of 1 to 4 where:

1	0 –less than 5years	
2	5-less than 10 years	
3	10-less than 15years	
4	15years and above	

3. What is your level of education? Please put an (x) in the appropriate box.

1	Secondary/High School	
2	Diploma level	
3	Bachelor’s degree	
4	Masters and above	

Other specify.....

Are you aware of the following attributes your organisation? Please put an (x) in the appropriate box.

		Yes	No	Not sure
1	Strategy of our organisation			
2	Values of our organisation			
3	Mission of our organisation			

Please put an (x) in the appropriate box where Strongly agree (5), Agree (4), Neutral (3) , Disagree (2) and (1) Strongly disagree.

	Shareholder Activism	1	2	3	4	5
1	Shareholder activism provides a form of intervention to address performance or governance issues either through initiatives undertaken 'behind the scenes'					
2	Shareholder activism is a central issue and one on which investors should have regard to evidence that extends beyond their own immediate experience					
3	Conflicts of interest between investment managers and portfolio companies have also been regarded as a potential constraint.					
4	Favouritism in appointment/reappointment Directors of the company is affecting shareholder activism in our organisation.					
5	Excessive Compensation packages to directors is affecting shareholder activism in our organisation.					
6	Shareholders/investors hold additional meetings with management specifically to discuss concerns					
7	Lack of Independence of Board of directors is affecting shareholder activism in our organisation					
8	Shareholders/Investors meet with the Chairman, senior independent director or with all independent directors in consultation on the direction of the organisation.					
9	Insider trading indulgence is a problem leading to shareholder activism in our organisation.					
10	Shareholders/Investors intervene jointly with other institutions on particular important issues concerning the organisation.					
11	Poor communication policy with shareholders/ Inadequate disclosures made in company reports is a challenge affecting shareholder activism.					
12	There is lack of proper forum to voice shareholder's concern in					

	the organisation.					
13	Poor shareholders right accorded to investors in our organisation.					
14	The organisation is facing poor financial performance (stock price/profit) as a result of limited shareholder activism					
15	Shareholders express concerns through the company's advisers.					

Please put an (x) in the appropriate box where Strongly agree (5), Agree (4), Neutral (3) , Disagree (2) and (1) Strongly disagree.

	Stewardship in SOEs	1	2	3	4	5
16	Shareholders and management accepts the personal scrutiny that accompanies leadership.					
17	Shareholders and management use their leadership roles appropriately to raise important issues.					
18	Shareholders and management tryhard to be good representatives of the company.					
19	Behaves personally in a way that models all of the qualities of good leadership.					
20	Shareholders and management balances the interests of their unit and the interests of the organization as a whole.					
21	Shareholders and management encourages balance between personal interests and organizational interests.					
22	Shareholders and management are willing to accept personal challenges if they serve the long-term interests of the organization.					
23	Shareholders helps management to see the need to balance their responsibilities to the organization and to those outside the organization.					
24	Shareholders and management seeks to balance long-term and short-term goals.					
25	Institutional Shareholders can play an effective role in keeping oversight on company management					

		1	2	3	4	5
	Relational support					
26	Shareholders displays concern for the management in SOEs.					
27	Shareholders are sensitive to the needs of management in SOEs.					
28	Shareholders care about the priorities and interests of management in SOEs.					
29	Shareholders and management show respect for people regardless of their level in the organization.					
30	Shareholders makes an effort to seek out others' opinions on important issues.					
31	Management takes the time to explain decisions to shareholders.					
32	Shareholders of SOEs are good listeners.					
33	Shareholders deal fairly with management in SOEs.					
34	Management of SOEs can be trusted by shareholders to be fair.					
35	Management of SOEs are unbiased on the decisions that they make.					
	Contextual support					
36	Shareholders provides a clear vision for management for the organization or unit.					
37	Shareholders and management explain to those he/she leads where the organization/unit is going.					
38	Shareholders and management make sure that those he/she leads adequately understand business issues.					
39	Shareholders and management promote a shared understanding about complex issues.					
40	Shareholders and management cut through complex or ambiguous problems to make them easier to understand.					
41	Shareholders and management explain why things are being done a particular way.					
42	Shareholders and management help coordinate actions of unit or organization.					
43	Shareholders and management resolve conflicts constructively.					
44	Shareholders and management create processes that facilitate the work.					
45	Shareholders and management ensure that they take the needs of others into account as they do their work.					
46	Shareholders and management make clear how responsibilities are being divided.					
	Motivational Support					
47	Shareholders and management help the people they lead to see how to successfully perform their roles in the organization.					
48	Shareholders and management clarifies when independent judgment can be exercised versus when prior approval is needed.					

49	Shareholders and management conveys confidence in our ability even when we have self-doubt.					
50	Shareholders and management are honest with us about our weaknesses as well as our strengths.					
51	Shareholders and management works to help us build on SOEs strengths.					
52	Shareholders and management works to help us correct SOEs weaknesses.					
53	Works to build others' self-confidence.					
54	Shareholders and management encourages a "can do" attitude.					
55	Encourages those he/she leads to take on tough challenges.					
56	Shareholders and management shows confidence that those he/she leads can grow into new challenges.					
57	Shareholders and management ensures delivery of the resources others need to accomplish tasks.					
	Moral Courage					
58	Shareholders and management promote high ethical standards.					
59	Shareholders and management discourage unlawful or unethical behavior.					
60	Shareholders and management explain the importance of values and ethics.					
61	Shareholders and management live their values.					
62	Shareholders and management appears to be what they are.					
63	Shareholders and management are committed to doing what he/she thinks is right.					
64	Shareholders encourage us to be true to management`s personal beliefs and values.					
65	Shareholders and management promote a climate in which constructively challenging the status quo is acceptable.					
66	Shareholders and management encourage appropriate risk-taking.					
67	Shareholders and management recognize that great efforts do not always succeed.					

THANK YOU

APPENDICE 2: STATE OWNED ENTERPRISES IN ZIMBABWE

AGRICULTURE

- Pig Industry Board
- Grain Marketing Board (GMB)
- Tobacco Research Board (TMB)
- Agricultural and Rural Development Authority (ARDA)
- Cold Storage Company (CSC)
- Agribank
- Agricultural Research Council (ARC)
- Tobacco Industry and Marketing Board (TIMB)

MINING

- Minerals Marketing Corporation of Zimbabwe (MMCZ)
- Hwange Colliery Company
- Zimbabwe Mining Development Corporation (ZMDC)

TRANSPORT

- Civil Aviation Authority of Zimbabwe (CAAZ)
- Central Mechanical and Equipment Department (CMED)
- Air Zimbabwe Holdings
- ZUPCO Private Limited
- National Railways of Zimbabwe (NRZ)
- Zimbabwe National Road Administration (ZINARA)
- Traffic Safety Council of Zimbabwe (TSCZ)

SPORTS AND ARTS

- State Lotteries and Gaming Board
- National Gallery of Zimbabwe
- National Library and Documentation Services

TELECOMMUNICATIONS

- ZIMPOST
- ZARNET
- NETONE
- Postal Telecommunication Regulatory Authority (POTRAZ)
- Telone
- Transmedia

INDUSTRY AND TRADE

- Printflow Private Limited
- Urban Development Corporation
- ZISCO Private Limited
- Industry Development Corporation (IDC)
- ZITF Company
- Zimtrade

HEALTH

- National Aids Council of Zimbabwe (NAC)
- National Pharmaceutical Company (NATPHAM)
- Zimbabwe National Family Planning Council (MCAZ)

FINANCIAL SERVICES

- IDBZ
- POSB
- National Indigenization and Economic Empowerment Fund
- Zimbabwe Revenue Authority (ZIMRA)
- SEDCO
- National Social Security Authority (NSSA)
- State Procurement Board (SPB)
- State Enterprises Restructuring Agency (SERA)
- Competition and Traffic Commission
- Zimbabwe Investment Authority

- CBZ
- ZABG
- Agribank

ENERGY AND POWER

- Rural Electrification Authority (REA)
- National Oil Company of Zimbabwe
- ZESA Holdings

EDUCATION

- Zimbabwe Schools Examination Council (ZIMSEC)
- Zimbabwe Institute of Public Administration and Management (ZIPAM)

TOURISM

- National Museums and Monuments of Zimbabwe
- Zimbabwe Tourism Authority (ZTA)

WATER

- Zimbabwe National Water Authority