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**CORPORATE GOVERNANCE AND THE PERFORMANCE OF STATE-OWNED  
ENTERPRISES IN ZIMBABWE: AN ANALYSIS OF THEIR CONVERGENCE IN THE  
PUBLIC SECTOR CONTEXT WITH SPECIAL REFERENCE TO THE ZIMBABWE  
MINING DEVELOPMENT CORPORATION**

BY

DINGISWAYO NDLOVU

(N0125064H)

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## ABSTRACT

Corporate governance in the public sector is growing and evolving as a major force behind the performance of State-Owned Enterprises (SOEs). However, despite the continued prominence of corporate governance principles in efficient business management and the recognition by various national governments of the value they add to corporate performance and survival, the fact that SOEs continue to suffer the problems that Corporate Governance (CG) principles are designed to address suggests a disconnect between the hypothesised value and the tangible results produced. Numerous corporate governance codes at global, regional and national level have been formulated, pursued and supported to deal with a myriad of corporate challenges, among them corporate performance. The overriding purpose of this study is to determine the theoretical worldview on which corporate governance at SOEs in Zimbabwe is founded, with special reference to the Zimbabwe Mining Development Corporation (ZMDC), as well as to assess the impact of that particular view on company performance. This thesis employs corporate governance theories (Agency and Stewardship) to investigate the value of corporate governance in a public sector context and its convergence with corporate performance. The thesis begins with noting that the public sector is invariably different from the private sector perspective. It takes cognisance of the distinctive nature of the public sector, bearing in mind the following: pursuance of many objectives, government as shareholder, government interest in the appointment processes, having different types of accountability, following a more complex legal framework and serving the whole government. In undertaking the study, focus is directed at Corporate Governance and the unique challenge of its application to State-Owned Enterprises, the impact of the Agency Theory and Stewardship Theory perspectives on Corporate Governance and the performance of State-Owned Enterprises as well as the extent to which these different perspectives have influenced how corporate governance is applied to SOEs and how they may explain some of its failure. The ongoing debate and incarceration of parastatals and SOEs' boards and management for underperformance by the state added to the justification of the study. To accomplish that goal, it became necessary to reach some prerequisite goals, determining what corporate governance means and how it is connected to given theoretical constructs and the performance of SOEs in the mining industry. This assumed a high degree of importance and focus during the literature review conducted for this research. A chapter dedicated to the case study was presented to allow the reader to follow corporate governance debate through a case-based study. The study case (ZMDC group) is selected as a typical case of SOEs in Zimbabwe. Typical SOEs in Zimbabwe own a number of subsidiaries and significant interests in varying degrees on other entities across sectors. A mixed methods approach involving structured questionnaires and phenomenological face-to-face interviews with selected Ministry of Mines officials, Directors and senior management are used to elicit corporate experiences linked to corporate governance and performance. The mode of selecting respondents and interviewees is purposive. Document analysis was used, thereby achieving triangulation. Respondents' views were organised under the following themes: Organisational Relationships, Decision-making and approval process, Appointment of Boards and top management, Separation of Powers and corporate performance. Empirical Data was presented in both pictorials and tables with brief interpretation. Data analysis was done through the NVIVO and SPSS soft-ware, with NVIVO used to analyse qualitative empirical data while SPSS was devoted to quantitative data from the questionnaires. The results of the study suggest that the application of CG principles at ZMDC is done under an Agency Theory view which impinges on its collective ability to deliver the expected performance they are set out to produce. From the evidence gathered, the application of CG cannot be successfully made if the perspective of the adopter is one of Agency Theory rather than Stewardship Theory. Thus, while it may be the intention of the state to run SOEs as efficiently as private firms, the CG principles should not be applied in the manner they are used in the private sector. CG needs to be revised for SOEs to consider the Stewardship Theory if it is to start addressing persistent performance gaps confronting SOEs.