Board Appointment Processes and their Impact on Corporate Performance of Public Entities in Zimbabwe

Manyeruke Garikai, Sifile Obert, Ruvinga Tinashe[1]

[1]Chinhoyi University of Technology

*Corresponding Author's Email: garikaimanyeruke75@gmail.com

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Abstract

The purpose of the study was to determine the effectiveness of appointment systems for public entity boards in Zimbabwe in enhancing meritocracy, given the contribution of the parastatals to the national economy. Most public entities in Zimbabwe have been drowned in scandals, which have left them underperforming and recording losses over the years. The Agency Theory, Upper Echelon Theory and Political Theory informed the study. The study adopted a pragmatist research philosophy, a mixed research paradigm and a cross-sectional survey research design. The target population of the study comprised permanent secretaries and board members from the 107 public entities in Zimbabwe. A sample size of 261 participants was used for collecting quantitative data, and 25 participants were used for collecting qualitative data. Stratified sampling and purposive sampling techniques were employed to sample participants for quantitative and qualitative data respectively. Semi-structured questionnaires and in-depth personal interview guides were used to collect and generate data from participants. Cronbach's alpha (α) was used to determine the reliability of the questionnaire. The data was analysed using SPSS Version 25 and AMOS Version 21. The study concluded that the Corporate Governance Unit was the most appropriate institution to be designated as the appointing authority for state entity boards. The appointing authority needs to be granted the full mandate of establishing nomination committees that conduct board selection processes for all public entities. The study also concluded that government policies moderated the relationship between meritocracy in the appointment of public entity boards and organisational performance. The study recommended that the government should avoid the frequent state interference and violations of statutory provisions in the board appointment process. Further studies could focus on the effectiveness of a boards appointment system in the private sector in Zimbabwe.

Keywords: Appointing authority, Corporate performance, Meritocracy, Ownership entity

Introduction

Mbo (2017) posits that public entities are important drivers of development, particularly in developing economies. According to Leutert et al. (2021), public entities account for 22% of the world's largest companies and are often concentrated in sectors with strategic importance for the state and society. Global public entities' assets more than trebled from around \$13 trillion in 2000 to \$45 trillion in 2018, constituting about half of the global GDP (OECD, 2019). Several studies conducted recently suggest that public entities have not been run efficiently (Chigudu, 2020; Mutize & Tefera, 2020) but have instead imposed an unnecessary extra burden on the government purse. The board of directors for public entities forms the epitome of corporate governance, hence the survival of corporates is hinged on the effectiveness of boards and their controlling functions (Sifile et al., 2015). Globally, the nomination of public entity directors is a government responsibility that is usually exercised by the relevant ministers (Srinivasan, 2018; Wu, 2017). Among the sample of 21 African countries that the study researched on across the continent, line ministers in 12 states appoints board members, while the presidents are the appointing authorities in the other 09 states. As a result, most African countries lack political independence within most public institutions, characterised by frequent turnover of board members. In the region, with the exception of Angola, all board members for state entities are nominated by the responsible line ministers. The underperformance of most parastatals has been attributed to arbitrary hiring and firing of board members (Thabane & Snyman-Van Deventer, 2018) and the irregular appointment of unqualified directors.

In the Zimbabwe context, the country has 107 state entities and parastatals that have the potential to contribute 40% of the gross domestic product (OAG of Zimbabwe Report, 2021). However, quite a number of state entities in Zimbabwe have had challenges related to board failure while others failed to improve viability (Mashavave, 2017). In a quest to enhance corporate governance, the Government of Zimbabwe took a giant stride in the year 2010 by the enactment of the Public Entities Corporate Governance Act (Chapter 10:31) and the establishment of the Corporate Governance Unit (CGU) in the Office of the President and Cabinet. However, latest audit reports by the country's treasury show that most public entities are unable to fulfill their organisational mandate, with 92 being technically insolvent. The struggling state entities include among others, the Premier Service Medical Aid Society, Air Zimbabwe, Zimbabwe Broadcasting Corporation and Zimbabwe United Passenger Company (Majaka, 2017; Auditor-General, 2021). The legal framework for the appointment and dismissal of public entity board members often gives the executive untrammeled power. Unfortunately, a trend has emerged whereby every time a new minister is appointed, the public entity boards falling within the portfolio of the concerned minister are dismissed and replaced by new board members often perceived to be loyal to the minister. The boards for National Prosecuting Authority (NPA), National Railways of Zimbabwe (NRZ), Air Zimbabwe, Zimbabwe Revenue Authority (ZIMRA) and Petro Trade are recent examples. More often than not, the appointment or disappointment of board members is based on political expediency and rarely on pure merit (Madekutsikwa, 2015; Chimbari, 2017). As Muntingh (2020) posits, it appears as if procedures for the appointment of public entity board members often lack integrity, are not transparent and do not provide for adequate public engagement.

Boards provide strategic direction to public entities which played a significant role in the economic turnaround of the country’s fortunes (Chirasha & Gauya, 2018). Nevertheless, most of these entities have been drowned into scandals which have left them underperforming and recording losses over the years (Mthombeni et al., 2021). Lin et al., (2020) assert that state entities have proved to be inefficient in developing economies, although they have significantly enhanced economic growth in developed countries like China. The report of the Auditor General (2020) has described the problems of state entities in Zimbabwe as reflecting the lack of adherence to pillars of corporate governance. As Muntingh (2020) posits, it appears as if procedures for the appointment of public entity board members often lack integrity, transparency and public engagement. However, no specific empirical studies have been conducted to establish the effectiveness of public entity board appointment criteria in enhancing corporate performance in developing economies, according to the researchers. The research is therefore focused on interrogating the board appointment procedures for public entities as these could be the key factors that contribute to the corporate failure in most public entities in Zimbabwe.

The study's primary aim was to determine the effectiveness of the appointment system for public entity boards in Zimbabwe in enhancing meritocracy and come up with an ideal model for the board selection criterion. The specific objectives of the study were:

- To determine the board appointment process in public entities in Zimbabwe.
- To evaluate the most appropriate institution to be designated as appointing authority for state entity boards.
- To establish the effect of board meritocracy on corporate performance in Zimbabwe public entities.
- To assess the effect of government policies on the transparency of board appointment processes among Zimbabwe public entities.

The study sought to test the following research hypotheses:

H1: There is a positive relationship between board meritocracy and corporate performance in Zimbabwe public entities.

H2: Government policies moderate the relationship between public entity board appointment systems and corporate performance.

Zimbabwe is situated in Southern Africa, covering an area slightly above 390,000 square kilometers. It has a population of approximately 15 million with an annual growth rate of 3.5%. Zimbabwe has 107 state entities comprising 15 boards and commissions, 17 authorities and agencies, 14 tertiary institutions, 17 councils, 35 corporations, 6 financial institutions and 5 hospitals. Most of the head offices for ministries and public entities upon which the field research was conducted are situated around the city of Harare, with the exception of some tertiary institutions and health institutions. Figure 1 shows a map of Zimbabwe and the eight study sites of Harare, Bulawayo, Gweru, Lupane, Zvishavane, Masvingo, Bindura and Chinhoyi.

Figure 1. Map of Zimbabwe Showing the Study Sites
Source: Surveyor General.

Review of Related Literature

Public entities or state entities are independent entities established and partly or wholly owned by government to perform specific economic functions and operate in accordance with certain specific legislative Act (Sturesson et al., 2015). The goal of public entities is to promote societal equality through redistribution of incomes and the creation of employment (Afegbua & Ejalonibu, 2015). However, most state entities have not been successful in playing their economic role as a result of poor performance when compared to private enterprises (OECD, 2018). The public entities have been accused of many ills, including gross inefficiencies, poor corporate governance, battleground of political games and being conduits for corruption. The government is mandated to establish a transparent mechanism for the selection of board members (Adebayo & Ackers, 2022) to ensure that senior appointments being based on merit (Chigudu, 2021).

According to the World Bank Report (2022) the powers of the board of directors could be hampered by the parent ministry, as the minister is the one who chooses who sits on the board of directors of public entities. The common procedure for final appointment of public entity board members in most developing countries normally vests in the relevant minister (Muntingh, 2019). This oversight role of the state often compromises good corporate governance, transparency and democracy (Visser & Waterhouse, 2020). The relevant minister possesses the overall power of dismissing executives, which creates a situation whereby public entity board members are subordinate to the minister and his officials (Postuła & Wieczorek, 2021) as opposed to being accountable to the board.

Ideally, the state may establish a permanent independent appointing authority that has a full mandate to appoint and terminate term of office of board members in all state entities. In the Zimbabwe setup, the CGU is a special unit that is dedicated to promoting good corporate governance in government institutions. Structured in the same framework as the Government Portfolio Management Unit of Rwanda (Walabyeki, 2017), the CGU operates under the auspices of the Ministry of Finance, with the mandate of ensuring that state investments are well managed, to achieve set Government's strategic objectives. Besides, the CGU maintains the database for all serving and potential board members for public entities.

Alternatively, some countries have assigned the responsibility of appointing board members to ownership entities that become representative shareholders for the public entities (Kaunda & Pelser, 2022; Zohrab & Halstead, 2021). The ownership entity has the right to monitor the operations of the public corporation and to participate and vote in general meetings of shareholders. The ownership entity may be either a single centralised legal entity or as two or more state entities involved in the ownership of public entities (Ibarguen et al., 2021; Thabane, 2020). The ownership entity is required to develop appropriate institutional strength to exercise its rights at general meetings of shareholders and when nominating directors (Ibarguen et al., 2021). The model could be applied to the Zimbabwe public entities, which would relieve the line ministries of routine oversight role on state entity boards. Such an entity has already been created, the Munhumutapa Investment Fund Board that has shares in all public entities created in Zimbabwe. The Fund could work hand in glove with the CGU to enhance transparency in the appointment of competent candidates for public entities.

The other alternative appointment authority is the holding company model (World Bank, 2014). Adebayo & Ackers (2022) aver that the holding company model, which is applicable to Singaporean public entities, allows public entities to be listed on the stock exchange. The listed public entities are governed by seasoned business-oriented managers, including experienced retired public sector officials, whose greater focus is on public entity efficiency and effectiveness (Postuła & Wieczorek, 2021). The listing of public entities encourages share ownership by the board and top management and align shareholders' interests with those of the board, thereby eliminating agency costs. It would be interesting to see how the model would replace or complement the functions of the CGU and parent ministry as the appointing authority for public entities in Zimbabwe.

Lastly, parliament's involvement in public entity governance is mainly an indirect oversight function, which extends through its monitoring of the executives for public entities. According to Kaunda & Pelser (2022), parliament should, through the committee responsible for appointments, confirm all candidates appointed to serve as board members through a transparent appointment process. Mazikana & Mabenge (2023) went further to recommend that the parliamentarian portfolio committee on public entities should be in charge of the appointment of board members, with candidates submitting applications to the committee for interviews. However, it would not be practically possible for parliament to play a direct role in the appointment and dismissal of board members for each public entity, given the sheer number of public entities established (Visser & Waterhouse, 2020). Besides, the very nature of parliament as a political body is likely influencing a process that is expected to be strictly run on merit.

The designated appointing authority is mandated to put in place a transparent mechanism for the selection of supervisory board members by establishing a selection committee (Adebayo & Ackers, 2022) that oversee nominations in public entity boards (OECD, 2015). The selection committee is entrusted to identify, recruit and select competent people for such appointments in public entities in a transparent way (Muntingh L, 2019). Members of the nominating committee are required to be experienced current or former board members of public or private sector corporations (Zohrab & Halstead, 2021). However, in the Zimbabwean context, the role of the nomination committee is jointly vested in the CGU and the line ministries. It is apparent that the nomination process of members of the board has to be transparent and be based on competencies and experience (Semi, 2019). The procedure should articulate reasonable timeframes for notification of the public about the selection (Malgas, 2021).

Research Methodology

The study adopted a pragmatism research philosophy and a cross-sectional survey research design. A mixed methods research paradigm involving both quantitative and qualitative data collection techniques was employed. These included in-depth personal interviews and documentary reviews so as to triangulate the data sources. The target population of the study comprised permanent secretaries, executive and non-executive board members from all public entities across Zimbabwe. From this population, a sample of 261 participants was used for collecting quantitative data, while a sample of 25 participants was used for collecting qualitative data. Stratified sampling technique and purposive sampling technique were employed to sample participants for quantitative and qualitative data respectively. A structured questionnaire was employed as the primary tool to gather socio demographic and technical data concerning board appointment systems. The structured questionnaire was distributed by the researcher at the respondents' office premises and partly via email. The closed ended questions enabled the researcher to obtain standardised responses to questions asked and a higher response rate. The researcher conducted interviews with selected permanent secretaries, principal directors, CEOs, and board members to hear their views concerning questions on the research. Descriptive statistics such as frequencies, means and standard deviation were used to present study findings.

Results and discussion

The research sought to assess the impact of applicable board appointment processes on corporate performance of state entities in Zimbabwe. The variable 'Appropriate appointing authorities' was measured on six items coded as AA11 up to AA16. The mean score and standard deviation for each factor that was used to measure the appropriate appointing authority for state entity boards are presented on Table 1 below:

Table 1. Descriptive Statistics for Appropriate Appointing Authorities

Code	**Appointing Authority**	**N**	**Min**	**Max**	**Mean**	**Response**	**Std. Dev**
AA11	Parent Ministry	207	1	5	4.18	Agree	1.388
AA12	Corporate Governance Unit (CGU)	207	3	5	3.94	Agree	0.697
AA13	State Ownership Entity	207	2	5	3.47	Neutral	1.181
AA14	Holding Company of the Entity	207	1	4	2.92	Neutral	1.094
AA15	Parliament	207	1	5	2.46	Disagree	1.361
AA16	Board Nomination Committee	207	1	5	2.93	Neutral	1.448
Valid N		**207**					

Source: Research Data (2024)

The perceptions of the respondents on the appropriate appointing authorities for Zimbabwe state entity boards are presented on Table 1 above. A relatively high arithmetic mean for the parent ministry and corporate governance unit signify that on overall, respondents were agreeable that board members should be appointed either by the parent ministry or the corporate governance unit. On the other hand, respondents were neutral with regards to ownership entity, holding company or board nomination committee being appointing authorities for state entity boards. In addition, appointment by parliament had the lowest overall mean response of 2.46, implying that respondents disagree that parliament should be mandated to be directly involved in the appointment of state entity boards.

On the one hand, the discussions from both questionnaire survey and interview imply that the CGU was perceived to be the ideal appointing authority for state entity boards as opposed to line ministries. This is in line with the OECD (2015), which recognises the need for a specialised commission or public board that oversee nominations in public entity boards. The results from the study further confirmed that the responsible line ministries' role should be restricted to advising the CGU of any vacancies that arise so that they are filled up. The majority of respondents concurred that the CGU, as the appointing authority should be given the mandate to appoint nomination committees that conduct the board selection processes for all public entities. These sentiments complement findings from previous studies, (Adebayo & Ackers, 2022; Zohrab & Halstead, 2021; Muntingh L, 2019), that a nomination committee that involves various actors, be entrusted to identify, recruit and select competent people for such appointments in public entities.

On the other hand, the state's interests in all state entities could be better represented by an ownership entity established by central government. The entity plays the role of institutional shareholder for the state, such as the Munhumutapa Investment Fund Board that has shares in all public entities created in Zimbabwe. The ownership entity may then work hand in glove with the CGU as two state entities (Thabane, 2020; Ibarguen et al., 2021). The results also imply that parliament should be accorded an oversight role of monitoring that the entire selection process is conducted in a transparent manner, without interference from the executive or other parties. The respondents' views on the oversight role of parliament are in tandem with other previous studies ((Visser & Waterhouse, 2020; Kaunda & Pelser, 2022). A wholesome model of board appointments with the CGU as the centre of power, would create a conducive environment for appointment of board members on merit, which would significantly contribute to an improvement in the performance among state entities.

The second objective was to evaluate the applicable appointment procedure for state entity boards. The variable 'Transparency of Board Appointment Procedure' was measured on seven descriptive items that were coded as AP17 up to AP23. The mean score and standard deviation for each item used to measure the transparency of board appointment procedures are presented in Table 2 below:

Table 2. Descriptive Statistics for Transparency of Board Appointing Procedure

Code	Appointment Procedure Transparency	N	Min	Max	Mean	Response	Std. Dev
AP17	Skills profiling	207	1	5	3.45	Neutral	1.532
AP18	Nomination process	207	1	5	3.46	Neutral	1.127
AP19	Advertisement of recruitment process	207	1	5	3.91	Agree	1.189
AP20	Interview for potential board members	207	1	5	3.09	Neutral	1.272
AP21	Publicity of results of selection	207	1	5	3.14	Neutral	1.161
AP22	Appointment of executive directors	207	1	5	3.43	Neutral	1.401
AP23	Appointment of CEO	207	1	5	3.54	Agree	1.403

Source: Research Data (2024)

Table 2 presents the respondents' views on the transparency of the board appointment process for public entities in Zimbabwe. The arithmetic mean of the responses ranges from 3.09 to 3.91. Evidence from the study findings confirmed the importance of establishing a central database that captures details of all potential board members under custody of the appointing authority, which is ideally the CGU. The overall impression from the responses reflects that the public is not notified when board appointments take place, as most interviewees professed ignorance of any advertisements for public entity boards recruitment. This is contrary to extant literature (Malgas, 2021; Kaban et al., 2023) that advocated for the publication of the entire recruitment process. The results imply that while the system of board selection may be transparent throughout the various stages, there is no public record to confirm that or refute any allegations of unfair play. This is echoed by Muntingh (2020), who posits that it appears as if procedures for the appointment of public entity board members often lack integrity, are not transparent and do not provide for adequate public engagement.

The respondents generally agreed that the responsible line ministries need to notify any vacancies to the appointing authority as soon as they arise, for the appointing authority to advertise all vacancies on time. The responses further confirmed that a thorough vetting process is critical for ensuring that only candidates with a proven track record and requisite qualifications are selected, which is in tandem with other previous literature (Zohrab and

Halstead 2021). The majority of respondents concurred that the board should be the only authority that appoints CEOs for public entities (Kaunda & Pelser, 2022) and not reserved for any other authority, as prescribed by the Public Entities Corporate Governance Act (Chapter 10:3. Para 17). The variable on the effect of government policies on board appointments was measured by seven items coded as GP38 up to GP44. Based on the results from both questionnaire surveys and interviews, the respondents' views concurred that the policy on board appointments in state entities in Zimbabwe is comprehensive. They referred to the recent promulgation of the Public Entities Corporate Governance Act (Chapter 10:31) and the establishment of a Corporate Governance Unit (CGU). Nevertheless, most respondents asserted that the government and line ministries should not be involved in the process of appointment and dismissal of board members. Rather, both the executive and parliament should play an oversight role over the entities and leave the appointment role to be conducted by the CGU, which should be granted powers to appoint nomination committees.

The respondents opined that even though the government had sound statutory instruments that promote corporate governance at its disposal, there seems to be no will power to ensure the full implementation of those statutes, which has a negative effect on the performance of the entities. Rather, government officials are often found to be violating the same corporate governance standards that they are to uphold (Zvavahera & Ndoda, 2014; Madekutsikwa, 2015; Chimbari, 2017). The respondents also bemoaned the arbitrary hiring and firing of board members by line ministers, which compromised the independence of the boards (Chibamu, 2016), and the violation of the provision for board tenure limit and the restriction on number of boards (Mthombeni et al., 2021). The respondents encouraged the government to enforce the statutory provisions for appointment of state entity boards by granted exclusive and full powers to the CGU of advertising vacancies, selecting and appointing candidates to state entity boards. The executive, parliament and other relevant regulatory authorities should play an oversight role in monitoring the transparency within the entire board selection processes. The respondents concurred that civil servants and retired members could be employed on state entity boards as long as they are appointed on merit and serve the interests of the board wholeheartedly.

The research sought to rate the state of performance of public entities in Zimbabwe. The variable for performance of Zimbabwe public entities was measured on four descriptive items coded as CP1 up to CP4. Table 3 exhibits the descriptive statistics for the perceived state of performance for public entities in Zimbabwe.

Table 3: Corporate Performance Descriptive Statistics

Code	Corporate performance	N	Min	Max	Mean	Response	Std. Dev
CP1	Profitability in public entities is good	207	1	3	1.72	Disagree	.964
CP2	There is efficiency in service delivery in of public entities	207	1	5	1.96	Disagree	1.382
CP3	Public entities contribute to employment	207	2	5	3.41	Neutral	.493
CP4	Public entities contribute to the national economy	207	2	5	3.53	Agree	.889
	Overall				2.43	Disagree	.867
Valid N		**207**					

Source: Primary data (2024)

The research sought to establish corporate malfeasance in public entities. The variable titled corporate performance malfeasances was measured on six descriptive questions that were coded as CPM5 up to CPM10. The mean score and standard deviation of each item that was used applied to measure the variable are presented in Table 4 below:

Table 4: Descriptive Statistics on Corporate Performance Malfeasance

Code	Corporate Performance Malfeasances	N	Min	Max	Mean	Response	Std. Dev
CPM6	Improper recruitment procedures	207	1	5	4.05	Agree	1.249
CPM7	Gross inefficiencies	207	1	5	3.78	Agree	1.214
CPM8	Frivolous expenditure	207	1	5	3.59	Agree	1.527
CPM9	Flouting of tender regulations	207	1	5	4.27	Agree	1.394
CPM10	Corruption	207	1	5	3.42	Neutral	1.574
Valid N		207					

Source: Primary data (2024)

The lowest arithmetic mean for the respondents is approximately 3.42 and the highest is approximately 4.27 as shown on Table 4 above. Overall, the respondents' views imply that most public entities are characterised by improper recruitment procedures, gross inefficiencies, frivolous expenditure as well as flouting of tender regulations. The results confirm findings from extant literature of challenges related to board failure and viability (Mashavave, 2017), outright corruption (Zvavahera, 2014) poor service delivery Chigudu (2020) and endless scandals that include embezzlement of funds, unscrupulous rewarding of tenders and nepotism (Mthombeni et al., 2021). Though not all entities are performing poorly as respondents' views suggest, it is the proportion of the underperforming entities that is a cause for concern. Respondents affirmed to the existence of corruption in public entities as reflected by the highest mean score 5 on quantitative data results.

Interviewees also attributed poor performance by public entities to rampant corruption and misplaced priorities at the expense of the core mandate of service delivery and profitability. This have been corroborated by various previous scholars that the main cause of public entities' financial problems has been the lack of a stable management at board and top management level (Chibamu, 2016) and sound governance (Munyede, 2021). This reflects that the government may also not be spared the blame for contributing to poor performance, where it is responsible for appointing unsuitable members to the public boards. The respondents urged the government to transform the public entities by applying stern measures to curb corruption and employing the right people to boards. This again implies that the performance of elected boards may only be determined if the government and line ministries do not interfere with the appointment processes.

The researcher validated the data that had been obtained using confirmatory factor analysis, reliability analysis, construct validity, convergent validity and discriminant validity. These tests ensured that the instrument used to collect data were reliable and valid. The data normality test aided the researcher in ascertaining the nature of test to be conducted to infer association and correlation as part of validity. The data was subsequently assessed for research hypotheses through structural equation modelling. The above analyses were conducted using SPSS Version 25 and AMOS version 21. After establishing the factors underlying the constructs, the researcher conducted hypotheses testing to determine the nature of the relationships among variables under study. The hypothesised relationships were tested using Structural Equation Modelling (SEM) technique. Statistical Packages for Social Sciences (SPSS) extension module and Analysis of Moment Structures (AMOS) were applied. The model fitness results are presented in Table 5 below.

Table 5: Model Fit Summary

Fit Indices	Original Model	Modified Model	Commended	Sources
χ^2/DF	2.678	2.262	≤3.00	
GFI	0.886	0.906	>0.900	Reisinger and
AGFI	0.854	0.922	>0.900	Mavondo (2007),
NFI	0.848	0.946	>0.900	Hooper et al. (2008)
TLI	0.892	0.914	>0.900	Hair et al. (2010)
CFI	0.960	0.982	>0.900	
RMSEA	0.069	0.053	< 0.07	

Source: Researcher (extracted from AMOS Output)

Table above illustrates that the CMIN/DF 2.262 results demonstrate a strong model match (Zadow et al., 2017). The model was seen to be fit, and the next stage was to test the research hypotheses using structural equation modelling. The results can be summarised by Table 6 below.

Table 6: Results of Hypotheses Testing (H_1 to H_5)

Hypothesis	**Hypothesised Relationship**	**SRW**	**C.R.**	**Remark**
H1	Board Meritocracy → Corporate Performance	.30	4.099***	Supported
H2	Government Policies → Corporate Performance	.07	1.224***	Supported

Notes: SRW - Standardised Regression Weight, CR - Critical Ratio, *** Significant at p < 0.001

Source: Research Data (2024)

A look at the table above shows all predictor variables and the respective regression weights, as well as government policy iteration to measure the moderating effect of government policy on the relationship between board appointment and corporate performance of public entities. Appointing authority (AP) had a regression estimate of 0.03 and a probability value of less than 0.000 which signify that it is statistically significant in explaining variability of corporate performance. The moderated regression analysis was performed to establish whether the value of the third variable (government policies) influences the relationship between two variables; public entity board meritocracy and corporate performance. The results show a significant effect on both the iteration and government policy which imply that government policy on how public entities are government indeed moderates the relationship between board appointment and corporate performance. This is reflected by a 0.07 standard regression estimate which imply a positive moderation.

Conclusion and recommendations

The study concluded that the CGU was confirmed to be the most appropriate appointing authority for state entity boards. On the other hand, the line ministries' role was identified as to communicate of any new vacancies for board members to the CGU. In addition, the results confirmed that the role of parliament in the appointment of board members should be one of oversight of the transparency of the appointment process and independence of the board. From the study findings and the interpretation of results, there is sufficient evidence that the CGU, as the appointing authority would require to be granted the full mandate of establishing nomination committees that conduct the board selection processes for all public entities. The study findings further revealed that an ownership entity could be established to represent the government's interests in each of the public entities as an institutional shareholder for the state. In particular, the role of institutional shareholder for Zimbabwe public entities has been assigned to the Munhumutapa Investment Fund Board to exercise shareholders' rights on behalf of public entities.

The study findings indicated that the appointment process was currently being conducted by line ministries, who obtained candidates from the CGU for final selection. The CGU maintained a central database that captured detail of all potential board members from which potential board members are drawn for selection. However, the results indicated that while the system of board selection by the line ministry may be transparent throughout the various stages, the evidence of transparency was not publicised. As such, it remaind doubtful whether there was an effective system of skill profiling, interviewing of potential members and public announcement of results. The implication of the results was a decrease in the transparency of the selection process that had a negative impact on the performance of public entities. Besides publicity, the presence of a thorough vetting process was critical for ensuring that only candidates with a proven track record and requisite qualifications are selected. Overall, the study concluded that a model of board appointments with the CGU as the appointing authority, was believed to be the solution to attainment of meritocracy in the appointment of board members for public entities.

The study concluded that the policy on board appointments in state entities in Zimbabwe is effective, although the question of the appropriate appointing authority still remains. The involvement by government and line ministries in the process of appointing and dismissing of board members undermines this policy. The study confirmed the allegations of arbitrary hiring and firing of board members by line ministries, violation of the provision for board tenure limits and the restriction on board membership. The results confirmed that the lack of compliance to the statutory provisions of the board appointment process has contributed more to the underperformance of public entities in Zimbabwe. This implied that the executive and parliament should leave the appointment responsibility to the CGU and maintain an oversight function over the entities from a distant. Thus, if the government improves its moderation role by giving the CGU the full mandate to appoint nomination committees, the board appointment system would be characterised by independence, professionalism and transparency. Thus, the government needed to grant exclusive powers to the CGU of advertising vacancies, selecting and appointing candidates to state entity boards to enhance meritocracy, board independence and corporate performance. It could be concluded that the government policy on appointing civil servants and retired members to state entity boards positively moderate the relationship between board appointment criteria and corporate performance. Nevertheless, the candidates need to be appointed on merit, be independent from political links and other conflicting interests. The study findings confirmed that former civil servants brought in experience, expertise and competence to state entity boards. Thus, from this study, a research model may be drawn suggesting a valid nexus between board appointment criteria and corporate performance. The model, which future researchers are encouraged to test, is depicted on Figure 2 below:

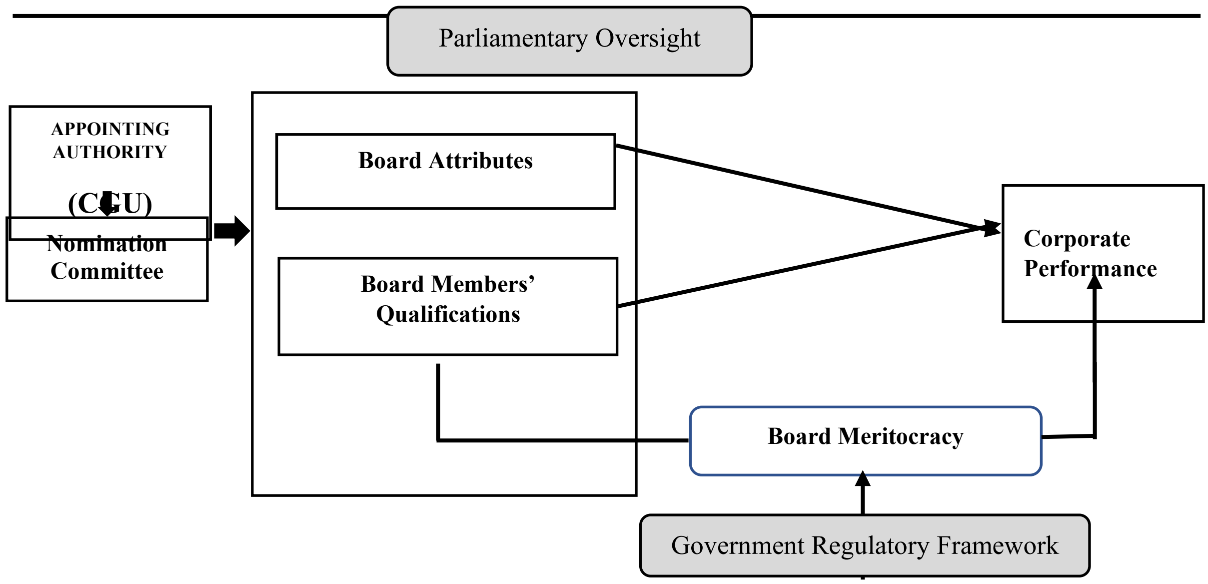

Figure 2: Model for Board Appointments Transparency in State Entities in Zimbabwe
Source: Research Data (2024)

In light of the findings of this study, the researcher proffered the following recommendations with the view of improving the board appointment system for state entity boards in Zimbabwe: The appointing authority should be an independent, professional entity that promoted transparency and meritocracy in the system of board appointments for state entities.

- The government was advised to give the CGU full mandate as the appointing authority for board members of public entities in Zimbabwe. Other than maintaining a database for potential board members, the appointing authority should be responsible for the hiring and termination of contracts for directors.
- The CGU, as the appointing authority, should be granted powers to appoint nomination committees at an ad hoc basis that conduct the selection procedures, suspension and dismissals.
- The appointing authority should develop a comprehensive framework for continuous vetting and screening of all potential board members to authenticate that only qualifying candidates are considered fit to remain on the database.
- The executive and parliament should maintain an oversight function over the board appointment system for state entities to ensure compliance with statutory requirements in order to ensure transparency, board independency and competence.

In light of the significance of meritocracy in the appointment of board members for state entities, further studies could focus on the impact of board appointments on organisational performance in the private sector, given that organisational performance is also a critical concept in this sector that need attention.

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