Examining Malfeasances Behind the Underperformance of State Entity Boards in Zimbabwe

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Abstract

Public entities in Zimbabwe have been experiencing frequent corporate failures that are attributed to endless scandals that include embezzlement of funds, unscrupulous rewarding of tenders and nepotism. The primary objective of the study was, therefore, to examine the malfeasances that contribute to poor corporate performance among state entity boards in Zimbabwe. The Agency Theory and Political Theory informed the study. The pragmatism research philosophy, mixed research approach and cross-sectional survey research design were adopted. The study population comprised permanent secretaries, CEOs, executive and non-executive directors from all public entities across Zimbabwe. A sample of 261 participants was used for collecting quantitative data and 25 participants for collecting qualitative data. The stratified sampling and purposive sampling techniques were applied to sample quantitative and qualitative data respectively. Semi-structured questionnaires and in-depth personal interviews were applied to collect and generate data from participants. The study established that poor recruitment procedures and board inefficiencies were behind the underperformance of public entities. The results indicated that government policy on how public entities are governed indeed moderates the relationship between board malfeasances and corporate performance. The respondents urged the government to transform the public entities by applying stern measures to curb corruption and employing the right people to boards.

Keywords: Corporate performance, Malfeasances, Recruitment and state entities

Introduction

An entity of the state is a statutory body, public commercial entity, partnership or joint venture between the state and any other person whose operations or activities are substantially controlled by the state, either through ownership of most shares in the entity or otherwise. According to Leutert & Vortherms (2021), state entities account for 22% of the world's largest companies, often concentrated in sectors of strategic importance for the state and society. A survey carried out in 2018 credited state entities for 20% of investment, 5% of employment and over 40% of domestic output globally. Enterprises in both the public and private sector have a mandate to achieve corporate success by upholding corporate governance tenets (Arries, 2014). The board members for state entities form the epitome of corporate governance, with the survival of corporates hinged on the competence of boards and their oversight functions (Sifile et al., 2015). However, extant literature suggest that state entities have not been run efficiently (Chigudu, 2020; Mutize & Tefera, 2020) but have instead imposed an unnecessary burden on the state coffers. In most cases, government officials, board of directors and management are responsible for ineffective corporate governance structures and poor performance in public entities (Mashavave, 2017). The high echelons of power award themselves remuneration which is not commensurate with the performance of the entities (Mutanda, 2014).

In most Asian countries, for example, it is common that the government interferes in the decision-making process of public entities (Srinivasan, 2018; Wu, 2017). Rop & Jagongo (2021) opine that the foremost challenge facing public entities is the political interference of governments in the management of entities, which results in poor performance, corruption and misappropriation of public funds in developing countries. In South Africa, the majority of the 276 public entities had a combined debt of close to R2 trillion in 2018 (Visser & Waterhouse, 2020), which became a serious threat to the economy. Baum et al. (2019) asserted that public entities are more affected by a corrupt environment than private firms and can be more productive than private firms in a low corruption environment.

According to the Africa Integrity Indicators (2023), most African countries could score well on corporate governance index if appointments were based on merit, free of a conflict of interests and changes in appointments were effected through due process by an oversight body. Nevertheless, most of these countries lack political independence on public institutions, characterised by the ad hoc hiring and firing of board members. In Eswatini, the Post and Telecommunication Corporation (SPTC) and Central Transport Administration (CTA)'s employees have reportedly been conniving with the public in fleecing the entities for the past decade (Chigudu, 2020). As is the case in other countries in the region, efforts by different administrations in Eswatini to end the looting have not been successful despite exposures through forensic audit reports.

A focus on Zimbabwe shows that the country has more than 107 state entities and parastatals that have the potential to contribute 40% of the gross domestic product (OAG of Zimbabwe Report, 2021) as compared to the current contribution of merely 15%. Nevertheless, the National Development Strategy 1 (2021-2025) reported that quite a few state entities in Zimbabwe have experienced significant losses, resulting in declining performance and escalating debts, with state entities owing the Zimbabwe Revenue Authority (ZIMRA) over US$491 million as of 2018. As Mazikana (2023) posits, most public entities in Zimbabwe are characterised by odious debts, loss making, poor and inadequate service delivery, under-capitalisation, skills deficits, dilapidated infrastructure and equipment, mismanagement and outright corruption. The corporate failure is evidenced by poor performance and deteriorating quality of public services (Chigudu 2020; Chimbari 2017). In a quest to enhance corporate governance, the Zimbabwean government enacted the Public Entities Corporate Governance Act (Chapter 10:31) in 2018. This was followed by other statutory/structural reforms namely the establishment of a Corporate Governance Unit (CGU) in the Office of the President and Cabinet and a Central Internal Audit Unit in the Ministry of Finance and Economic Development. However, latest audit reports by the country's treasury show that most public entities are unable to fulfil their organisational mandate, with 92 being technically insolvent.

According to the Auditor-General's Report (2018), the struggling state entities include among others, the Premier Service Medical Aid Society (PSMAS), Air Zimbabwe, Allied Timbers, Zimbabwe Broadcasting Corporation (ZBC), Central Mechanical Equipment Department (CMED), National Social Security Authority (NSSA), Zimbabwe National Road Authority (ZINARA) and Zimbabwe United Passenger Company (ZUPCO). Dandaratsi et al. (2022) avers that billions of dollars are lost through incredible perks for senior managers and directors

(Chigudu, 2020) while there is poor service delivery and a deplorable state of employee welfare. Apparently, all this takes place in the eyes of the responsible ministers and board members. According to Zvitambo and Mhizha (2019), challenges faced by state entities are largely caused by political, economic and management factors.

The most glaring evidence of problems in the running of public entities is the frequent hiring and firing of board members in most instances, these executive appointments have been characterised by cronyism, where appointment or disappointment of members is based on political expediency and rarely on pure merit (Zvavahera & Ndoda, 2014; Madekutsikwa, 2015; Chimbari, 2017). The other cause of public entities' financial problems has been the lack of a stable management at board and top management level (Chibamu, 2016). As such, the role and significance of the board of directors have emerged as key in addressing the factors that contribute to poor corporate governance, corporate collapses and inefficiencies in the running of public entities (Munyede, 2021; Boroma, 2020; Dandaratsi et al., 2022; Mthombeni et al., 2024).

Although the Zimbabwe government has put in place boards to oversee public entities and turn around the country's economic fortunes (Chirasha & Gauya, 2018), most public entities have been drowned into scandals which have left them underperforming and recording losses over the years (Chiri, 2017). These endless scandals range from embezzlement of funds, unscrupulous rewarding of tenders and nepotism amongst others (Mthombeni et al., 2021). Other scandals include excessive directors and top management compensation, as well as fraudulent practices perpetrated by company executives (Moyo, 2016; Mazikana, 2023). 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. However, no specific empirical studies have been conducted to establish the influence of board inefficiencies on corporate performance in developing economies. Therefore, the study's primary aim was to evaluate the impact of boards malfeasances on the corporate performance of Zimbabwe public entities.

The specific objectives of the study were:

- to determine the effects of improper recruitment procedures on corporate performance of Zimbabwe public entities
- to evaluate the impact of board malfeasances on the performance of Zimbabwe public entities
- to assess the moderating effect of government policies on the relationship between board malfeasances and performance of public entities in Zimbabwe.

The research sought to answer the following questions:

- What are the effects of improper recruitment procedures on corporate performance of Zimbabwe public entities?
- What is the impact of board malfeasances on the performance of Zimbabwe public entities?
- What is the moderating effect of government policies on the relationship between board malfeasances and performance of public entities in Zimbabwe?

The study sought to test the following research hypotheses:

H1: Proper recruitment procedures positively influence corporate performance in public entities.

H2: Board malfeasances negatively influence corporate performance in public entities.

H3: Government policies moderate the relationship between board malfeasances and corporate performance.

Zimbabwe is a developing country situated in Southern Africa, covering an area of slightly above 390,000 square kilometres. The country has a population of slightly above 15 million and an annual growth rate of 3.5%. The country's GDP growth rate for 2023 was 5.0%, driven by mining and agriculture sectors. Zimbabwe has 107 state owned enterprises composed of authorities and agencies, boards and commissions, councils, corporations, financial institutions, tertiary institutions and hospitals:

Table 1: Description of Study Population

Public Entities Cluster	Number of Entities in Cluster
Commissions	8
Authorities and Agencies	17
Boards	5
Tertiary Institutions	14
Councils	17
Corporations	35
Financial Institutions	6
Hospitals	5
Total	**107**

Source*:* Research Data (2024)

The head offices for ministries and public entities upon which the field research was conducted are mainly situated in the city of Harare, except for some tertiary institutions and health institutions.

Literature Review

The value of state entities lies in their potential to provide reliable, efficient and affordable critical products and services in key sectors. Mthombeni et al. (2024) aver that the highest corporate governance standards in public entities are achieved through board appointments reforms. Previous studies have highlighted that the underperformance of public entities in Zimbabwe is mostly attributed to corporate scandals (Zuva and Zuva, 2018), corruption, poor financial and operational performance, inadequate oversight and weak corporate governance. This has resulted in most entities incurring substantial losses, short-term debts and loss of equity (National Development Strategy 1, 2020), which have become a burden to the government (Chiri, 2017; Chilinjika and Mutizwa. 2019). Apart from low wages and macroeconomic factors, local state entities are affected by high board turnover, which has impacted heavily on the service delivery of the public entities.

Performance represents the level of achievement in implementing an activity program or policy towards the realisation of set goals, in line with the strategic plan of an entity (Galib & Hidayat, 2018). The word performance is derived from the Latin term 'performare', which implies to accomplish a task which has been ordered. Corporate performance describes how well an entity achieves successful outcomes according to preset organisational goals (KPMG Report (2014), and its capacity to utilise scarce resources in a cost-effective way. In the context of public entities, whose objectives extend beyond profit maximisation, performance is determined by the accomplishment of the defined mandate of each specific organisation (Demeke1 and Tao, 2020). After attaining independence from the former colonisers, the new administrations in most African countries were under pressure to address inequalities, avert poverty and grow their economies by retaining companies in critical sectors such as energy, rail transport, broadcasting services and telecommunication as public entities (Estrin & Pelletier, 2018; Mutize & Tefera, 2020). In line with international trends, African countries pursue the commercialisation strategy by transforming some of the state assets in key sectors into independent entities to promote more effective and efficient service delivery (International Finance Corporation, 2018). The aim is to take advantage of private-sector efficiencies while maintaining service affordability for the vulnerable societies and ensuring public accountability at the same time. However, most African countries that were former colonies are still struggling to address the twin problems of poverty and inequality (Lephakga, 2017).

There are several key socio-political and economic roles that are played by public entities in Africa's developing economies. In viable public enterprises, where income is higher than cost, surpluses directly accrue to government and become readily accessible for financing both physical and human capital projects, thereby reducing reliance on taxes. For instance, the Kenyan government has resorted to its public entities for help to ease the fiscus burden by releasing their surpluses and other unutilised funds as special dividend (Wasuna, 2019). The Kenya Pipeline Company (KPC) subsequently handed over US$49 million (Sh5 billion Kenyan shilling) to the National Treasury to cover government financial deficits. Secondly, certain sectors are capital intensive, risky or strategic to the economy owing to the linkages that they create. By nationalising and controlling entities in key strategic sectors, the government guarantees socially responsible performance. In addition, public entities support the government mandate to provide public goods for the benefit or well-being of the public. In so doing, the profits generated by government through the provision and maintenance of public goods and infrastructure are enjoyed by all members of the society, instead of a few private shareholders.

In Zimbabwe, most state entities have not been successful in playing their economic role because 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 most common types of scandals within the state entities include the awarding of hefty salaries, embezzlement of funds, flouting of tender regulations, improper recruitment procedures, enjoyment of lavish lifestyles and frivolous expenditure. Chigudu (2021), elucidates that given their socio-economic importance, it is imperative that public entities be transparent, accountable, effective, efficient, profitable and sustainable, with senior appointments being based on merit. Several researchers have provided an overview of the recent state of corporate governance in Zimbabwe (Besada & Werner, 2020; Chimbari, 2017; Obert et al., 2014). Maune (2015) and Mashavave (2017) studies on Air Zimbabwe and similar studies on corporate governance practices in Zimbabwean public entities pointed to board appointments based on personal and political interests rather than prior qualifications and requisite business acumen.

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 list also includes people that have been removed from a position of trust due to misconduct or dishonesty; convicts of theft, fraud, misrepresentation, dishonesty, perjury, corruption as well as unrehabilitated bankrupts (PECG Act, Chapter 10:31). A former chairperson of the ZESA board was reappointed in 2019 despite a history of corruption and incompetence, amid a public outcry (Newzwire, 2019). Niekerk et al. (2022) aver that corruption in the form of bribery and misleading accounting practices that are meant to protect the criminal behaviour of public officials and political officials is a global phenomenon. The public service needs to nurture ethical leadership with role-model desired behaviours and a zero tolerance to corruption at the highest political level (Nicolaides & Manyama, 2020).

According to Walczak (2019), corruption thrives on the establishment and strengthening of networks of influence, connections and dependences that eliminate all competition, ensuring calculable economic and personal profits for the selected, privileged beneficiaries. Nepotism and corruption are perpetrated in public entities (Mail and Guardian, 2017; OECD, 2018), whereby friends, spouses and relatives of CEOs, senior managers, board of directors and politicians are given jobs and contracts in public entities. The OECD report (2018a) reveals that nepotism and cronyism have become apparent as appointments are not subject to any standard selection process, assessments and interviews. Several reports (Balbuena, 2014; OECD, 2018b) have revealed that public entities have been used as conduits for perpetuating acts of corruption and nepotism. In Zimbabwe, several public entities have been exposed to corruption and nepotism (Mukono & Dubihlela, 2022). The Zimbabwe Anti-Corruption Commission, the National Prosecuting Authority and Special Anti-Corruption Unit have largely been accused of investigating and prosecuting petty corruption while cases involving political elites have taken years to finalise (Mundopa, 2021), as the anti-corruption bodies are also captured by cartels linked to government elites (Maverick Citizen, 2021). Otekunrin et al. (2022) recommended that the Zimbabwean's Public Corporate Governance Act be moved from the "apply or explain" model to a "comply or else" model of corporate governance to achieve sustainable corporate governance success. The authors suggested the introduction of more stern measures such as 10 to 20-year jail terms for corporate crime perpetrators and blacklisting of offenders from practising anywhere in Zimbabwe. Malgas (2021) went further to recommend the utilisation of learned legal councils to ensure that some legislations are put in place to deal specifically with cases involving corporate crimes such as nepotism perpetrated in public entities. In a recent case, a cabinet minister was dismissed in 2020 after he had suspended the board chairman of a parastatal for allegations of corruption (Karombo, 2020).

Research Methodology

The study adopted a pragmatism research philosophy and a cross-sectional research design survey. A mixed research approach involving both quantitative and qualitative data collection techniques was employed. In-depth personal interviews and a questionnaire survey were applied to triangulate the data sources. The target population of the study comprised permanent secretaries, executive and non-executive board members from all state entities in Zimbabwe. A sample of 261 participants was drawn from the population for collecting quantitative data and a sample of 25 participants for collecting qualitative data. The study employed stratified sampling and purposive sampling techniques to sample participants for quantitative and qualitative data respectively. A structured questionnaire was used 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 close-ended questions enabled the researcher to obtain standardised responses to questions asked and enhanced the achievement of a higher response rate. The researcher also 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 first variable that the study sought to establish regarding malfeasances of public entity boards was the recruitment procedures. The construct 'Recruitment procedures' was measured on seven (7) descriptive items that were coded as AP17 up to AP23. The descriptive items were skill profiling, nomination process, advertisement of recruitment process, interview for potential board members, publicity of results of selection, appointment of executive directors and CEO appointment. Respondents were also asked about the appointment of executive directors and the CEO. 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 Recruitment Procedures

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 recruitment process for public entities that is being practiced in Zimbabwe. The arithmetic mean of the response ranges from 3.09 to 3.91. The items for advertisement of recruitment process and appointment of CEOs had mean scores of 3.91 and 3.54 (approximately 4). The mean scores correspond with the 'agree' mean response which imply that on overall, the respondents concurred that there a transparent system of advertisement of pending recruitment for board members. Further, results indicate that the respondents agreed that there exists a transparent system for the appointment of CEO. The respondents' views confirm evidence from previous studies who asserted that the system for appointing board members for state entities need to be transparent (Mathew et al., 2016; Adebayo & Ackers, 2022; Kaban et al. 2023). However, the huge standard deviation of above 0.5 show that respondents held varied views with some disagreeing to these two statements as reflected by the minimum score of one (1). This probably explains the failure to advertise recruitment process publicly by some public entities for undisclosed reasons.

On the other hand, skill profiling (3.45), nomination process (3.46), interview for potential members (3.09), publicity of results of selection (3.14) and appointment of executive directors (3.43) had mean score approximately equivalent to three (3) which corresponds with a neutral mean response. This implies that the overall impression from the respondents is that they were uncertain or indifferent on whether there was an effective skill profiling system in place, public announcement of selection results as well as interviewing of potential members. This again reflects a weak or lack of publicity of the system of appointing board members for state entities, yet according to extant literature, this is a mandatory procedure (Afolabi, 2016; Semi, 2019; Zohrab and Halstead 2021). The question of transparency on board appointment processes was also evaluated through interviews.

Statistics from the mean responses suggested that respondents were convinced that the system of advertisement of pending recruitment for board members and for the appointment of CEO was transparent. However, the overall impression from the results reflects that the public is not aware when board appointments take place, as most interviewees professed ignorance of any advertisements for state entity board recruitment. This is contrary to extant literature (Malgas, 2021; Kaban et al., 2023) that the system of recruiting board members should be publicised. This is echoed by Muntingh (2020), who posits that it appears as if procedures for the appointment of state 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). Most respondents concurred that the board should be the only authority that appoints CEOs for public entities (Kaunda & Pelser, 2022; Visser and Waterhouse, 2020) and not reserved for any other authority, as prescribed by the PECG Act (Chapter 10:3. Para 17).

The second research objective was to examine the effect of board inefficiencies on the performance of state entities in Zimbabwe. The construct titled “Board malfeasance” was measured on seven measurement items coded as CPM6 up to CPM10. Table 3 below give a summary of statistics on the variable.

Table 3: Descriptive Statistics on Board Malfeasance

Code	Board 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: Research Data (2024)

Table 3 above shows the descriptive statistics of the variables on board malfeasances in Zimbabwe state entities. The lowest arithmetic mean for the variables was approximately 3.42 and the highest approximately 4.27. Improper recruitment procedures, gross inefficiencies, frivolous expenditure and flouting of tender regulations had mean scores of 4.05, 3.78, 3.59 and 4.27 respectively. The mean score corresponds to the “agree” mean response. This implies that most public entities are characterised by the mentioned malfeasances. The responses corroborate prior literature that the management of state entities in Zimbabwe is characterised by endless scandals ranging from embezzlement of funds, unscrupulous rewarding of tenders and nepotism, amongst others (Mthombeni et al., 2021; Moyo, 2016; Mazikana, 2023). However, the existence of higher standard deviations of above 0.5 reflect that despite the “agree” mean response, respondents held varied views. This shows that some public entities could have proper recruitment procedures, efficiencies, fiducially spend public funds as well as adhering to tender regulations, though the overall impression points to non-existence of these.

On the contrary, corruption had a mean score of 3.42 which corresponds with the "neutral" mean implying that respondents neither agreed nor disagreed with the existence of corruption in public entities. However, the existence of a huge standard deviation of well above 0.5 shows that respondents held varied views on the item as others agreed to the existence of corruption in public entities as reflected by the highest value of 5 which corresponds with the 'strongly agree' mean response. Interviewees attributed poor performance by public entities to rampant corruption and misplaced priorities at the expense of the core mandate of service delivery and profitability. The overall impression points to existence of corporate malfeasance as reflected by the five proxy items. The results confirm findings from previous studies which have established that Zimbabwe have had challenges related to board failure and viability (Mashavave, 2017) due to vandalism and looting, mismanagement, outright corruption (Zvavahera, 2014) and poor service delivery Chigudu (2020). The respondents urged the government to transform the public entities by applying stern measures to curb corruption and employing the right people to boards.

The last construct to be measured was the moderating effect of government policies on the relationship between board malfeasances and corporate performance. The construct was measured by seven items coded as GP38 up to GP44. The components within the variable included items such as policies on board appointments, government involvement on board selection, political interference on running of the board, frequent board turnover, appointment of public servants as board members and appointment of retired civil servants as board members.

Table 4: Descriptive Statistics for Moderating Effect of Government Policies

Code	Corporate performance	N	Min	Max	Mean	Response	Std. Dev
GP38	Policies on board appointments	207	4	5	4.57	Strongly agree	0.247
GP39	Government involvement on board selection	207	1	5	3.58	Agree	2.490
GP40	Political interference on running of the board	207	1	5	1.76	Disagree	1.700
GP41	Frequent board turnover	207	2	5	4.38	Agree	0.907
GP42	Appointment of public servants as board members	207	1	5	2.42	Disagree	1.575
GP43	Appointment of retired civil servants as board members	207	1	5	2.40	Disagree	1.570
	Parliamentary oversight promotes meritocracy	207	4	5	4.41	Agree	0.243
	Overall				3.36	Neutral	1.247
Valid N		**207**					

Source: Primary data (2024)

Table 4 presents the views of the respondents on the moderating effect of government policies on the relationship between board malfeasances and corporate performance. The arithmetic mean of the responses ranged from 1.76 on the political interference on running of the board to 4.57 on policies on board appointments, respectively. Based on the views from both categories of respondents on the government policy, the respondents' views concur that the policy on board appointments has a moderating effect on the relationship between corporate sins perpetrated by boards for state entities and corporate performance. Despite the recent promulgation of the Public Entities Corporate Governance Act (Chapter 10:31) and the establishment of the Corporate Governance Unit (CGU), line ministries are still much 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 the CGU, which should be granted powers to appoint nomination committees. The interview respondents echoed that even though the government has sound statutory instruments that promote corporate governance at its disposal, the conflicting directives issued by government contradict the existing policy. 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 cited cases of dominance of boards by political appointees, some of whom are part of networks that serve political masters at the highest echelons of power, as corroborated by several authors (Mashavave, 2017; Maune, 2015).

After establishing the factors underlying the constructs, the researcher conducted hypotheses testing to determine the nature of the relationships among variables under study using structural equation modelling. The results are summarised by Table 5 below.

Table 5: Results of Hypotheses Testing (H_1 to H_3)

Hypothesis	Hypothesised Relationship	SRW	C.R.	Remark
H1	Proper Recruitment Procedures → Corporate Performance	0.13	2.273***	Supported
H2	Board Malfeasances → Corporate Performance	-0.38	5.192***	Supported
H3	Government Policies → Corporate Performance	0.07	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 the moderating effect of government policy on the relationship between board malfeasances and corporate performance of public entities. Proper recruitment procedures (H1) show a standardised regression estimate of 0.13. This implies that a significant positive relationship subsists between proper recruiting procedures and corporate performance of public entities. On a similar note, a look at board efficiencies (H2) reflect a standardised regression weight of -0.38. This again implies that a strong negative relationship between inefficiencies of board members and corporate performance of public entities. The results also indicated that government policy on how public entities are governed (H3) indeed moderates the relationship between board malfeasances and corporate performance as reflected by a 0.7 standard regression estimate which imply a positive moderation.

Conclusion and Recommendations

The study sought to examine malfeasances that influence the performance of state entity boards in Zimbabwe. The first objective sought to establish the transparency of the recruitment system in Zimbabwean state entities and the effect on corporate performance. Overall, the respondents concurred that the system of advertisement of vacancies pending recruitment for board members is transparent. Further, results indicate that the respondents agreed that there exists a transparent system for the appointment of the CEO. However, the huge standard deviation of above 0.5 shows that respondents held varied views. The overall impression from the respondents was that they were uncertain or indifferent on whether there was an effective skill profiling system in place, as well as the public announcement of selection results and interviewing of potential members. This again reflects a poor or lack of publicity on the system of appointing board members for state entities. This is echoed by Muntingh (2020), who posits that it appears as if procedures for the appointment of state entity boards members often lack integrity, are not transparent and do not provide for adequate public engagement. The respondents generally agreed that the line responsible ministries need to notify the appointing authority of any vacancies 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. A standardised regression estimate of 0.13 reflected a positive hypothesised relationship between proper recruitment procedures and corporate performance of public entities. Therefore, H1 was confirmed.

The second objective sought to establish the effects of board inefficiencies on corporate performance of Zimbabwe state entities. All items on this variable scored arithmetic means around the "agree" response, implying that most public entities are characterised by the mentioned malfeasances. The responses corroborate prior literature that the management of state entities in Zimbabwe is characterised by endless scandals ranging from embezzlement of funds, unscrupulous rewarding of tenders and nepotism, amongst others (Moyo, 2016; Mazikana, 2023). However, the existence of higher standard deviations of above 0.5 reflect that some public entities could have proper recruitment procedures, efficiencies, fiducially spend public funds as well as adhering to tender regulations. Interviewees attributed poor performance by public entities to rampant corruption and misplaced priorities at the expense of the core mandate of service delivery and profitability. The respondents urged the government to transform the public entities by applying stern measures to curb corruption and employing the right people to boards. The item 'board malfeasances had a standardised regression weight of -0.38, which reflects a negative relationship between board inefficiencies and corporate performance of public entities. Therefore, H2 was authenticated.

The third objective focused on the moderating effect of government policies on the relationship between board malfeasances and corporate performance of state entities. Based on the views from both categories of respondents, the responses confirm that existing government policies have a moderating effect on the relationship between malfeasances perpetrated by boards for state entities and corporate performance. Both the executive and parliament were recommended to play an oversight role over the entities and leave the appointment role to the CGU, which should be granted powers to appoint nomination committees. The interview respondents argued that even though the government had sound statutory instruments that promote corporate governance at its disposal, the conflicting directives issued by government contradict that policy. The respondents cited cases of dominance of boards by political appointees, some of whom are part of networks that serve political masters at the highest echelons of power. The results indicated that government policy on how public entities are governed indeed moderates the relationship between board malfeasances and corporate performance as reflected by a 0.7 standard regression estimate. In that case, hypothesis H3 was confirmed.

Considering the findings of the study, the researcher proffers the following recommendations with the view of eliminating malfeasances among state entity boards in Zimbabwe:

1. The policy should be strict on the disqualification of candidates who get blacklisted for their previous track record of scandals or incompetence.

2. Responsible line ministries need to notify any vacancies of the appointing authority as soon as they arise, for the appointing authority to advertise all vacancies publicly.
3. A thorough vetting process is critical for ensuring that only candidates with a proven track record and requisite qualifications are selected.
4. Government is urged to transform the public entities by applying stern measures to curb corruption and employ the right people to board.
5. Government should adhere to the dictates of the statutory instruments that promote corporate governance and avoid issuing of conflicting directives.

Considering the impact of malfeasances involving boards for state entities in Zimbabwe, future studies could focus on the impact of board malfeasances on the performance of private sector companies, as organisational performance is also a critical aspect in this sector.

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