

## EVALUATING THE IMPACT OF BOARD MEMBERS' ATTRIBUTES ON CORPORATE PERFORMANCE

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### ABSTRACT

*This study evaluated the impact of public entity board attributes on organisational performance of state entities in Zimbabwe, guided by the Upper Echelon Theory. Boards have been criticised for scandals that contributed to persistent losses. A pragmatist philosophy, mixed methods approach, and cross-sectional survey design were adopted. The study targeted permanent secretaries, executive and non-executive board members, using a sample of 261 participants for quantitative data and 25 for qualitative data. Data were collected through semi-structured questionnaires and in-depth interviews, with reliability tested using Cronbach's alpha ( $\alpha$ ). Analysis was conducted in SPSS Version 25 and AMOS Version 21. Findings showed that age, gender balance, limits on membership and tenure, strong leadership, and sound ethics significantly influence performance. Visionary leadership and ethical standards emerged as critical for public entity success. Gender diversity was linked to improved profitability, innovation, decision-making, and risk awareness, while age diversity brought innovation, risk-taking, and leadership continuity. The study recommends introducing an age diversity policy for boards to enhance energy and innovation. Future research could explore the effectiveness of board appointment systems in Zimbabwe's private sector.*

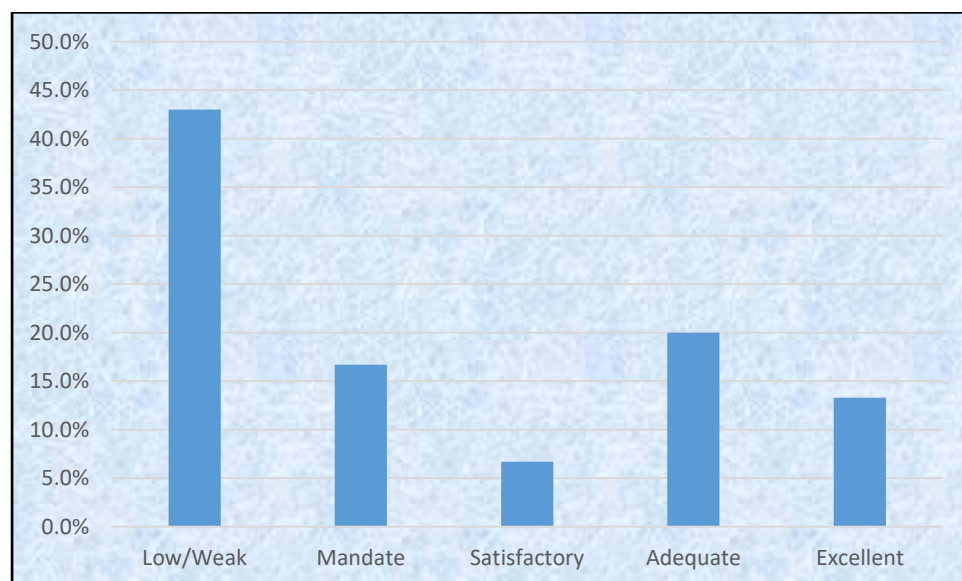
**Keywords:** attributes, corporate performance, diversity, qualifications, state entities.

### INTRODUCTION

Enterprises, whether in the private or public sector, have a mandate to achieve business success by upholding good corporate governance (Arries, 2014). A survey carried out in 2018 credited public entities for 20% of investment, 5% of employment, and over 40% of domestic output globally. Researches have concluded that in the majority of cases, government officials, board of directors and management are accountable and responsible for ineffective corporate governance structures and poor performance in public entities (Mashavave, 2017). The board of directors for public entities form the epitome of corporate governance, hence the survival of corporates is hinged on the effectiveness of boards and their controlling functions (Sifile et al., 2014; Munyede, 2021). That being the case, the OECD Guidelines for public entities (2015a) states that a public entity board should comprise a sufficient number of competent non-executive board members who are capable of independent judgement. Nevertheless, it is a

feature of public entities in Africa, Zimbabwe being no exception, that the appointment of board of directors is guided by politics, ethnicity and patronage which in most cases is detrimental to the organisations (Muregwi, 2018). Mazzucato et al. (2021) propounds that developed countries have not lacked policies, but dynamic capabilities inside the public sector to improve implementation of chosen strategic missions and related programmes, including digital capabilities. In South Africa, the SABC has experienced irregular appointments of unqualified top executive members and board chairpersons. In addition, senior government officials and members of parliament are on several cases part of the public entity boards (Mutize & Tefera, 2020).

In the Zimbabwe context, the country has more than 107 state entities 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 could not improve viability (Mashavave, 2017). The 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.



**Figure 1 Rating of Ability to Fulfill Organizational Mandate by Zimbabwe Public Entities**

*Source: Adopted from Southern African Parliamentary Support Trust (SAPST) Report (2019)*

The main causes of corporate failures are hinged on poor corporate governance, with senior managers and directors often living large in the face of poor service delivery and a deplorable state of employee welfare (Chigudu, 2020). The numerous scandals taking place raise a question on the character, determination and capacity of the boards for public entities as well

as the resolve of the responsible ministries to resuscitate the entities. According to Mashavave (2017)) and Maune (2015), board members for public entities are often appointed based on personal and political interests rather than prior qualifications and requisite business acumen. Some boards continue to violate the provisions of the Act on board tenure (Mthombeni et al., 2021). Moreso, the appointment of members of two other boards to public entity boards continue unabated which affect the effective discharge of duty by such board members. More often than not, these executive appointments have been riddled with cronyism, where appointment or disappointment of members is based on political expediency and rarely on pure merit (Zvavahera & Ndoda, 2014; Madekutsikwa, 2015; Chimbari, 2017).

## **STATEMENT OF THE PROBLEM**

The Zimbabwean government through the responsible ministries has put in place boards to oversee the public entities and provide a strategic direction (Chirasha & Gauya, 2018). Nevertheless, most public entities have been drowned into scandals which have left them underperforming and recording losses over the years (Mthombeni et al., 2021; Moyo, 2016). More often than not, the appointment of members is rarely based on pure merit (Zvavahera & Ndoda, 2014), but rather on personal and political interests (Mashavave, 2017; Maune, 2015). However, no specific empirical studies have been conducted to establish the impact of board attributes on the corporate performance of Zimbabwe public entities. The research is therefore focused on interrogating whether the chosen board attributes could be the key factors that contribute to the corporate failure in most public entities in Zimbabwe.

## **RESEARCH OBJECTIVES**

The study's primary aim was to evaluate the impact of board attributes on the corporate performance of public entity boards in Zimbabwe.

The specific objectives of the study were:

- To evaluate the impact of board attributes on corporate performance of public entities.
- To evaluate the impact of board qualifications on corporate performance of public entities.
- To assess the effect of government policies on the relationship between board attributes and corporate performance.

## **RESEARCH QUESTIONS**

The research sought to answer the following questions:

- What is the impact of board attributes on corporate performance of public entities?
- What is the impact of board qualifications on corporate performance of public entities?
- What is the impact of government policies on the relationship between board attributes and corporate performance of Zimbabwe public entities?

## Research Hypothesis

The study sought to test the following research hypotheses:

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

**H2:** There is a positive relationship between prerequisite qualifications and corporate performance of public entities in Zimbabwe.

**H3:** Government policies moderate the relationship between public entity board appointment system and corporate performance.

## DESCRIPTION OF THE STUDY AREA

Zimbabwe is situated in Southern Africa, covering an area of slightly above 390,000 square kilometers. It has a population of approximately 15 million with an annual growth rate of 3.5%. The country earned moderate GDP growth rates of 6.1% in 2022 to 5.0% in 2023, driven by agriculture and mining sectors. Zimbabwe has 107 state entities composed of boards and commissions; authorities and agencies, tertiary institutions, councils, corporations, financial institutions and hospitals as follows:

**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
<b>Total</b>	<b>107</b>

*Source: Research Data (2024)*

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.

## **LITERATURE REVIEW**

The absence or ineffectiveness of leadership in the public entities has made it impossible for them to effect performance and value creation (Chauke & Motubatse, 2020). Sampaio & Laniado (2016) identify the absence of visionary leadership as the critical barrier to intrapreneurship, and which has led to inefficiency in public sector organisations (Chamba & Chazireni, 2021). Visionary leadership would not be sufficient unless backed up by a proven commitment to the rights, values and principles underpinning the public service (Visser & Waterhouse, 2020) as these negatively impact on the effectiveness of corporate governance (Kaunda & Pelser, 2022). Candidates for public boards appointments should also be of proven ethics and integrity (Zohrab & Halstead, 2021), as our society is characterised by cronyism and materialistic cultures that impact on corporate governance. Hue (2020) has advocated for the fostering of a public service culture, standards, values, perceptions and working attitude among public servants that ensure the professionalism, responsibility, dynamism, transparency and efficiency in the performance of tasks and public duties. The values associated with the public service need to be ethically driven with self-interest completely eliminated (Nicolaidis & Manyama, 2020). The public service needs to nurture ethical leadership with role-model desired behaviours (Nicolaidis & Manyama, 2020), demanding that board members possess desired ethos that are mission-oriented (Mazzucato et al., 2021).

The third essential attribute considered in this study is gender balance, which is considered as probably the most extensively studied dimension of board diversity. Gender balance has recently been promoted through disclosure of information on board diversity policy (Adams, 2015; Klettner, 2016). According to Moreno Gomez et al. (2018) the existence of gender differences on the board of directors enhance company innovation, communication excellence for strategic decision-making and performance improvement (Bennouri et al., 2018; Conyon & He, 2017; Fan et al., 2019). Female directors have proved to be more active on corporate boards and more likely to ask questions that male counterparts would not ask (Abad et al.,

2017). According to Maula & Rakhman (2018), women's leadership style tends to be more ethical, cautious and risk averse than men. Related to gender is the aspect of age diversity. Xiaoxiao Shi (2020) opines that younger managers will generally take the initiative to seize opportunities and meet challenges in response to the change in environment as compared to the older managers. Li Liang (2016) also asserted that despite the older board of directors having rich work experience due to their age, their enthusiasm for work is spent and their energy is clearly insufficient when compared to the young board of directors. This view is supported by Barrett (2017) who found that information technology firms had, on average, the youngest directors of all considered public entities.

Several scholars and shareholder activists have raised concerns about directors serving on multiple boards (Kemp et al., 2018), with suggestions that the number of boards that one individual may serve on must be limited (Visser & Waterhouse, 2020). When determining board committee memberships, board leaders contend with ensuring that directors are not overburdened (Spencer Stuart, 2019; Clements et al., 2015). Directors who are perceived to be overcommitted should not be invited to serve on more boards (BoardAssist, 2015) but rather be added to the pool of eligible board candidates. Kemp et al (2018) argue that overboardedness is attributed to the limited pool of eligible board candidates whereby companies compete to attract the same limited number of board candidates. Board transformation requirements necessitate employing multi-boarded members instead of employing inexperienced appointees. Therefore, assigning directors to multiple board committees should be considered on a case-by-case basis as it enhances a company's access to social networks (Shelby et al., 2021).

Coming to the aspect of term limits, Visser & Waterhouse (2020) propound that there should be uniform rules pertaining to term limits for supervisory boards of public entities (Zohrab & Halstead, 2021). Kaunda & Pelsier (2022) suggest that the year tenure should be subject to renewal on satisfactory performance for additional periods, and the tenure limits should not be tied to political changes. The Public Entities Corporate Governance Act (Chapter 10:31) enforces a maximum board tenure of four years, with the appointment renewable for only one term. The state could promote the board of directors' stability and independence by electing the directors on a phased basis (Ibarguen et al., 2021).

Choruma (2019) reasons that tenure of CEOs in public and private organisations must be capped in line with presidential term limits found in most democratic constitutions. He argues that long tenured CEOs capture the board of directors resulting in board erosion, which result

in him overruling their decision. Munyede (2021) argues that the capping term limit is the ideal route regardless of lower remuneration in the public sector as the CEOs may be cushioned by introducing loans at concessionary rates to purchase assets like houses, vehicles, and other basic needs. However, Choruma (2019) proffered another second school of thought that argues that CEOs with uncapped term limits are necessary for organisations as they have proven leadership based on years of practical experience.

According to the Upper Echelon Theory a company reflects its board of directors (Abatecola & Cristofaro, 2018). In other words, essential characteristics such as the level of education (Ananda et al., 2021), a degree, female directors and political connections are required to produce quality strategies because they directly affect the performance of public entities. Each public entity should have a capable supervisory board which should possess industry, financial, business, legal and/or corporate governance skills (Zohrab & Halstead, 2021). The government as the main shareholder must appoint fit and proper persons to the position of directors of the board with due diligence process having been followed (Semi, 2019; Chauke & Motubatse, 2020). The board is to comprise members with the appropriate knowledge, experience, independence and time to exercise independent oversight over the day-to-day activities of the corporation' full-time executives. Adebayo & Ackers (2022) affirm that members should only be considered for appointment if they have relevant skills, sufficient experience and no conflicts of interest (Olugasa et al., 2022).

## **STUDY METHODOLOGY**

The study adopted a pragmatist research philosophy and a cross-sectional survey research design. A mixed research approach 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 population of the study was 808, comprised of permanent secretaries for ministries that oversee public entities, as well as 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. The population was divided into eight strata for commissions, authorities and agencies, boards, tertiary institutions, councils, companies and corporations, financial institutions and hospitals (Report of the Auditor General, 2018). Permanent

secretaries for various ministries are important stakeholders when it comes to matters to do with policies on appointment of board members for public entities. On the other hand, board members are experienced professionals who are expected to have common perceptions on whether meritocracy is applied in the appointment of state entity boards.

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 also conducted interviews with selected permanent secretaries, principal directors, CEOs, and board members to hear their in-depth views concerning questions on the research. Descriptive statistics such as frequencies, means and standard deviation were used to present study findings. The researcher adopted the convergent parallel design, that converges quantitative and qualitative data, which were then analysed independently using analytical approaches (Smith, 2017). The integration of data in a convergent design was achieved by presenting the quantitative study findings first, followed by the qualitative study (Creswell 2014; Clark, 2018).

## **RESULTS AND DISCUSSION**

Out the 261 questionnaires distributed, 207 questionnaires were returned fully completed giving a 79% response rate. Of the 207 participants who responded 178 respondents were males constituting 86%, while twenty-nine were females (14%). The highest participating age group was in the range of between 40 years and below 50 years, which constitutes 50% in total, followed by the group of participants above 50 years (25%) and below 60 years and least, the group of participants of the 30-39 age group as well as the 60 years and beyond, who constituted 13% respectively. Twenty-six respondents (12.6%) had attained first degree (undergraduate degree) as their highest qualification, 62.3% had master's degree, while 25.1% had doctorate. The high level of education suggests that the respondents had a better understanding of the issues to do with the board appointment system in Zimbabwe's public entities (Kuo et al., 2017). The majority of board members and executives who participated in this study had served their organisations for a period of less than five years and above twenty-one years respectively, with a combined total of 75.4%, with respondents in the 10 to 20-year bracket constituting the least group categories with only 12.6%. The research sought to evaluate the impact of board members' attributes on corporate performance of state entities.



## Board attributes

The construct ‘Board member attributes’ was measured on seven measurement items coded as BA24 up to BA30. Table below give a summary of statistics on board member attributes.

**Table 2: Descriptive Statistics on Board Member Attributes**

Code	Board member attributes	N	Min	Max	Mean	Mean	Std. Dev
BA24	Young age impact on corporate performance	207	2	5	3.91	Agree	1.070
BA25	Gender balance impact on corporate performance	207	4	5	4.53	Strongly Agree	.501
BA26	Limit on multiple board membership on corporate performance	207	4	5	4.57	Strongly Agree	.497
BA27	Limit on board tenure to two four-year terms impact on corporate performance	207	4	5	4.68	Strongly Agree	.469
BA28	Limit on CEO tenure to two five-year terms impact on corporate performance	207	1	5	3.52	Agree	1.67
BA29	Strong leadership qualities impact on corporate performance	207	4	5	4.81	Strongly Agree	.392
BA30	Sound ethics and integrity impact on corporate performance	207	4	5	4.81	Strongly Agree	.392
<b>Valid N</b>		<b>207</b>					

*Source: Research Data (2024)*

Table 2 presents the views of the respondents on board attributes that have a positive impact on corporate performance of public entities in Zimbabwe. The question of board attributes was also evaluated through interviews. Overall, the interview respondents concurred that the attribute of leadership has an extreme positive impact on organisational performance. The findings corroborate evidence from extant literature, which reflect that developed countries do not necessarily lack policies, but dynamic capabilities that enhance the implementation of chosen strategies (Mazzucato et al., 2021). Respondents from both questionnaire surveys and interviews concurred that equal gender representation enhance innovation, morality, sanity, corporate culture and focus within the board. Other than gender, some interview respondents opined that age diversity should be considered of equal importance with the aspect of gender diversity. The study findings also established that a board blended with younger members enhanced the effectiveness of the board’s performance. Locally, some authors also established that a positive relationship exists between the age of board members and public entities efficiency (Maibvisira et al., 2022; Dandaratsi et al., 2023). The government, therefore needs to introduce an age balance policy on public entity boards to infuse energy, innovation and a succession planning perspective.

Regarding the aspect of multiple board membership, respondents concurred that limiting number of boards that one sits on to at most two is necessary as the directors become overcommitted and less effective, as they have insufficient time to attend to board responsibilities. The respondents mentioned other demerits of concurrent board membership such as conflicts of interest, divided attention and lack of commitment. Respondents also concurred that it is necessary that the tenure for board members be restricted to two five year terms as this promotes board independence, innovation and professionalism. The respondents who participated on this study unanimously concurred that the tenure of CEOs for state entities should be limited in order to enhance success of the organisations.

### **Prerequisites Qualifications**

Further, the study sought to establish the effect of board members' qualifications on the improvement of performance among state entity boards of Zimbabwe. The variable 'Board members' prerequisites qualifications' was measured on seven measurement items coded as MQ31 up to MQ37.

**Table 3: Descriptive Statistics on Board Member Prerequisite Qualifications**

Code	Member`s prerequisite qualification	N	Min	Max	Mean	Response	Std. Dev
MQ31	Academic background	207	4	5	4.60	Strongly agree	.490
MQ32	Professional qualifications	207	4	5	4.60	Strongly agree	.490
MQ33	Managerial skills	207	4	5	4.74	Strongly agree	.440
MQ34	Applicant`s experience	207	4	5	4.74	Strongly agree	.440
MQ35	Clean criminal record	207	5	5	5.00	Strongly agree	.000
MQ36	Previous employment track record	207	3	5	4.62	Strongly agree	.713
MQ37	No conflict of interest	207	4	5	4.68	Strongly agree	.469
Valid N		207					

*Source: Research Data (2024)*

Table 3 above presents the views of respondents on qualifications that are perceived to be prerequisite when considering appointments for public entity board members. Qualitative data on this objective was also gathered during the interviews that were conducted on sampled interviews. Collectively, the results from the interviews corroborate those from questionnaire survey on the impact of board members' qualifications on corporate performance. Both

categories of respondents stressed the significance of board qualifications as a prerequisite for selection of candidates as they enhance meritocracy in the appointment of directors for state entities. The main emphasis from both categories of respondents was on managerial skills, experience, leadership qualities and educational background. Respondents' responded unanimously that experience is a vital attribute that guarantees success of any organisation.

The respondents also asserted that board members should have no conflict of interest in the entity and are to disclose any conflict of interest for them to be allowed to be a member of any board. Non-disclosure of conflict of interest could be the main reason behind the prevalence of numerous malfeasances in most public entity boards. The last attribute of importance is the candidates' track record. Respondents recommended that a thorough vetting process be a part of every board selection process, involving identification of possible conflicts of interest, verification of qualifications and experience, reference checks and criminal record checks (Zohrab and Halstead 2021).

### **Effect of Government Policies on Board Appointments**

The construct of effect of government policies on board appointments was measured by seven (7) items, coded as GP38 up to GP44. The question on the impact of government influence on board appointments on corporate performance was also evaluated through interviews. Based on the results from both questionnaire surveys and interviews, the respondents' views concur that the policy on board appointments in state entities in Zimbabwe is comprehensive. However, some 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. Apart from the above comments on the government policy, the respondents disagreed that government policies on their own have a significant moderating effect on meritocracy in the appointment of public entity boards. Rather, government officials are often found to be violating the same corporate governance standards that they are to uphold. 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 Mashavave (2017).

Other malfeasances cited include the lack of integrity, transparency and public engagement on procedures for appointing public entity board members (Muntingh (2020). The respondents also bemoaned the arbitrary hiring and firing of board members by line ministers, which compromised the independence of the boards (Chibamu, 2016), the violation of the provision for board tenure limit and the restriction on number of boards (Mthombeni et al., 2021). The executive, parliament and other relevant regulatory authorities should play an oversight role in monitoring the transparency within the entire board selection processes. This will enhance meritocracy, board independence and ultimately contribute positively to the achievement of corporate performance.

### Corporate Performance

The variable ‘Performance of Zimbabwe public entities’ was measured on four descriptive items coded as CP1 up to CP4. Table 4 exhibits the descriptive statistics for the perceived state of performance for public entities in Zimbabwe.

**Table 4: Corporate Performance Descriptive Statistics**

Code	Corporate performance	N	Min	Max	Mean	Response	Std. Dev
CP1	Profitability in public entities	207	1	3	1.72	Disagree	.964
CP2	Efficiency in service delivery	207	1	5	1.96	Disagree	1.382
CP3	Contribution to employment	207	2	5	3.41	Neutral	.493
CP4	Contribution to the national economy	207	2	5	3.53	Agree	.889
	Overall				2.43	Disagree	.867
<b>Valid N</b>		<b>207</b>					

*Source: Primary data (2024)*

Table 4 presents respondents’ views on the current performance of Public Entities across various sectors in Zimbabwe. The research also sought to establish corporate malfeasance in public entities. The variable titled corporate performance malfeasances was measured on six descriptive questions that are 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 5 below.

**Table 5: 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)*

Table 5 above shows the descriptive statistics of the statements on corporate performance malfeasances in Zimbabwe state entities. The overall respondents' views imply that most public entities are characterised by improper recruitment procedures, gross inefficiencies, frivolous expenditure as well as flouting of tender regulations. 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 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 sound governance (Munyede, 2021). 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 study findings established that the employment of former civil servants to state entity boards brings in experience and expertise, except for instances where the candidates are not appointed on merit, or have political links or other conflicting interests.

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.

### **Scale Validation**

The researcher validated the data that had been obtained using confirmatory factor analysis, reliability analysis, construct validity, convergent validity and discriminant 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.

### **Hypotheses Testing**

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 Technique. The statistical packages for Social Sciences (SPSS) extension module and Analysis of Moment Structures (AMOS) were applied. The Structural Equation Modelling technique was deemed

appropriate for the test as it is able to establish underlying and at the same time indicate a general fit between observed data and the research model (McQuitty & Wolf, 2013). The two dimensions were board member attributes and board member`s prerequisite qualifications. Table 6 presents the results for the hypotheses testing that confirms the hypothesised relationships (H1, H2 and H3). The results are summarised by Table 6 below.

**Table 6: Results of Hypotheses Testing (H<sub>1</sub> to H<sub>5</sub>)**

Hypothesis	Hypothesised Relationship	SRW	C.R.	Remark
H1	Board Attributes → Corporate Performance	.22	3.000***	Supported
H2	Board Qualifications → Corporate Performance	.38	5.192***	Supported

Notes: SRW - Standardized 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 attributes and corporate performance of public entities. Board member attributes (H1) shows an standardised regression estimate of 0.22. This implies that an improvement in board member attributes such as younger age, non-member of multiple boards as well as reduced board tenure will result in an improvement in corporate performance of public entities. On a similar note a look at board member qualifications (H2) has a standardised regression weight of 0.38. This implies that there is a positive relationship between qualifications of board members and corporate performance of public entities, measured in terms of profitability, service delivery efficiency, employment creation capability as well as contribution to national economy. In addition, board member academic qualifications, experience in board sittings, a clean criminal track record as well as good previous employment track record improves corporate performance of public entities bodies they sit and the opposite is true, assuming we are holding other factors constant.

The results also indicated that there is a moderation effect of Government Policies on the relationship between Board Member Attributes and Corporate Performance. Table 7 shows that the unstandardised regression weight for the interaction of Board Member Attribute and Government Policies is -.7578 with a p-value of .0000, which is statistically significant and implies a positive moderating effect.

**Table 7: The moderating effect of Government Policies on the Relationship between Board Member Attributes and Corporate Performance**

	Coefficient	Se	T	P	LLCI	ULCI
Constant	-8.7172	. 1.0568	-8.2490	.0000	-10.8009	-6.6336
Board Member Attributes	2.8000	.2249	12.4496	.0000	2.3566	3.2435
Government Policies	3.0682	.6079	5.0472	0.0000	1.8696	4.2668
Int 1	-.7578	.1235	-6.1358	.0000	-1.0013	-.5143

The results also indicated that government policy on how public entities are governed indeed moderates the relationship between board qualifications and corporate performance Table 8 shows that the unstandardised regression weight for the interaction of Board Member Qualifications and Government Policies is 1.1169, with a p-value of 0.0116 which is statistically significant.

**Table 8: The moderating effect of Government Policies on the Relationship between Board Member Attributes and Corporate Performance**

	Coefficient	Se	T	P	LLCI	ULCI
Constant	16.4719	4.9316	3.3401	.0010	6.7483	26.1956
Board Member Qualifications	-2.5309	.9889	-2.5593	.0112	-4.4808	-.5811
Government Policies	-5.9240	2.1874	-2.7082	0.0073	-10.2369	-1.6110
Int 1	1.1169	.4385	2.5473	.0116	.2524	1.9814

The results imply that there is a moderation effect of Government Policies on the relationship Board Member Qualifications and Corporate Performance.

## CONCLUSION

Based on the questionnaire survey results, the study findings indicated that the board attributes of age, gender balance, limiting on board membership, limit on board tenure, strong leadership qualities and sound ethics have a significant effect on the performance of state entities. The results were corroborated by perceptions of the respondents that collectively, the different attributes for board members have a significant positive effect on organisational performance of state entities. The findings conclude that visionary leadership may be attributed to be behind the competitive advantage of private entities over their counterparts in the public sector. The

study findings also revealed that gender diversity increase profitability, innovation, strategic decision-making, greater insight and a cautious approach to decision making. Other than gender, age diversity was considered to be of equal importance as gender diversity. The study confirmed that younger board members are generally innovative and risk takers than older managers, especially in special fields such as engineering and information technology.

Multi board membership, which is commonly linked to malfeasances such as conflicts of interest, divided attention and lack of commitment was found to be common among state entity boards, in contravention of the statutory provisions. The main reason behind multiple board membership was attributed to the limited pool of eligible board candidates. The results conclude that limiting the number of boards that one sits on guards against overcommitting the same directors, allowing them to concentrate on at most two boards at a time. The research findings also confirm that it is necessary that the tenure for board members be restricted to two five year terms as this promotes board independence, innovation, competence and professionalism. The study concluded that the tenure of CEOs for state entities should be limited in order to enhance success of the organisations. However, other views supported the uncapping of the term limits arguing that long tenured CEOs have a proven leadership that is based on years of practical experience.

Based on the Upper Echelon Theory, the study concluded that board qualifications are a prerequisite for selection of candidates as they enhance meritocracy in the appointment of directors for state entities. The findings and interpretation of the results provide enough evidence that academic background, professional qualifications, managerial skills and applicant's experience have a positive effect on corporate performance. In addition, the results also confirmed that managerial skills related to industry, finance, business, legal and corporate governance are key attributes of suitable candidates to be appointed in state entity boards. The results concluded that over and above the four attributes, clean criminal record, previous employment track record and absence of conflict of interest were to be considered prerequisite.

The other objective of the study was to assess the moderating effect of government on the relationship between public boards appointment system and corporate performance. Based on the hypothesis test results, the study concludes that government policies moderate the relationship between meritocracy in the appointment of public entity boards and organisational performance. 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 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 lack of compliance to the statutory provisions of the board appointment process has contributed more to the underperformance of public entities in Zimbabwe. This implies that the executive and parliament should leave the appointment responsibility to the CGU and maintain an oversight function over the entities from a distant. The study has also established 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. The study findings confirmed that former civil servants bring in experience, expertise and competence to state entity boards. Nevertheless, the candidates need to be appointed on merit, be independent from political links and other conflicting interests.

## **RECOMMENDATIONS**

In light of the findings of this study, the researcher proffers the following recommendations with the view of improving the selection of candidates for state entity boards in Zimbabwe:

- The policy should be strict on the disqualification of candidates who get black listed for their previous track record of scandals or incompetence in order to curb corruption among state entities.
- The appointing authority is encouraged to adopt a shift towards the entrepreneurial approach to managing enterprises by appointing candidates with visionary and transformational leadership qualities.
- The government of Zimbabwe is advised to capitalise on the experience of civil servants and retired state employees, provided the candidates are deemed to be appointed on merit and free from conflicting interests.
- The government is called upon to consider age diversity a critical matter that when determining the composition of boards for state entities.
- The study serves to advise the government to enforce the adherence by all public entities to the tenure limits for board members and CEOs, as well as the limit on multiple boards and punish any offenders.

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 attributes 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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