PUBLIC SECTOR CORPORATE GOVERNANCE: ZIMBABWE'S CHALLENGES OF STRATEGIC MANAGEMENT IN THE WAKE OF SUSTAINABLE DEVELOPMENT

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ABSTRACT

For sustainable development, the extent to which state-owned enterprises adhere to the fundamental values of good corporate governance is an important factor necessary to attract investment capital, encourage growth and economic stability. Zimbabwe has been saddled with the challenges of fashioning an environment which is investor-friendly, hence the need for public entities to be exemplary in good corporate governance. Highly publicized scandals that have shaken state-owned enterprises have been ascribed to deficits in corporate governance this study employs a qualitative approach through a descriptive-document philosophical analysis to examine the challenges in Zimbabwe's strategic management for sustainable development. The corporate governance theories informing the study are the agency theory, stewardship theory, stakeholder theory and the transaction cost economics theory. The analysis is subdivided into themes which focus on the need for a human resources paradigm shift, management finesse and the continuum of culpability. The study reveals that the current corporate governance practice has not effectively improved the efficiency and effectiveness of the public entities. This is a result of corruption, inconsistencies, lack of commitment and absence of the rule of law and above all, excessive political interference. The study interrogates the ethical matters stemming out from such challenges to establish if the malpractices have been some form of complicity or an underestimation of the effect of good corporate governance in the public sector. Corruption has been institutionalized with cases of impunity on the rise. Issues of governance that countervail the sustainability and risk nexus are depicted. It is commendable that efforts are being made to entrench corporate governance in the public sector although positive results are yet to be realized. It is recommended that a rules-based approached should be adopted and that political interventions should be minimized. Human resources departments in state-owned entities and parastatals are encouraged to provide expert advice on good corporate governance and shy away from being complicit to bad governance.

Keywords: Public Sector, Corporate Governance, Strategic Management, Sustainable Development.

INTRODUCTION

In order to facilitate the implementation of the Sustainable Development Goals (SDGs), the ecological, social and economic dimensions were appended to good governance for sustainable development perhaps in a functional manner (Shumba, 2017). For more than a decade's experience in terms of challenges hampering development, the United Nations Development Programme (UNDP, 2014) has shown that it is governance that must be seized with the significant role of driving the development agenda post-2015. This is a paradigm shift whereby governance is positioned as the core element in pursuit of SDGs. The argument being that governance is the enabler of the desired inclusive and people-oriented change. Bringing governance to the forefront was an initiative made as a resolution in the 2012 Rio+20 Declaration charter, The Future We Want. In terms of Annex 10 of this charter member states:

Acknowledge that democracy, good governance and the rule of law …. are essential for sustainable development, including sustained and inclusive economic growth, social development, environmental protection and the eradication of poverty and hunger … [and] reaffirm that, to achieve our sustainable development goals, we need institutions at all levels that are effective, transparent, accountable and democratic (UN, 2012a & b).

Motter (2015) argues that the challenge with several governance setups is that, processes in institutions are usually subject to certain interests– often political. However, this tends to bypass the common good, eventually obstructing the possibilities of realizing equitable social development and inclusive growth. Also observes that, there is an intrinsic propensity by politicians to sacrifice the sustainable development long-term approach required to the pressures of the short-term electoral cycle.

According to Mashingaidze (2014) the African continent as cited in the Ernst and Young's 2011 Africa Attractive Survey is seen by international investors as being a high-risk. The economies are shrouded with weak institutions in terms of property rights, judiciary systems, stringent regulations that hamper economic activities and unstable macro-economics. Economies that in effect are unable to put in place standards of governance and transparency which are acceptable at law tend to lose support and trust from both the international community and the citizenry. As a result, it becomes less easy for such countries to attract foreign investment and trade (Lamberti & Noci, 2012). It is easy for a foreign investor to measure currency risk, political risk, business risk, but easily get frustrated and move away from risks associated with corruption and lawlessness often identified with bad governance. Volatility and unpredictability are imputed to these last two risks (Lamberti, & Noci, 2012). In the public sector, corporate governance is quickly becoming an interesting issue for developing economies owing to the important function it provides in sustaining and building healthy economic systems (Chimbari, 2017).

Highly publicized scandals in Zimbabwe that have shaken state-owned enterprises have been ascribed to deficits in corporate governance. While reporting on State Enterprises and Parastatals (SEPs) to Parliament in 2016, the Auditor-General agreed that challenges afflicting the public sector entities in the main are corporate governance in nature (OAGZ, 2016). This should be a wake-up call for policymakers to the veracities of a feeble corporate governance framework.

What is obtaining currently in the SEPs does not reflect a good picture with reports showing that senior managers and directors are living large while there is poor service delivery and a deplorable state of employee welfare. Those in senior management reward themselves huge salaries approved by their board members when service delivery is pitiable and the public feeding on humble pies. Such reports have been made extensively on the public broadcaster, the Zimbabwe Broadcasting Corporation (ZBC) and the Public Service Medical Aid Society (PSMAS). This has seriously dented the Zimbabwean corporate governance (ZCG) as noted by Zhou (2012). The contention by Atuobi (2007) is that, when rules and norms of institutions become adapted to some corrupt methods of operation then corruption itself becomes systemic whereby agents follow predispositions that are predatory. Zimbabwe's predisposition to corrupt innuendoes is not new as history always repeats itself. Zhou (2012) suggests that the credibility of the Zimbabwean government to assume an accountable and transparent public enterprise reform meant to enhance an equitable resource distribution got derailed by corrupt government officials. The history of the country of elite predation using public entities has been punctuated with the desire for gripping social and political power (Batalla, 2000). As a result, enterprises like the PSMAS, ZBC, Air Zimbabwe, and the Zimbabwe United Passenger Company (ZUPCO) have been used as institutions of looting or instruments of established predation. Apparently, all this taking place in the eyes of the Minister responsible and Board members.

Background

One of the seven aspirations on the Agenda 2063 for 'the Africa we want' is good governance because the continent's most problems are located in bad governance. UNECA (2007) asserts that,

> *"...governance has been construed to mean political governance. This is because economic change or transformation is dependent on the willingness of the political elite to steer the economy in some preferred direction".*

The relationship obtaining between economic governance, political governance and corporate governance is one comparable to concentric circles where the political governance circle represents the outside, next comes the economic governance circle, and the corporate governance circle occupies the center (UNECA, 2007).

In South Africa, the government is going through hard times of administrating SEPs. This includes, the South African Social Security Agency (SASSA), the Eskom which provides electricity, the South African Airways (SAA) and the South African Revenue Services (SARS) among others which have been a financial drain. For the past decade, in Eswatini (formerly Swaziland), the Swaziland Post and Telecommunications Corporation (SPTC)'s employees connived with the public in fleecing the entity. The Central Transport Administration (CTA) of Eswatini has been known to be a criminal hub with both its employees and the public defrauding state resources. Different administrations have not been able to end the looting despite exposures through forensic audit reports. The Eswatini Electricity Company (EEC) has not been spared either. The bandwagon has been joined by the Eswatini Revenue Authority (ERA) which has been firing its officers periodically.

According to Zimbabwe's Ministry of State Enterprises and Parastatals (MoSEPs, 2010) the SEPs can contribute close to 40% of the Gross Domestic Product if well managed. Non-adherence to statutes, ineffective boards and role ambiguity currently affect the SEPs governance contributing to the poor performance and a drain to the fiscus. As further noted by the MoSEPs (2010), every SEP shall stick to and apply the principles of sound corporate governance in terms of section 50 of the Public Finance Management Act (PFMA) (Chapter 22:19). Section 91 provides for penalties for non- compliance of the same.

The country has close to 78 parastatals and about 72 local authorities that are burdened with widespread corruption. Corporate governance in many of the SEPs is alien (Rusvingo, 2014). The Zimbabwe Electricity Supply Authority (ZESA), ZBC, PSMAS, Air Zimbabwe and the Harare City Council (HCC) have all been fingered in the mega salary scandals (Mtomba, 2014). According to Rusving (2014), the former ZBC Board Chairperson and then PSMAS boss was getting a whopping US$ 230 000.00 as salary from an indebted medical aid society. The political leadership in Zimbabwe does not offer the best case for transparency, integrity and accountability (ACT-SA, 2013). It is because, these politicians take politics to be a chance for wealth amassing and not for helping the people. This presents an ill-fated scenario, where the supporters do not learn much from such a leadership nor restrain the politicians hence breeding a society riddled with corruption (Tanzi, 1998). The former President and of late the current one have all not been able to decisively deal with corrupt leaders and Ministers. In some instances, the perpetrators have been reassigned or even elevated. The law enforcement agents have turned a blind eye expediently choosing not to investigate the culprits in fear of political reprisals. It is therefore unsurprising that in 2011, the country was rated by the Corruption Perception Index (CPI) and Transparency International (TI)) to be in the midst of the world's most corrupt countries (TI, 2011).

Looting was massive from the War Victims Compensation Fund (WVCF) by senior government and their associates among many other examples. This was a fund established to compensate victims of war after independence. The looting was facilitated by the late Dr. Chenjerai Hunzvi who signed medical certificates with percentages of disabilities highly inflated even to 100% for people who were known to be less than 5% disabled (Carver, 2000). The Constitution of Zimbabwe is very clear on the basic principles and values of public administration in terms of Section 194 and reads in part:

a) A high standard of professional ethics must be promoted and maintained and
b) Efficient and economic use of resources must be promoted.

Yet, the public broadcaster's former Chief Executive Officer (CEO) earned almost US$ 40 000.00 and US$ 250 000.00 being housing allowance when most of the employees went for months unpaid. It was certainly lack of prudence in the usage of financial paying an entertainment allowance of US$ 3 000.00 to one top official under the circumstances. The cited Constitutional provisions above are also relevant to the Executive which is reportedly gobbling huge sums of money through big contingencies of government officials in foreign trips (Rusvingo, 2014).

Compelling Case/Gap Analysis

Cain (2016) observes that, under the current administration,

"Zimbabweans have been subject to gross violations of property rights, including state-sponsored expropriation and vandalism, corrupt politicians, restrictive business regulations, and an abysmal monetary policy".

All these governance factors have dealt a blow to the economy, causing indescribable destruction to a country once hailed as a beacon of hope for Africa. Mashavave (2017) notes that there is continued corporate failures and poor performance that are dogging most SEPs prompting this study.

Research Objective

The study seeks to contribute literature on corporate governance in the public sector and examine how corporate governance failure impacts on strategic management for sustainable development. This will help ailing SEPs to align their strategies to good corporate governance practices and enhance profitability.

Theories of Corporate Governance

Corporate governance is described as a practice whereby companies are controlled and directed (Cadbury, 1992). It is concerned with values and rules that boards of companies put in place to run their companies informed by the following main theories.

Agency Theory

Jensen & Meckling (1979) as cited by Tricker (2012) describes the agency theory as involving a contract whereby the shareholders engage the directors in order to carry out some duties on their behalf. This includes delegation of duties to other agents. As such, if the two parties in the relationship are both utility maximizers then it is less likely that the agent will not permanently act to the principal's best interests. There are numerous incidences where directors are seen treating listed public companies as if those entities were their own properties, to the extent of getting unauthorized benefits including remuneration not congruent with their performance all at the expense of shareholders. In view of this, Monks (2008) estimates that over the years, trillions of shareholders' money have been misappropriated from the United States due to power abuse by directors.

Stewardship Theory

The stewardship theory is rooted in sociology and psychology which hold that management is there to maximize and protect the wealth of shareholders through company's performance. This way they also maximize their own utility (Rossouw, 2005). As opposed to the agency theory, the stewardship theory does not put emphasis on the individual's perspective but on the senior management stewards' role. According to Tricker (2012) the original and present company law is premised on the very concept of stewardship. Tricker posits that indeed the stewardship theory is a reflection of those classical thoughts underpinning corporate governance, trusting that directors act dependably and dutifully with integrity and independence. Also, those directors certainly do not act to maximize their own personal benefits as argued by some other theories. Stewardship theorists believe that a director's legal duty is strictly to the best interest of their shareholders and not to themselves (Tricker, 2012). In placing the interests of the stakeholders first ahead of theirs, the stewardship proponents contend that directors have to identify the interests of clients, workforce and suppliers as well as other authentic stakeholders. The theory is normative as it puts emphasis on what ought to be done since it is predicated on the law. It is not predictive hence it is incapable of showing the causal relationships between corporate performance and board behavior. Tricker (2012) notes that, even with the corporate failures in the early 21st centuries eroding trust among directors it is the stewardship theory that has remained the legal basis worldwide for company law.

Transaction Cost Economics Theory

The theory has a thrust on the cost of applying checks and balances. These include risk analysis and audit, information disclosures, controls through internal and external audits, independent non-executive directors, the power separation of board chairmanship from that of the CEO, and remuneration committees. The contention given is that such costs of enforcement should be made to the extent that the increase in costs does not outweigh the decrease of the envisaged potential loss due to non-compliance (Rossouw, 2005). At most these should be at par. Similar to the agency theory, the transaction cost economics theory takes the assumption that directorship performs in its personal interest, and not principally in the interest of shareholders. However, the major point of departure is that, the transaction cost analysis is focused more on the mechanisms and governance structures, while the agency theory views a company as being a set of agreements (Maune, 2017).

Stakeholder Theory

While the dominant agency and stewardship theories in the evolution of corporate governance are focused on shareholder and boards of directors' relationships, the stakeholder theory takes a different slant. It focuses more on accountability, corporate responsibility and power over society, hence concerned with the relationships between the enterprise, the individual and the state. The theory is not predictive. Tricker (2012) believes that its societal perspective of corporate governance is seen as a viewpoint and not as a theory. Stakeholder thought worn-out with the advent of the free market, greed and growth persuasions of the 1980s. But, with the world's more social and ecological concerns of the 1990s into the 21st century, the notion resurfaced, predominantly with respect to sustainability reportage and corporate social responsibility (Dzomira, 2015).

LITERATURE REVIEW

It appears the term governance has been there ever since organizations have being there (Maune, 2015; Knell, 2006). The definition of corporate governance comes in many ways but falling into sets (Claessens, 2003). One set emphasizes on behavioral forms such as how corporations actually behave, in view of performance, growth, efficiency, financial disposition, and approach to shareholders and some other stakeholders. The second set is concerned with the normative framework such; operating rules and regulations as informed by the corporation's legal and judicial systems, its financial market, and labor market among others. Crowther & Seifi (2011) as cited in Maune (2015) describe corporate governance as an atmosphere of ethics, trust, confidence and moral values. It is a synergic determination by stakeholders, the public, service providers, corporate sector, professionals and government.

Corporate scandals and crises which have hit headlines globally have renewed the discourse over corporate governance among practitioners and researchers (Chimbari, 2017). At the turn of the century, scandals related to entities such as WorldCom, Enron and Parmalat provided a rude awakening to the significance of effective oversight and good corporate governance (GCG) in the management of corporations (Downes & Russ, 2005; Bozec & Dia, 2012; Boyd, 2003). While there has been a markable increase in the consciousness of corporate governance in relation to the sustainable development goals, the state of affairs in many African states has declined particularly in SEPs (Ayandele & Isichei, 2013; Sawe & Muneja, 2017). According to Saez & Yang (2001) a SEP is a commercial entity under the jurisdiction of the state machinery and is incorporated either as a company or through a statute being fully or partially state-owned. Such commercial entities are seen in strategic economic sectors. They are meant to develop the economy through nationalization of critical sectors like energy, transport, mining and agriculture among others. Therefore, Wadie (2013) contends that effective and efficient governance is imperative in the public sector in order to ensure good service delivery and accountability of resources. Empirical evidence indicates that the absence of good corporate governance contributes to negative economic growth (Rose-Ackerman, 2004; Kraay & Kaufman, 2002).

For emerging economies such as Zimbabwe, Berg et al. (2006) argue that enhancing corporate governance could serve a significant number of public policy objectives. For example, good corporate governance diminishes a developing market's susceptibility to financial crises, strengthens property rights, decreases business outlays, reduces cost of capital, and provides for capital market development. On the other hand, frameworks of corporate governance that are weak diminish investor confidence. Clearly, pension funds are known to participate more in equity markets where good corporate governance is central to safe-guarding savings for retirement (Berg et al., 2006). Berg et al. (2006) observe that the vitality of corporate governance has been evident due to the surge of research from academia in the recent years. Good corporate governance leads to the firm's more economic value addition, increased productivity, and reduced systemic financial risks (Berg et al., 2006). Institutional governance in sub-Saharan Africa is weak in comparison to some other regional groupings such as Europe and Central Asia as shown in Table 1 below.

Table 1
INSTITUTIONAL DEVELOPMENT: A CROSS-REGIONAL COMPARISON (2016/2017)

	Voice and Accountability		Political Stability		Government Effectiveness		Regulatory Quality		Rule of Law		Control of Corruption	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Europe & Central Asia	66	66	60	62	69	69	70	71	66	66	64	63
Sub-Saharan Africa	33	33	32	31	26	26	28	28	30	30	31	31

Source: Author (Data collected from World Bank`s Worldwide Governance Indicators: online) updated 04/12/2019

The information on six parameters of governance is based on data gleaned from the World Governance Indicators (WGI) of 2018. As shown in Table 1, in all the six parameters, sub-Saharan Africa on have relatively very low scores than the other region. Kaufmann & Kraay (2007) argue that, the WGI is amongst the most commonly used measures of cross-country indicators of governance. Munisi et al. (2014) observe that in sub-Saharan Africa just a few countries have been able to formulate codes of corporate governance codes in the period 2000s. In 1993 Nigeria`s first corporate governance code came into being with South Africa`s first code developed in 1994 (Munisi et al., 2014). In 2010 Malawi and Ghana formulated their corporate governance codes and Mauritius produced one in 2012. Zimbabwe produced its corporate governance national code in 2016.

Political Interference and Corporate Governance

There should be independence by Boards from political interference as a matter of fact. However, there is an indisputable interlink in Zimbabwe between governance of SEPs and politics. Zvavahera & Ndoda (2014) contend that, this is a result mainly of the state's participation in the assigning of SEPs boards of directors often riddled with politics of patronage and cronyism rather than merit. This is aggravated in cases where the board members appointed are politically connected creating avenues for excessive political interference and unwarranted influence in the administration of SEP (Fan et al., 2014). This ultimately compromises and complicates the corporate governance structure and quality of service delivery.

The corporate governance framework for SEPs

In Zimbabwe, corporate governance in the public sector is not a new phenomenon. Chavunduka & Sikwila (2015) advise that the national corporate governance code (ZIMCODE) has been bringing about standards in the public sector that originally have not been in existence. The major challenges in the SEPs have been, weak corporate governance mechanisms tied with unrestrained political interference. The reluctance to uphold the corporate governance framework for SEPs since its inception in 2010, is a demonstration that self-regulation for public sector corporate governance in the country may never work anytime soon although the newly enacted Public Entity Corporate Governance Act provides a flicker of hope. It is no wonder Rose-Ackerman (2004) observes that beneficiaries of a status quo that is corrupt will attempt to obstruct any reform. The solution to Zimbabwe's public sector reforms for good corporate governance does not lie in a code that would operate voluntarily on a *"explain or comply"* basis, but perhaps in a legislative solution rules-based and legally binding (Chimbari, 2017).

Gatekeeper Absence

Employing the corporate governance code to SEPs requires enforcement by gate keepers. In Zimbabwe's public sector, evidently there has been political reluctance to enforce corporate governance reforms for enhancing accountability, lucidity, probity and good governance (Chimbari, 2017). The fundamental questions in implementing a principles-based approach to SEPs are; who will be charged with the enforcement responsibility? How efficient and effective will that be? As it is, the political forces have weakened the Zimbabwe Anti-Corruption Commission (ZACC), whose mandate is provided for in the Constitution. Chimbari (2017) laments that, ZACC has not been able to enforce the investigation and prosecution of many highly-profiled people implicated in some corporate scandals of late. Any corporate governance model in the public sector is implantable only if the government is keen to thrash the challenge of corruption and de-politicization of the SEPs management (Network, 2016; Mafi, 2014). It remains to be seen if the Office of the President and Cabinet will be able to effectively do that as mooted.

See No Evil, Speak No Evil, Hear No Evil

A robust whistle blowing framework should bolster any effective corporate governance initiative in order to expose corporate malpractice especially where compliance is expected to be voluntary and based on the principles approach (Chimbari, 2017). There is need to protect whistleblowers who choose to disclose wrongdoers as being core in the public sector's integrity framework (OECD, 2015). This is vital for the protection of the public interest and encouraging a public accountability culture. For instance, the United Kingdom (UK) is informed by the principles-based corporate governance approach and protects a whistleblower in terms of the Public Interest Disclosure Act (PIDA) of 1998. Also, in the United States to which the rules-based Sarbanes Oxley Act informs the corporate governance mechanism, the whistleblower is protected in terms of the Whistleblower Protection Act of 1989. Yet, in Zimbabwe, there is no protection law for whistleblowers. This state of dilemma is made no better by the various suppressing mechanisms such as the Official Secrets Act [Chapter 11:09] which prevents an employee in SEPs from divulging information concerning what happens in the organization. This makes public disclosure of corporate malpractice in SEPs potentially dangerous for a whistleblower.

Corporate Governance Legal Frameworks in Zimbabwe

SEPs corporate governance practice provisions in Zimbabwe are included in various sources that are currently not coordinated namely; the Constitution of Zimbabwe (2013), Companies Act (for incorporated SEPs), Memorandum and Articles of Association (for each incorporated SEP), various establishing laws and regulations for individual SEPs, Public Finance and Management (PFM) Act, Audit Office Act, National Code on Corporate Governance in Zimbabwe, Corporate Governance Framework for SEPs (2010), Corporate Governance Principles as Approved by the Cabinet (2014), International Financial Reporting Standards (IFRS), Group and Related Party Disclosure Requirements, OECD Guidelines on Corporate Governance of State Owned Enterprises (2015) and the Public Entity Corporate Governance Act. These largely uncoordinated sources of corporate governance provisions encourage compliance which is selective. Some of the laws were enacted way back when SEPs were established operating with very little market competition (Zhou, 2012).

Corporate Governance Failures

Quite a number of SEPs in Zimbabwe have had challenges related to board failure while others could not improve viability (Mashavave, 2017). These include among others, the PSMAS, Barbican Bank, Air Zimbabwe, African Renaissance Bank (AFRE), ZBC, United Merchant Bank and ENG Capital. The main causes of corporate failures were hinged on poor corporate governance especially inadequate monitoring of the CEO and executive directors by the board. Due to the plethora of scandals and SEPs failures it was proposed that, parliamentary committees be appointed dealing with scandals and corruption from those holding fiduciary positions (Herald, 2011). It appears that, corporate governance codes alone are not the solution to board failure.

ANALYTICAL OR METHODOLOGICAL APPROACH

The qualitative methodological approach employed was the descriptive-document philosophical analysis. Qualitative methods take the investigator’s communiqué together with the study area and its constituents as an obvious part of producing knowledge (Flick, 2002). This method ensures that the investigator’s partiality in the examination of contributions for good corporate governance is taken into cognizance. On descriptive analysis Mashingaidze (2014) argues that, the purpose of a descriptive study is to depict the correct profile of events, situations or persons. Therefore, the descriptive philosophical analysis as a method is applied in order to reveal the challenges of strategic management and inform a sustainable development of good corporate governance. To gain insights of challenges in the corporate governance trends of SEPs in Zimbabwe document analysis was done. Sources included government reports, published research papers, newspapers and internet among others.

DISCUSSION OF FINDINGS AND RESULTS

The findings are grouped into three thematic areas for ease of discussion and analysis namely; human resources paradigm shift, management finesse and the continuum of culpability.

Human Resources Paradigm Shift

This study reveals a burgeoning observation that executives and directors of entities tend to be selfish actors, who abuse company positions in pursuit of personal gains and not what is best for the stakeholders. This was also claimed by McConvill & Bagaric (2005). The ZBC top brass earned substantial salaries and unlimited perks such as air travels and fuel at the expense of a company whose net earnings were perennially in the negative. The general staff went for several months unpaid and yet the human resources management was caught up in the scam. Yet, senior human resources managers have a fiduciary accountability to shareholders as well as a moral accountability to company employees hence the need to determine how best to execute these responsibilities effectively (Wright, 2003).There is need for a human resources management paradigm shift from being part of the looting team and be aware that such unethical practices are exposed.

Management Finesse

The state's involvement in SEPs has a direct effect on the quality of an entity's management. The appointments of Board members and CEOs politically are meant to guarantee amenability to State control and compliance with given ideologies. This is similar to the Chinese State-owned enterprises (Li & Tang, 2010; Fan et al., 2007), although a study by Tukuta et al. (2012) reveals that it is risky to engage under qualified people where corporate governance is a must. Findings in this study show the opposite as most of the executives are qualified but lack the requisite expertise and experience for upholding high integrity and ethics. Most of the SEPs executives and most serving board members generally lack what Ncube & Maunganidze (2014) described as *"commercial background"*. Due to the dearth of corporate governance tenets like accountability several enterprises in Africa have collapsed (Tukuta et al., 2012). The observation by Zhou (2012) is that for three decades, the SEPs in Zimbabwe remain a case of debt-ridden entities and loss making with an insatiable appetite to get support from the fiscus. It is a hard fact that scandals in SEPs have miffed the State for long while government remains passive. Despite the emphasis of having a risk management framework in corporate governance provided by the Cadbury (1992) and even in the OECD Principles (1998) all the unscrupulous things happening in SEPs have endorsements from the Board members.

The Continuum of Culpability

The SEPs corruption which is institutionalized in Zimbabwe revealed in this study is not unprecedented. The Zimbabwean history is replete with several cases ranging from outright plundering to systemic corruption dealt with either by turning a blind eye or selective application of the law. There are numerous activities of predation linked to cabinet ministers for instance, in the allocation of motor vehicles from a State- owned car assembling plant, widely recognized as the Willowgate scandal of 1989, the GMB scandal of 2000 are some of the cases. This has caused SEPs to relax and rake in hefty salaries mindful that if they get exposed there will be no serious punishment against them.

CONCLUSION

Hope is still there for Zimbabwe if the government is committed to improve on accountability with respect to the strategic management of public resources. The import of corporate governance in boosting transformative change towards sustainable development is reinforced by the UNDP (2014). The impediments noted by Motter (2015) are reflected in Zimbabwe's SEPs. Bad corporate governance in SEPs is serious risks to the public sector's growth and sustainability. The study depicts how issues of governance countervail the sustainability and risk nexus. A myriad of corporate governance scandals prevalent reveal the public sector's incapability of self-regulation. This provides a strong case for adopting the rules-based corporate governance approach for strategic management towards sustainable development.

RECOMMENDATIONS

1. The public policy for strategic management intervention should not be at variance with commercial interests so much to undermine the performance of SEPs.
2. Government interference in SEPs operations should be restricted to strategic issues through policy frameworks.
3. Performance contracts should be developed with quantified financial, economic and performance outcomes.
4. Develop an effective enforcement mechanism for the current corporate governance frameworks.
5. SEPs human resources departments should provide expert advice on corporate governance issues.
6. A rules-based corporate governance approach should be adopted.
7. An effective whistle-blowing procedure should be established.
8. The principle of separation of ownership and control should be clear with respect to the parent Ministry, the Board and the CEO.

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