

Corporate Governance Issues in the Public Sector in Zimbabwe: Board Perspectives and Peculiarities.

Dr Jenfan Muswere¹, Dr Henry Mukono², Dr Fainos Chinjova³, Prof Zenzo Lusaba Dube⁴

^{1,2}Independent Researchers Natonal University of Science and Technology; Graduate School of Business

^{3,4}Sciences National University of Science and Technology; Institute of Development Studies

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ABSTRACT

Corporate governance is critical in promoting accountability, transparency, and effective management in the public sector. In Zimbabwe, public sector entities have faced persistent governance challenges, including mismanagement, inefficiency, and political interference, thereby affecting service delivery and public trust. This study examined board perspectives on corporate governance issues and the unique challenges (“peculiarities”) faced by Corporate Governance Boards in these public sectors. Using a qualitative research design, data were collected through semi-structured interviews with board members from selected public sector organizations. Findings reveal that Corporate Governance Boards perceive key governance challenges to include weak internal controls, lack of independence, resource constraints, political interference, and limited strategic oversight. Boards emphasized the need for clear mandates, capacity building, and structured reporting mechanisms. The study recommends enhancing board independence, strengthening internal controls, and institutionalizing governance frameworks to improve accountability, efficiency, and stakeholder confidence in Zimbabwe’s public sector organizations.

Keywords: Corporate governance, public sector, board perspectives, accountability

INTRODUCTION

Corporate governance refers to the system of rules, practices, and processes by which organizations are directed and controlled. In the public sector, governance is particularly important as it ensures that public resources are used efficiently, ethically, and in alignment with societal priorities (Chikodzi & Nyoni, 2021). In Zimbabwe, public sector boards are responsible for oversight, strategic guidance, and ensuring compliance with legal and regulatory frameworks. However, numerous challenges have affected governance performance, including mismanagement, inefficiency, corruption, and political interference (Ncube, 2020; Mutambara & Kanyoka, 2019).

Corporate Governance Boards play a central role in shaping governance practices. Their perspectives are critical in understanding both the structural and operational peculiarities of public sector organizations. These include bureaucratic processes, political influence, resource allocation challenges, and sector-specific compliance requirements.

In Zimbabwe public sector organizations have faced persistent governance issues, including weak oversight, misallocation of resources, and political interference (ZIMRA, 2022). While governance frameworks exist, their effectiveness is influenced by board capacity, independence, and operational context. Understanding the perspective of the board is essential in identifying structural weaknesses, operational challenges, and sector-specific peculiarities that affect the effectiveness of governance. This study addresses this gap by exploring how boards perceive and navigate governance challenges in Zimbabwe’s public sector. An examination of the perceptions of Corporate Governance Boards in the public sector in Zimbabwe provides

insights into the practical constraints that impact the effectiveness of governance and the strategies that should be employed to mitigate risks.

Research Objectives

This study was guided by the following research objectives:

- To explore board members' perspectives on corporate governance challenges in Zimbabwean public sector organizations.
- To assess the implications of governance challenges on accountability, transparency, and performance.
- To recommend strategies for enhancing public sector corporate governance effectiveness.

LITERATURE REVIEW

This study was guided by the following literature:

Theoretical Framework

This study was guided by the Agency and Stakeholder theories:

Agency Theory

According to Jensen & Meckling, (1976), the Agency Theory explains the principal-agent relationship between boards (principals) and management (agents). Boards are tasked with monitoring management to mitigate risks such as mismanagement, fraud, and inefficient use of resources. This theory underpins the study by highlighting the importance of oversight and accountability mechanisms in public sector organizations. In this study, the Agency Theory helped to explain why boards monitor management and the mechanisms they use to reduce agency risks.

Stakeholder Theory

Stakeholder Theory emphasizes that boards must balance the interests of multiple stakeholders, including government authorities, citizens, employees, and other regulatory bodies (Freeman, 2010). Effective governance requires boards to ensure that decisions and organizational practices are transparent, ethical, and aligned with stakeholder expectations. In this study, the Stakeholder Theory emphasized the broader accountability of boards to multiple stakeholders.

Corporate Governance in the Public Sector

Public sector governance emphasizes accountability, transparency, and the ethical use of resources (Mavhiki & Dube, 2020). Boards are responsible for monitoring management, approving strategic plans, and ensuring regulatory compliance. However, studies indicate persistent governance weaknesses which include poor internal controls, lack of strategic oversight, political interference, and inefficiencies in resource utilization (Chikodzi & Nyoni, 2021; Ncube, 2020).

Corporate Governance Boards perspectives on governance challenges

Corporate Governance Boards perceive the following core governance challenges in the Public Sector in Zimbabwe:

- **Weak Internal Controls:** Limited enforcement of internal controls leading to mismanagement and financial irregularities in the public sector.
- **Limited Board Independence:** Political appointments and influences are compromising board decision-making.

- Resource Constraints: Inadequate funding and staffing hinder effective governance and oversight.
- Compliance Challenges: Boards are struggling to enforce policies and regulatory compliance consistently.
- Strategic Oversight Deficiencies: Boards are focusing on operational issues, neglecting long-term strategic guidance.

Gap Analysis

Studies in public institutions in Zimbabwe revealed that the effectiveness of the boards is constrained by political interference, capacity gaps, and bureaucratic limitations (Mutambara & Kanyoka, 2019; Mavhiki & Dube, 2020). Literature reveals that Boards with formal governance frameworks, adequate training, and clear mandates report better oversight and strategic guidance, highlighting the importance of board capacity in public sector governance. However, there is a gap in literature when it comes to the perspectives on corporate governance challenges in public sector organizations in Zimbabwe as well as the implications of these challenges on accountability, transparency and performance.

RESEARCH METHODOLOGY

The study adopted an interpretivist philosophy, which aligns with the qualitative approach chosen to explore the corporate governance issues in Public Sector in Zimbabwe. Interpretivism emphasises understanding social phenomena from the perspectives of those experiencing them, making it particularly relevant for investigating the how the board members and managers perceive the corporate governance issues in State-Owned Enterprises (Pervin and Mokhtar, 2022). The study also embraced a constructivist worldview, recognising that knowledge is not discovered but constructed through interaction between the researchers and participants (Tanlaka and Aryal, 2025). This stance ensured that findings are contextually embedded, reflecting the socio-economic and cultural realities in Zimbabwe's State-Owned Enterprises. By prioritising subjective meaning and lived experiences, the study captured complexities such as resistance to change, infrastructural limitations, and regulatory uncertainties factors that cannot be fully understood through quantitative data alone (Hlophe and Mabetha, 2025).

Given the interpretivist-constructivist philosophy underpinning this research, an inductive approach was adopted. This approach aligned with the objectives of the study. Induction facilitated the discovery of patterns and themes grounded in participants lived experiences, rather than imposing predefined theoretical constructs. This flexibility was essential for capturing the complexities of organisational culture, infrastructural limitations, and regulatory uncertainties that shape Corporate Governance Boards when they undertake their functions in State-Owned Enterprises.

The research design was tailored to capture the multi-dimensional nature of the roles of Corporate Governance Boards in State-Owned Enterprises. The research design prioritised depth over breadth, focusing on multiple case studies to generate rich, contextualised insights. The case study design was central to this research. Yin (2014) defines case study research as an empirical inquiry that investigates a modern phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clear.

Given the qualitative nature of this study, the research did not aim to cover the entire population but instead used purposive sampling to select participants who could provide in-depth and meaningful insights. This approach prioritised quality over quantity, allowing the researchers to engage with individuals who have significant experience in Corporate Governance of State-Owned Enterprises. Qualitative research typically employs non-probability sampling techniques, prioritising relevance and information richness over representativeness. As Creswell (2014) notes, qualitative sampling is purposive, focusing on participants who can best inform the research problem. The sample size was typically smaller but allowed for intensive exploration of experiences and perspectives. This study used purposive sampling as the primary method, selecting participants based on their direct involvement with Corporate Governance of State-Owned Enterprises. Where access to certain participants was limited, snowball sampling was employed, allowing

initial participants to refer others with relevant experience. Although the study initially anticipated a sample size of approximately twenty to thirty participants, guided by the principle of data saturation, the final number of participants was 17, as no new themes or insights were emerging.

FINDINGS

The following are the main themes that emerged from the in-depth interviews that were conducted:

Weak Internal Controls

Boards reported that ineffective internal controls remain a significant governance challenge. Participants noted that many public sector entities lack robust procedures to monitor financial and operational activities, leading to mismanagement and irregularities. One board member stated:

"We often rely on outdated processes and manual checks, which makes it hard to detect errors or prevent misappropriation of resources."

This aligns with Agency Theory, as weak controls increase the risk of agency problems, where management actions may not align with board and public expectations.

Limited Board Independence

Board independence was frequently highlighted as a challenge. Many boards are partially or fully politically appointed, which can compromise decision-making. One audit chair remarked:

"Our ability to make unbiased decisions is constrained by political influence. Sometimes, we are expected to align with government interests rather than organizational needs."

The finding aligned with the Agency Theory which emphasizes that independence is crucial for boards to monitor management effectively. Without autonomy, oversight becomes superficial, and governance effectiveness is reduced.

Resource Constraints

Boards reported that financial and human resource limitations hinder the effectiveness of governance. Participants emphasized shortages in skilled staff, limited budgets for oversight functions, and inadequate access to information systems. A board member had this to say:

"We are expected to provide strategic oversight without sufficient funding or staff. This limits our ability to review reports or implement governance initiatives effectively."

Resource constraints also impact the board's capacity to enforce compliance and monitor operational performance, reflecting practical barriers to fulfilling governance responsibilities.

Political Interference

Political influence emerged as a central theme, affecting board decisions and management operations. Some board members indicated that government directives sometimes override board recommendations, creating tensions between compliance with political priorities and organizational needs. One respondent had this to say:

"Even when we identify governance risks, political directives can prevent us from implementing necessary controls. This limits the effectiveness of oversight."

This challenge demonstrates the complex stakeholder environment described in Stakeholder Theory, where boards must balance multiple, sometimes conflicting, interests.

Strategic Oversight Deficiencies

Participants highlighted that boards often focus on operational or compliance issues, neglecting long-term strategic planning. This reactive approach limits the ability to anticipate risks and align organizational performance with broader public sector objectives. One participant noted:

"Our focus is often on immediate operational problems rather than long-term strategy, which affects performance and accountability."

Boards emphasized the need for training and frameworks that enable strategic decision-making, reflecting the importance of aligning oversight functions with both agency monitoring and stakeholder accountability.

DISCUSSION OF FINDINGS

The findings confirm that Zimbabwean public sector boards face distinct governance challenges shaped by both organizational and environmental factors. Boards' emphasis on weak internal controls aligns with Agency Theory, emphasizing the principal-agent relationship. Without robust controls, management actions may diverge from board and public expectations, increasing the risk of mismanagement or fraud (Jensen & Meckling, 1976). Board independence is another critical factor. Political appointments limit autonomy and reduce oversight effectiveness, consistent with Agency Theory predictions. Independent boards are better positioned to monitor management, enforce compliance, and implement corrective actions. Stakeholder Theory further explains that boards must navigate competing demands from government, employees, and citizens, balancing operational efficiency with public accountability (Freeman, 2010).

Resource constraints affect the board's ability to perform oversight and strategic planning. Limited budgets, staff shortages, and insufficient access to information reduce monitoring capabilities. Boards reported that these constraints affect compliance enforcement, risk management, and long-term planning. Addressing resource limitations is essential for effective governance and aligns with both Agency Theory (monitoring requires capacity) and Stakeholder Theory (meeting stakeholder expectations requires adequate resources). Political interference emerged as a defining peculiarity in the public sector. Government directives and political pressures influence decision-making, often at the expense of organizational priorities. This reinforces the relevance of Stakeholder Theory, highlighting that boards must manage multiple, sometimes conflicting, interests while maintaining accountability and transparency.

Finally, strategic oversight deficiencies suggest that boards are constrained by immediate operational concerns rather than long-term strategic objectives. This reactive governance approach undermines organizational performance and accountability. Training, structured frameworks, and capacity building can enhance boards' ability to provide strategic guidance.

RECOMMENDATIONS

Based on findings, the study proposes the following recommendations:

- **Enhance Board Independence:** Appointment processes should ensure autonomy, reduce political influence and enable objective decision-making. Boards should report directly to relevant oversight authorities rather than political offices.
- **Strengthen Internal Controls:** Public sector organizations should implement robust, standardized internal control frameworks to minimize mismanagement and improve accountability.
- **Allocate Adequate Resources:** Boards must be supported with sufficient financial and human resources, including access to information systems, to effectively perform oversight functions.
- **Capacity Building and Training:** Boards should receive continuous professional development on governance, risk management, and strategic planning to enhance effectiveness.
- **Manage Stakeholder Expectations:** Boards should establish mechanisms to balance competing interests of government, employees, and citizens, ensuring transparency and ethical decision-making.

- Institutionalize Strategic Oversight: Boards should adopt long-term strategic planning frameworks and risk-based monitoring approaches to move beyond reactive operational oversight.

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