

BINDURA UNIVERSITY OF SCIENCE EDUCATION

MODELLING CORPORATE GOVERNANCE PRACTICES FOR ENHANCED PERFORMANCE OF SAVINGS AND CREDIT COOPERATIVES IN ZIMBABWE

BY

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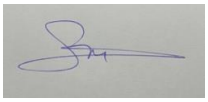
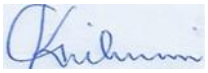
Student **Signature:**  **Date:** 10/06/2024

Supervisor Dr G.Kichini **Signature:**  **Date: 10.06.24**

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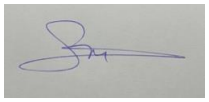
STUDENT SIGNATURE:  **DATE:** 10/06/2024

DEDICATION

To the resilient and dedicated members of the SACCOs community in Zimbabwe, your commitment to financial empowerment and inclusive growth is truly inspiring. Through your unwavering support and participation in SACCOs, you have demonstrated the power of collective action in fostering economic resilience and prosperity. This dedication is a tribute to your hard work, vision, and determination to build a better future for yourselves and your communities. May your efforts continue to drive positive change and sustainable development across Zimbabwe.

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ABSTRACT

Corporate governance practices play a crucial role in the success and sustainability of financial institutions, including Savings and Credit Cooperatives (SACCOs). This study focuses on modelling effective corporate governance practices tailored to the context of SACCOs in Zimbabwe to enhance their performance. With thousands of SACCOs registered in Zimbabwe, their contribution to GDP has not been significant. The National Development Strategy 1 (NDS1) which seeks to plan towards a prosperous and empowered upper middle-income society by 2030, appreciates SACCOs as an avenue for mobilising resources among the previously under banked. Whilst many of these SACCOs remain registered, quite a number of these are either not operational or are not performing well. The literature review explores the significance of corporate governance in financial institutions, particularly SACCOs. It delves into the existing models of corporate governance and their impact on organizational performance, highlighting the need for a customized approach for SACCOs. This research employs a qualitative method approach with case study insights from diverse in a typical SACCO in Zimbabwe, the Harare Central SACCO. The study utilizes the interview method to develop a comprehensive model of corporate governance practices for SACCOs. The findings reveal that implementing robust corporate governance practices tailored to the unique characteristics of SACCOs in Zimbabwe can significantly enhance their performance. Key elements of the proposed model include accountability in the form of regular meetings and management and financial reports, board competence and effectiveness, risk management, and member participation, strategic planning, systems and policies and exploitation of relevant, innovative Information & Communication Technologies (ICTs). The implications of this research are twofold. Firstly, it provides SACCOs in Zimbabwe with a practical framework for improving their governance structures to drive better performance outcomes. Secondly, it contributes to the broader discourse on corporate governance in the context of microfinance institutions. In conclusion, this study underscores the importance of modelling corporate governance practices specifically for SACCOs in Zimbabwe. By adopting tailored governance frameworks, SACCOs can strengthen their operations, build trust among members, and ultimately achieve sustainable growth and impact and profitability in the financial sector.

Keywords: Corporate Governance, Savings and Credit Cooperative Organisations (SACCOs), Organisational Performance, Board Effectiveness, Risk Management, Member Participation, Financial Sustainability.

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LIST OF ABBREVIATIONS

ACT:	Cooperative Societies Act (Chapter 24:05)
AI:	Artificial Intelligence
ICTs:	Information and Communication Technologies
CGPs:	Corporate Governance Practices
NDS 1:	National Development Strategy 1
NGOs:	Non-Governmental Organisations
SACCO:	Savings and Credit Cooperative
SACCOs:	Savings and Credit Cooperatives

DEFINITION OF TERMS

Modelling Corporate Governance Practices - Modelling corporate governance practices refer to the process of designing and implementing a framework of rules, regulations, processes, or structures that govern the way a cooperative is directed, controlled, and operated. This involves identifying the key pillars of corporate governance practices in SACCOs in Zimbabwe.

Enhanced Performance - Enhanced performance in the context of SACCOs in Zimbabwe refers to improving the efficiency, effectiveness, profitability, sustainability, and overall success of these financial institutions. This can involve increasing member satisfaction, reducing operational costs, managing risks effectively, expanding market share, and achieving financial stability and growth.

Savings and Credit Cooperatives (SACCOs) - Savings and Credit Cooperatives are member-owned financial institutions that provide savings facilities and affordable credit services to their members. In Zimbabwe, they play a crucial role in promoting financial inclusion, empowering communities economically, and supporting small businesses and individuals with limited access to formal banking services.

Corporate Governance - Corporate governance encompasses the system of rules, practices, processes, and structures by which an organization is directed and controlled. It involves balancing the interests of various stakeholders such as shareholders, management, customers, suppliers, financiers, government agencies, and the community to achieve organizational objectives while ensuring accountability, fairness, transparency, and compliance with legal requirements (Steens et al, 2020).

Performance Measurement – Performance is the value created by an organization, in this case a SACCO, which uses its productive assets to achieve its expectations, that is, its goals and strategic objectives (Linda et al, 2019). Performance of SACCOs in Zimbabwe, may be looked at in the context of financial profitability, operational efficiency, member satisfaction levels, risk management practices and membership growth.

CHAPTER 1
INTRODUCTION

1.1 Introduction

Corporate Governance Practices (CGPs) play a crucial role in the performance and sustainability of financial institutions, including Savings and Credit Cooperatives (SACCOs). SACCOs are vital in providing financial services to individuals and small businesses.

This research aimed to explore and analyse the existing CGPs within SACCOs in Zimbabwe and propose a model that can enhance their performance, sustainability, and overall contribution to the financial inclusion and economic prosperity agenda in line with the strategic vision 2030 that Zimbabwe has adopted. The research delved into the fundamental elements of corporate governance within the context of SACCOs. This included examining the roles and responsibilities of the board of directors, management structures, transparency, accountability, and ethical considerations. Understanding these key elements was essential for developing a robust corporate governance model that aligns with the unique operational dynamics of SACCOs.

1.2 Background of Study

Corporate governance refers to the system of rules, practices, and processes by which a company is directed and controlled. It involves balancing the interests of various stakeholders such as shareholders, management, customers, suppliers, financiers, government, and the community. Good corporate governance aims to ensure that the company operates in an ethical, transparent, and accountable manner while safeguarding the interests of all stakeholders.

CGPs have been under scrutiny globally due to various scandals that have highlighted issues such as lack of transparency, conflicts of interest, and unethical behaviour within companies. These scandals have had significant repercussions on the reputation and financial stability of the organizations involved. In the Enron Scandal, Enron’s collapse was due to widespread accounting fraud and corruption. Executives manipulated financial statements to hide debt and inflate profits, leading to billions in losses for investors (Markham, J.W., 2022)

In the case of the Wirecard Accounting Scandal, (Connolly, K., & Lewis, D. (2020). "Wirecard: A timeline of Europe's biggest fintech scandal. Wirecard, a German fintech company, filed for insolvency after admitting that €1.9 billion was missing from its balance sheet. The scandal shed light on weak internal controls and governance practices within the organization.

These examples demonstrate how poor governance can result in scandals which are detrimental to the performance and sustainability of an organisation.

One of the most high-profile corporate governance scandals in Africa involved Steinhoff International Holdings, a South African retail giant. In 2017, it was revealed that the company had engaged in accounting irregularities and inflated its financial statements. This led to a massive collapse in the company's stock price and raised serious concerns about the effectiveness of CGPs in South Africa.

The financial sector in Zimbabwe has also experienced significant challenges due to poor CGPs. Liquidated Interfin Bank faced a corporate governance scandal when it was discovered that the bank's executives had engaged in risky lending practices, conflicts of interest, and misreporting of financial information. The scandal led to the collapse of the bank and highlighted weaknesses in regulatory oversight within the banking sector.

Corporate governance is crucial for the effective functioning of financial institutions, as it ensures transparency, accountability, and sound decision-making processes. Therefore, this dissertation aims to investigate and model CGPs that can enhance the performance of SACCOs in Zimbabwe.

SACCOs offer a critical contribution in enabling entrepreneurs and other members to access monetary services in Zimbabwe. However, their performance has been hindered by issues such as poor governance, inadequate risk management, and lack of regulatory compliance. The collapse of some SACCOs in recent years has raised concerns about lack of effective CGPs to ensure their sustainability and contribution to their own financial prosperity and that of Zimbabwe at large.

The core focus of this research was on developing a tailored model for CGPs that can significantly enhance the performance of SACCOs in Zimbabwe. This involved synthesizing

best practices from both the financial sector and cooperative movements while considering the unique socio-economic landscape of Zimbabwe. The proposed model`s aim to optimize decision-making processes, improve risk management frameworks, and foster a culture of transparency and accountability within SACCOs.

Ultimately, this research sought to evaluate how an enhanced corporate governance model can positively impact the performance and sustainability of SACCOs in Zimbabwe through the case study of Harare Central SACCO. Furthermore, it aimed to assess how improved governance practices within SACCOs might contribute to advancing performance goals of SACCOs through implementation of the same by the SACCOs.

1.3 Statement of Research Problem

SACCOs play an important role in promoting financial inclusion, mobilising savings and providing credit to individuals and small businesses in Zimbabwe. Despite their potential contribution to economic development, many SACCOs have experienced challenges relating to sustainability, growth, financial performance, accountability and effective management. The continued existence of registered SACCOs that are inactive, underperforming or unable to achieve sustainable growth suggests that registration and access to financial resources alone are insufficient to ensure effective SACCO performance.

A fundamental problem underlying these challenges is the effectiveness of corporate governance practices (CGPs) within SACCOs. Effective corporate governance is essential for ensuring accountability, transparency, appropriate oversight, sound decision-making, effective risk management and protection of members' interests. However, corporate governance practices and frameworks applied within the SACCO sector in Zimbabwe have not been sufficiently developed or empirically examined in a manner that takes account of the distinctive characteristics of SACCOs as member-owned financial cooperatives.

Unlike conventional companies and commercial banks, SACCOs are characterised by member ownership, democratic participation, elected boards, a dual role of members as owners and customers, and community-oriented objectives. Consequently, conventional corporate governance models may not adequately address the governance challenges and operational realities of SACCOs.

The specific problem is, therefore, the absence of a context-specific and empirically grounded model of corporate governance practices that identifies how governance mechanisms can be structured and implemented to enhance the performance and sustainability of SACCOs in Zimbabwe. Existing literature provides substantial evidence on the relationship between corporate governance and organisational performance in corporations, banks and other financial institutions, but comparatively limited research has examined how specific governance practices—including board competence and effectiveness, accountability and reporting, member participation, strategic oversight, risk management, internal controls, policies and systems, and the use of information and communication technologies—interact within the distinctive cooperative structure of Zimbabwean SACCOs to influence organisational performance.

This problem is further compounded by the need for SACCOs to operate within Zimbabwe's evolving legal and regulatory environment while simultaneously maintaining cooperative principles of member participation, democratic control, transparency and accountability. The absence of a tailored governance model makes it difficult for SACCO boards, management, regulators and other stakeholders to determine which governance practices should be prioritised, how they should be implemented, and how they can collectively contribute to improved financial and organisational performance.

Consequently, there is a need for empirical research that investigates the corporate governance practices currently employed by SACCOs in Zimbabwe, identifies governance deficiencies and effective practices, and develops a contextually appropriate model of corporate governance practices for enhancing SACCO performance and sustainability. Addressing this problem will provide an evidence-based framework that can assist SACCOs and relevant stakeholders in strengthening governance, improving accountability and risk management, enhancing member confidence and participation, and ultimately improving the sustainability and performance of the SACCO sector in Zimbabwe.

1.4 Purpose of the Study

The purpose of this study was to develop a corporate governance practices (CGPs) model for enhancing the performance of Savings and Credit Cooperative Societies (SACCOs) in Zimbabwe. Specifically, the study sought to examine the relationship between corporate governance practices and SACCO performance, identify the governance practices that influence

organisational performance, and propose a context-specific corporate governance model to strengthen the effectiveness, sustainability, and performance of SACCOs in Zimbabwe.

1.5 Research Objectives

The main objective of the research was to develop a context-specific model of corporate governance practices for enhancing the performance and sustainability of SACCOs in Zimbabwe.

The specific research objectives were as follows:

- To identify the CGPs that are available in SACCOs in Zimbabwe.
- To assess the effectiveness of CGPs in enhancing performance of SACCOs in Zimbabwe.
- To develop a model of CGPs which can enhance performance of SACCOs in Zimbabwe.

1.6 Research Questions

The main research question was: What corporate governance practices can be modelled to enhance the performance and sustainability of SACCOs in Zimbabwe?

The specific research questions were as follows:

- What are the CGPs that are available in SACCOs in Zimbabwe?
- What is the effectiveness of CGPs in enhancing performance of SACCOs in Zimbabwe?
- What is the model of CGPs which can enhance performance of SACCOs in Zimbabwe?

1.7 Research Assumptions

The research assumptions identified were as follows:

- That participants would provide honest and accurate responses during data collection.
- That corporate governance plays a significant role in the performance of SACCOs in Zimbabwe.
- That modelling CGPs specific to the context of SACCOs in Zimbabwe is essential for enhancing their performance.

1.8 Significance of Study

The primary beneficiaries of this research topic were the SACCOs operating in Zimbabwe. By studying and implementing effective CGPs, these SACCOs can enhance their performance, ensure transparency, accountability, and sustainability in their operations. This can lead to improved financial stability, increased member trust, and overall growth of the SACCO sector in Zimbabwe.

Regulators and policymakers in Zimbabwe could benefit from this study as it provides insights into how CGPs can impact the performance of SACCOs. By understanding the best practices in corporate governance for SACCOs, regulators can develop policies and regulations that promote good governance within the sector, leading to a more stable and resilient financial system.

Researchers and academics interested in corporate governance, cooperative management, or the financial sector in Zimbabwe could benefit from this research topic. Studying the modelling of CGPs for SACCOs can contribute to the existing body of knowledge on cooperative management and governance practices, providing valuable insights for further research and academic discussions.

The members of SACCOs are also beneficiaries of this study as enhanced CGPs can directly impact their interests. Improved governance can lead to better financial performance, protection of member investments, fair treatment of members, and overall trust in the cooperative institution.

Investors looking to support or invest in SACCOs in Zimbabwe may find value in understanding how CGPs influence the performance of these institutions. Similarly, donors interested in supporting sustainable development initiatives through SACCOs could use this research to assess the effectiveness and sustainability of their investments.

Financial institutions that collaborate with or provide services to SACCOs could benefit from this study by gaining insights into how CGPs affect the risk profile, financial stability, and overall performance of these cooperative institutions.

1.9 Contribution of Research

The specific knowledge contribution from this research referred to the new insights gained about the role of corporate governance in the context of SACCOs in Zimbabwe. This included understanding the unique challenges and opportunities that SACCOs in Zimbabwe face in implementing effective CGPs and identifying best practices that have been successful in enhancing their performance. For example, researchers discovering that certain board structures, transparency measures, or risk management strategies are particularly effective for SACCOs operating in the Zimbabwean context.

The policy contribution from this research involved providing recommendations from SACCO members regarding how to encourage and support the adoption of best CGPs within Saccos in Zimbabwe. This could lead to advocating for specific policies or regulations that promote transparency, accountability, and effective risk management within SACCOs, as well as providing guidance on the implementation and enforcement of these policies. Additionally, researchers proposed capacity building programs to help SACCOs overcome barriers to adopting good governance practices.

The practice contribution of this research will involve sharing the findings and insights gained through the study with SACCOs themselves, with a view to helping them improve their governance practices and enhance their performance. This might take the form of workshops, training sessions, or educational materials designed to help Sacco boards and managers understand the benefits of good governance and how to implement it effectively. Additionally, researchers might work directly with individual SACCOs to provide tailored advice and support in implementing specific governance reforms.

The methodological contribution of this research referred to the innovative approaches used to collect and analyse data on the relationship between CGPs and SACCOs performance in Zimbabwe. For example, researchers used qualitative method in a case study by utilising interviews to gain a deeper understanding of the challenges and opportunities faced by SACCOs in implementing good governance. Additionally, researchers developed a new framework for enhancing governance practices within SACCOs, contributing to the broader academic literature on corporate governance and financial performance.

1.10 Delimitation

Geographic Scope: This delimitation ensured that the research remained specific to the context of Zimbabwe, and particularly the Harare Central SACCOs in the capital city, Harare.

Time Frame: The study primarily examined the period from 2019 to the present. This period was 10 years after the introduction of the United States dollar in 2019 as the currency of choice.

Conceptual focus: The scope of this study focused specifically on SACCOs operating within the regulatory framework of Zimbabwe. It examined how CGPs can be tailored to suit the unique characteristics and challenges faced by these cooperative financial institutions. The study considered factors such as legal requirements, economic conditions, and regulatory environment that influence CGPs in a typical Zimbabwean SACCOs.

These delimitations helped to define the scope and boundaries of the research, ensuring a focused and manageable investigation into the CGPs of SACCOs in Zimbabwe.

1.11 Limitations

There were some limitations that were considered for this topic. One of the primary limitations that the researcher considered was the availability and quality of data. In many cases, historical data related to CGPs within these cooperatives may not be easily accessible or standardized. This lack of comprehensive and reliable data can hinder the ability to conduct a thorough analysis and develop accurate models.

Another limitation considered was the cultural and institutional context specific to Zimbabwe. CGPs are influenced by cultural norms, legal frameworks, and historical factors unique to each country. Therefore, applying models developed in other contexts without considering these specific factors may not yield accurate results. Understanding the local context is crucial for effective modeling but can also present challenges in terms of interpretation and generalizability.

Effective corporate governance involves various stakeholders such as members, management, regulators, and auditors. Engaging these stakeholders in research activities can be challenging due to factors such as time constraints, conflicting interests, or reluctance to share sensitive information. Limited stakeholder engagement can impact the validity and applicability of the proposed models.

The regulatory environment in Zimbabwe plays a significant role in shaping CGPs within SACCOs. Changes in regulations or enforcement mechanisms can directly influence the effectiveness of governance models. The researcher needed to consider the dynamic nature of regulatory frameworks and their potential impact on the sustainability of proposed models.

Conducting research on CGPs requires resources such as funding, expertise, and time. Limited resources can constrain the scope of the study, leading to potential gaps in data collection, analysis, or model development. The researcher had to carefully manage resource constraints to ensure the robustness and reliability of their findings.

SACCOs operate within broader economic, political, and social contexts that can influence their performance. External factors such as economic instability, changes in government policies, or market dynamics can introduce uncertainties that are beyond the control of the researcher. Accounting for these external influences when modeling CGPs is essential but can pose challenges in terms of predicting outcomes accurately.

The researcher noted that while modeling CGPs for enhanced performance of SACCOs in Zimbabwe offers valuable insights into improving organizational effectiveness, researchers need to navigate various limitations related to data availability, cultural context, stakeholder engagement, regulatory environment, resource constraints, and external factors to ensure the relevance and reliability of their findings.

1.12 Chapter Summary

This introductory chapter considered the background of the research, statement of research problem and the aim and purpose of the research. It further considered other important sections if the research, namely, the research objectives, research assumptions, significance and contribution, delimitation and limitations of the study.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This Chapter provides a conceptual framework of the study, underpinning theoretical framework and reviews the related empirical literature available. Section 2.2 describes the conceptual framework of the study. This is followed by section 2.3, a description of the theoretical framework underpinning the study. In section 2.4, empirical literature related to this study is reviewed objective by objective. The summary of the identified gap in knowledge in available literature is provided in section 2.5 with the Chapter ending with a summary in section 2.6.

2.2 Conceptual framework

This section outlines how the study was conceptualised. A conceptual framework is a theoretical model that explains how research questions, variables, and methods are related. It is a tool that helps facilitate the understanding of the relationship among concepts or variables in relation to the real-world. The conceptual framework is informed by literature reviews, experiences, or experiments, and it may include emergent ideas that are not yet grounded (Kivunja C., 2019). It is created by the researcher, includes the presumed relationships among concepts, and addresses needed areas of study discovered in literature reviews. The conceptual framework is the researcher's understanding of how the variables in the study connect, and it identifies the variables required in the research investigation. It is the researcher's "map" in pursuing the investigation.

Five broad CGPs were identified as independent variables. These are narrated and explained below. The independent variables are the factors that are analysed to observe their effect on the dependent variable, which is the performance of savings and credit cooperatives (Vignel, M. et al, 2019).

Figure 1 below summarizes this framework diagrammatically, showing the relationships of the key variables in the study.

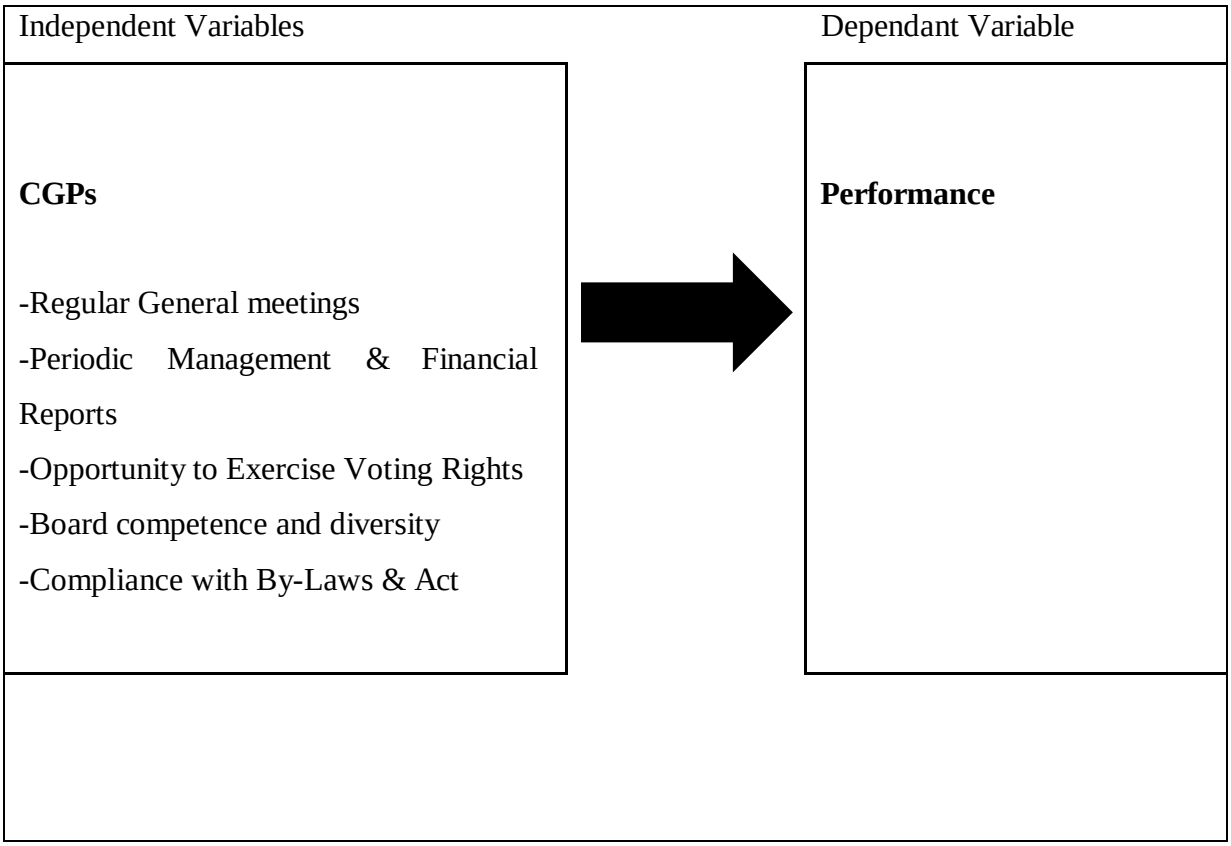

Figure 1 Conceptual Framework

2.2.1 Regular General Meetings

This was identified as an independent variable that spoke to the SACCO consistently holding monthly general meetings, including annual general meetings as per the requirements of the Act. This variable can also be extended to cover strategic meetings. These meetings are important as they promote one of the pillars of corporate governance, that is, transparency, member participation and engagement and ultimately this can lead to the overall good performance. Participation was measured under Weak, Satisfactory and Strong participation. Weak participation will ultimately result in poor performance which strong participation demonstrates good performance of the organisation.

2.2.2 Provision of periodic management and financial reports

This independent variable involved the timely circulation of relevant management and financial reports to members. This speaks, not just to transparency but also to accountability, which is

another key pillar of corporate governance. When management information and financial reports are circulated by management of a SACCO on time this will likely to lead to improve the confidence of members and other stakeholders. This variable was measured under Weak, Satisfactory and Strong in terms of provision of management and financial reports. Organisations that are weak do not provide periodic management and financial reports and this speaks to poor performance of the SACCO whilst strong provision of the reports demonstrate good performance.

2.2.3 Opportunity to exercise voting rights

The third independent variable identified was the opportunity to exercise voting rights. This variable is about fairness and responsibility. When members are given the opportunity to exercise voting rights, it means that they will contribute to the direction and rules of the organisation. This is important because it demonstrate good corporate governance on the part of the organisation. This variable was rated under Weak, Satisfactory and Strong on the part of the organisation. Where organisations are strong in providing the opportunity to exercise voting rights this is a demonstration of good performance as this is an important element of good corporate governance practice. Where such opportunities to participate are suppressed this demonstrate a weak position which is detrimental in terms of performance of the organisation.

2.2.4 Board Competence and Diversity

The forth independent variable was identified as the board competence and diversity. This was measured on a scale of Weak, Satisfactory or Strong board competence and diversity. Weak represents poor performance whilst strong demonstrates good performance. This variable measures the composition of the management and other committees in areas such as the qualifications, experiences, representation, continuous learning, and skills mix. This is an important area in terms of good corporate governance. This certainly has impact on the overall performance of the organisation.

2.2.5 Compliance with SACCO by-laws and Cooperatives Act

The fifth independent variable identified was compliance with a SACCO by-laws and the Act governing SACCOS, that is, the Cooperatives Societies Act. This is a critical variable which measures the compliance of the organisation with its own by-laws and the rules of the enabling Act. This is important because failure to comply with the Act, for example, would expose the organisation to various risks which might even result in the organisation becoming de-registered.

The compliance was measured based on the same criteria, that is, Weak, Satisfactory and Strong. Strong represents good performance in terms of compliance which ultimately results in good performance of the organisation. Weak represents poor compliance which exposes the organisation to various risks which might negatives impact of the organisation.

2.2.6 Enhanced Performance

Enhancement of performance was identified as the dependant variable that demonstrate performance. The dependent variable, which is the performance of savings and credit cooperatives, was measured based on various indicators such as profitability, membership growth and member satisfaction and loan portfolio growth. By analysing the relationship between the independent variables and this dependent variable (performance), the dissertation aimed to develop a model that can enhance the performance of savings and credit cooperatives in Zimbabwe.

2.3 Theoretical framework

CGPs play a crucial role in enhancing the performance of Savings and Credit Cooperatives (SACCOs) in Zimbabwe. To develop a theoretical framework for this topic, we can draw upon various corporate governance theories and models(Koreh, M., 2019).

2.3.1 Agency Theory

This theory is one of the most widely used theoretical frameworks in corporate governance research and it explains the principal-agent problem that exists due to the separation of ownership and control in organizations. With regards to SACCOs, the members, who are the principals, delegate decision-making authority to the board of directors, that is the Management Committee (and other committees) which represents the agent. Agency theory suggests that effective governance mechanisms, such as board independence, transparency, and accountability, are necessary to align the interests of agents with those of principals and mitigate potential conflicts.

It should be noted that in modern times corporate governance is no longer defined just in terms of just principal and agent relationship. It is now generally accepted that effective corporate governance includes other stakeholders such as employees, customers, suppliers and the general population (Ogada, A., 2019).

It should be further noted that at the heart of good corporate governance is not board structure (which receives a lot of attention in the current regulations), but instead board process (especially considering how board members work together as a group and the competencies and behaviours of both at the board level and the level of individual directors). In this research under, under the independent variable Board competence and diversity, this argument has been included (Jelena N., et al, 2022)

2.3.2 Stakeholder Theory

The second relevant theory following on the agency theory is the stakeholder theory which recognizes the importance of diverse participation of diverse stakeholders such as regulators, employees, business partners and even the general community in the success of the organisation (Estaswara, H., 2022). This stakeholder-centric approach to governance is also applicable to SACCOs and implementation of this theory demonstrates the importance of other stakeholders around the organisation, and it also suggests ethical conduct, and social responsibility in enhancing organizational performance and sustainability.

2.3.3 Stewardship Theory

Stewardship theory assumes that managers (agents) are intrinsically motivated to act in the best interests of the organization and its stakeholders (Abels, C.,2023). In the context of SACCOs, this theory suggests that effective governance practices should foster a sense of stewardship among board members and management, encouraging them to prioritize the long-term interests of the cooperative over personal gains.

2.3.4 Resource Dependence Theory

Resource dependence theory posits that organizations depend on external resources for their survival and growth, and their governance structures should be designed to manage these dependencies effectively (Setyorini, C., 2023). For SACCOs, this theory highlights the importance of establishing strong relationships with regulators, financial institutions, and other stakeholders to access critical resources, such as funding, expertise, and regulatory support.

2.3.5 Institutional Theory

Institutional theory suggests that organizations are influenced by the institutional environment in which they operate, including cultural norms, regulations, and societal expectations (Peters,

B. G., 2022). In the context of SACCOs in Zimbabwe, this theory emphasizes the need to align governance practices with the country's legal and regulatory framework, as well as the cultural and social norms of the communities they serve. To develop a comprehensive theoretical framework, it is essential to integrate these theories and models, recognizing their complementary nature and the unique characteristics of SACCOs in Zimbabwe. This integrated approach can provide a holistic understanding of the governance challenges faced by SACCOs and inform the development of effective governance practices tailored to their specific needs and context.

2.4 Review of empirical literature

CGPs play a crucial role in enhancing the performance of SACCOs in Zimbabwe. Several empirical studies have investigated this relationship, providing valuable insights and evidence.

One such study was the Mambondiani's (2011) doctoral thesis analysed the effects of ownership structure on corporate governance in the Zimbabwean banking sector, including SACCOs. This study found that weak CGPs, particularly related to ownership structure and board composition, contributed to the financial distress experienced by some banks during the 2003 crisis.

Muranda's (2006) research also cited in Mambondiani's thesis, analysed corporate governance in Zimbabwean banks, although it did not focus specifically on SACCOs. The study highlighted the need for robust governance frameworks to ensure effective oversight and risk management.

The Mangena and Tauringana's (2005) study, also referenced in Mambondiani's thesis, examined corporate governance and performance across companies listed on the Zimbabwe Stock Exchange. While not specific to SACCOs, their findings emphasized the importance of strong governance practices for organizational performance of financial institutions.

Another study was done by Chisi and Gondwe (2018) and they investigated CGPs in SACCOs in Malawi. According to the findings of the study, adherence to principles like accountability, transparency, and member participation positively impacted the SACCOs' performance and sustainability.

In a national baseline survey conducted in Zimbabwe, Makuvaza et al. (2021), investigated the role of SACCOs in financial inclusion. The study underscored the significance of good

governance in enhancing SACCOs' ability to provide accessible financial services to underserved communities.

Moyo, W. and Gasva, D. (2022) sought to assess the impact of SACCOs on rural sustainable livelihoods in a District in Zimbabwe. In their work they discovered that SACCOs do play a major role in poverty alleviation in a community and that members are able to sustain themselves especially with the assistant of support from key stakeholders in a community and from non-governmental organisation (NGOs).

It can be deduced that these studies collectively suggest that implementing sound CGPs, such as transparent ownership structures, effective board oversight, accountability mechanisms, and member participation, can result in good performance and sustainability of SACCOs in Zimbabwe. The modelling and adopting robust governance frameworks tailored to the cooperative structure could enhance SACCOs' ability to fulfil their financial inclusion mandate while maintaining operational efficiency and financial stability.

2.5 Summary of Knowledge Gap in Literature

The knowledge gap refers to the existing lack of comprehensive understanding and research on how CGPs can be effectively applied to SACCOs in Zimbabwe to improve their performance. While corporate governance principles are well-established in the context of large corporations, there is a dearth of literature specifically focusing on their application and impact within the unique organizational structure and operational environment of SACCOs in Zimbabwe. The knowledge gap also pertains to the absence of tailored models or frameworks that address the specific governance needs and challenges faced by SACCOs in Zimbabwe, which hinders their ability to achieve sustainable growth, financial stability, and effective risk management.

2.6 Chapter Summary

This Chapter provided a conceptual framework of the study. The chapter covered five theories, namely agency, stakeholder, stewardship, resource dependency and institutional theory under the theoretical framework. I went on to narrate relevant empirical literature that was identified. Lastly, the chapter provided the identified gap in knowledge in available literature.

CHAPTER 3
RESEARCH METHODOLOGY

3.1 Introduction

In the realm of corporate governance, particularly within savings and credit cooperatives in Zimbabwe, understanding and implementing effective practices is crucial for enhancing performance and ensuring sustainable growth. The methodology employed in researching the topic modelling CGPs for these cooperatives involves a systematic approach aimed at uncovering insights that can drive positive outcomes. By delving into this research area, scholars and practitioners seek to identify best practices, challenges, and opportunities that can optimize the governance structures of savings and credit cooperatives in Zimbabwe.

3.2 Research Design

Research methodology is an important part of any research, and it involves the how the research data is going to be collected, and from who and the ways that this will be done in an ethical, efficient and timely manner (Omar, A. et al, 2022).

The study adopted the qualitative method which the researcher found to be suitable for the research problem. Aspers et al (2019) defines qualitative research as an iterative process in which improved understanding to the scientific community is achieved by making new significant distinctions resulting from getting closer to the phenomenon studied. It involves obtaining details, perceptions and views of people.

Qualitative study was achieved through descriptive research design and explanatory research design to describe a focus, by forming an outline of a collection of issues, persons or phenomenon via data collection and frequencies tabulation on the variables of the research or their relationship (Cooper and Schindler, 2019). Qualitative study was used to offer more opportunity to the researcher to gain familiarity and more insight with the research variables hence formed the first part of the study through literature review by having secondary data collection.

3.3 Research Approach

The research approach employed was an inductive approach, where the researcher aims to develop theories or models based on the data collected and the insights gained from the study (Mambondiani, 2011). By analysing the qualitative data gathered through interviews, the researcher can identify patterns, themes, and relationships related to CGPs and their impact on the performance of SACCOs in Zimbabwe. The inductive approach allowed the researcher to develop a contextualized model or framework for CGPs that are tailored to the specific cultural, social, and economic contexts of SACCOs in Zimbabwe, rather than relying solely on existing theories or models developed in different contexts which are not relevant to SACCOs and to Zimbabwe.

3.4 Research Philosophy

Interpretivism is a philosophical stance that emphasizes the importance of understanding the subjective meanings and experiences of individuals within their social and cultural contexts (Pasara, 2021). This approach recognizes that reality is socially constructed and that there are multiple interpretations of reality, depending on the perspectives and experiences of the individuals involved. In the context of this research, interpretivism would allow the researcher to explore the perceptions, beliefs, and experiences of various stakeholders involved in the governance of SACCOs, such as management board, employees, and members. By adopting an interpretivist approach, the researcher can gain a deeper understanding of the CGPs within SACCOs and how they influence organizational performance.

3.5 Population of Study

3.5.1 Definition, Description and Suitability to the Study

The research population consisted of members who involved in the management, governance, and operations of the Harare Central SACCO in Zimbabwe and ordinary members of the SACCOs. This SACCO`s membership comprise of entrepreneurs who run their small businesses. Their goal is to pull and save funds that they can then be able to access as loans to capitalise their businesses. The SACCO was formed after the realisation that the lending terms and conditions of commercial banks were not favourable to start up and small businesses. On the other hand, the loans from microfinance institutions were too expensive for the entrepreneurs in terms of interest rates.

The rationale behind selecting this research population was that these representatives possess valuable insights and experiences related to CGPs within SACCOs in Zimbabwe. By engaging with these participants, researchers were able to gain a comprehensive understanding of the current governance structures, challenges faced, best practices implemented, and opportunities for improvement within the SACCO sector. Their perspectives informed the development of effective models for enhancing CGPs to ultimately improve the performance and sustainability of SACCOs in Zimbabwe.

Additionally, information from the policymakers, that is, the Ministry that currently regulates the Cooperative Societies Act, Ministry of Women affairs, Community, Small and Medium Enterprises Development was also casually sourced to bring context to the study.

3.5.2 Composition, Distribution and Statistics

The population considered, which is the membership of Harare Central SACCO, was 40 which is the total membership. This membership comprises of different of both ordinary members of the SACCO and members who are currently elected to serve in the board committee of the SACCO.

3.6 Sample Determination

3.6.1 Sampling Frame

The sampling frame is a list of all sampling units belonging to the population to be studied with their proper identification and available for selection. The sampling frame contains all the sampling units of the population under consideration. It excludes units of any other population. The sampling frame should be up to date and free from errors of omission and duplication of sampling units (Dubey& Kothari,2022). For the purposes of this research the sample frame included a list of the Harare Central SACCO members including their names, contact details and their role in the SACCO.

3.6.2 Sampling Methods

Purposive sampling was employed. It is a non-probability sampling technique in qualitative research where researchers intentionally select participants with specific characteristics or unique experiences related to the research question (Andrade, 2021). This method aims to recruit individuals who can provide rich and diverse data to enhance the research findings. Researchers use purposive sampling when they seek to identify individuals or groups with

knowledge, skills, or experiences relevant to the study. By selecting participants with specific backgrounds, researchers can gain a deeper understanding of the phenomenon under investigation. The advantages of purposeful sampling include that face that it allows for selection of participants most relevant to the research question, enhances data quality and accuracy and enables collection of diverse perspectives and experiences. However, whilst conducting the research, the researcher was careful to limit the weakness of purposeful sampling, that is, potential for bias due to researcher's judgment.

3.6.3 Sampling Strategy

Maximum variation sampling was used as a sampling strategy. It is a method used in research and data collection to ensure a diverse representation of the population by deliberately selecting participants who vary across different characteristics or attributes. This sampling technique complements the purposeful sampling method, and it aims to capture a wide range of perspectives, experiences, and opinions within a given population by intentionally including individuals with diverse backgrounds, demographics, or viewpoints (Patton, R., et al, 2010).

Maximum variation sampling is commonly used in qualitative research methodologies such as ethnography, case studies, focus groups, and interviews where obtaining diverse perspectives is crucial for generating comprehensive insights. Researchers may employ this sampling strategy when exploring complex social phenomena, studying marginalized populations, or investigating issues that require a broad range of viewpoints for a holistic understanding. By intentionally selecting participants with maximum variation in relevant characteristics, researchers can uncover patterns, contradictions, and unique perspectives that might not emerge through more homogeneous sampling approaches. This method promotes inclusivity and ensures that the voices of all segments of the population are represented in the research process. (Patton, R., et al, 2010).

3.6.4 Sample Calculation and Sample Size

Sample size refers to the number of participants or observations included in a study. (Lakens D., 2022). Given the population of 40, the researcher decided to work with a sample of 10 members which represented 25% of the population which would be inclusive of the diversity of the population.

	Population	Percentage	Sample Size
	40	25%	10
Total	**40**		**10**

Table 1: Sample Size

3.6.5 Sample Representatives

Sample representatives refer to a subset of a population that is chosen to participate in a research study or survey. These individuals are selected because they are believed to be representative of the larger group or population from which they are drawn. The goal of using sample representatives is to gather data and insights that can be generalized back to the entire population.

Selecting an appropriate sample representative is crucial in ensuring the validity and reliability of research findings. If the sample representatives are not truly representative of the population, the results of the study may not accurately reflect reality. Therefore, the researcher carefully considered how they selected their sample representatives to avoid bias and ensure that their findings can be applied more broadly. This included ordinary members of the SACCO and members who were also part of the committees such as management, loans, education and supervisory committees.

3.7 Data Collection

3.7.1 Data collection methods

With regards to data collection, interviews were used. Interviews are a qualitative research method used to gather detailed information from individuals on various aspects such as attributes, behaviours, preferences, feelings, attitudes, opinions, and knowledge. The primary goals of interview research include exploring and better understanding the perspectives and experiences of participants. Interviews are particularly effective for qualitative research as they allow researchers to delve deeply into the subject matter through open-ended questions. Interviews offer rich data collection opportunities by capturing nonverbal cues, emotional responses, and nuanced information that may not be obtained through other methods. However, they can be time-consuming and challenging to conduct properly.

The researcher took steps in the interview methos process that involved firstly the design of the questions and formulating open-ended questions that align with the research objects. Secondly, the researcher developed the interview guide structuring questions logically around themes and ensuring clarity and avoiding leading questions. Lastly, the researcher considered the logistics that included setting the interviews, duration**,** recording options, and confidentiality assurance.

The researcher employed the structured interview approach which involved predetermined questions asked in a specific order. Structured interviews are more quantitative in nature and help identify patterns among responses.

3.7.2 Data collection instruments

Data was collected from the interviews that were done with the interviewees from the SACCO. The researcher referred to the interview questions that he prepared and captured the responses in writing. The process was not challenging as the interviewees were more than happy to freely give information that they believe will also benefit their SACCO in the future.

3.7.3 Data collection procedure

The data was collected through face-to-face interviews and online face-to-face interviews via the zoom platform and personal interviews provides the opportunity to clarify any doubts of the interviewee.

The data collection procedure following sampling on the population starting with clarifying to the interviewees the purpose of the study, confidentiality measures, and voluntary nature of participation and confirming their consent in participating. This was then followed by conducting the face-to-face or virtual interviews with selected participants. With permission of the interviewees, the researcher took detailed field notes during interviews to capture non-verbal cues and contextual information. All interviews lasted between 20 to 45 minutes.

3.8 Research Validity and Reliability

3.8.1 Reliability and Validity measures and tests for the Quantitative study

Reliability is the extent to which a measurement is dependable after recurring tests (Heale & Twycross, 2015). Reliability of data refers to the consistency and stability of the data collected. In this context, the researcher can ensure the reliability of data by making use of a standardized

data collection method. The researcher used standardized data collection in the form of an interview guide to ensure that the data collected was consistent and comparable.

Validity evaluates the effectiveness of the study instrument in collecting the needed data to support the research objectives thus determining if the questionnaire has accurately considered what it was intended to determine (Taherdoost, 2016). This represents the magnitude to which information sourced using the questionnaire precisely and significantly captures the hypothetical perception especially, the way the variables are represented by the data. Inferences made from validity established from the data would be precise and correct. Increase in the study validity was ensured using different evidence sources.

3.8.2 Trustworthiness Measures for Qualitative Study

In conducting a qualitative interview dissertation, it is crucial to establish a trustworthy measure to ensure the validity and reliability of the research findings. One proposed trustworthy measure is the use of member checking. Member checking is a validation technique where the researcher presents the findings or interpretations of the data to the participants to confirm if they accurately represent their experiences or perspectives. This process allows participants to provide feedback, clarify any misunderstandings, or offer additional insights, thereby enhancing the credibility and trustworthiness of the study.

Member checking serves as a form of triangulation, a methodological approach that involves using multiple sources of data or perspectives to validate findings. By incorporating member checking into the research process, researchers can address potential biases, enhance the rigor of their interpretations, and increase the overall credibility of their study. Additionally, member checking promotes participant engagement and empowerment by involving them in the research validation process, which can lead to richer and more nuanced insights.

However, it should be noted that since the researcher collected the data directly from the participants, the mechanism of member checking by the researcher was not found to be necessary. Instead, the researcher checked trustworthiness of the data through confirming some facts that were found to be consistent amongst the participants hence proving that generally the data they were giving was trustworthy.

3.9 Data analysis methods

3.9.1 Quantitative Data analysis methods and procedures

The researcher did not make use of quantitative data as this research was only based on qualitative data.

3.9.2 Qualitative Data analysis methods and procedures

The data analysis method used in this study was thematic analysis, which is a qualitative research method that involves identifying patterns and themes in the data collected. Thematic analysis involves identifying patterns and themes in the data collected, which was used to develop recommendations for modelling CGPs for enhanced performance of savings and credit cooperatives in Zimbabwe (Hemming et al., 2021).

The advantage of thematic analysis has many advantages including its flexibility to various types of qualitative data such as interviews, focus groups, surveys and observations. This method enables researchers to gain a deep understanding of the data by identifying recurring patterns and themes, which can provide insights into participants' experiences, beliefs, and perspectives. Thematic analysis provides a systematic way of organising and analysing data. By following a structured process, researchers can ensure rigor and transparency in their analysis. It is a relatively straightforward technique that is accessible to both novice and experienced researchers. The process of coding and identifying themes can be easily learned and applied. Thematic analysis allows for a rich interpretation of the data by capturing nuances and complexities within the dataset. It helps in exploring diverse viewpoints and understanding the context in which themes emerge (Vaismoradi et al., 2019).

Thematic analysis also has some disadvantages. One of the main criticisms of thematic analysis is its susceptibility to researcher bias. The interpretation of themes can be influenced by researchers' preconceptions, experiences, or theoretical frameworks. Thematic analysis can be a time-consuming process, especially when dealing with large datasets. The iterative nature of coding and theme development requires significant time and effort. Unlike some other qualitative analysis methods that have more standardized procedures, thematic analysis lacks strict guidelines or rules. This can lead to variability in how themes are identified and interpreted. There is a risk of over-simplifying complex data during the process of theme identification and interpretation. Researchers may overlook nuances or interconnected relationships between themes. Thematic analysis focuses on qualitative descriptions rather than quantitative

measurements. This limitation makes it challenging to quantify or generalize findings across different populations.

Thematic analysis involved the following steps:

- The researcher read and re-read the data collected to gain a deep understanding of the content.
- The researcher identified relevant data that capture the essence of the data.
- The researchers grouped that data into themes that captured the patterns and meanings in the data.
- The researcher reviewed and refined the themes to ensure that they accurately captured the patterns and meanings in the data.
- Lastly, the researcher wrote up the findings, including the themes and patterns identified, and use them to develop recommendations for modelling CGPs for enhanced performance of savings and credit cooperatives in Zimbabwe. implementing a computer refurbishing program in rural government schools.

3.10 Ethical considerations

When conducting a qualitative research study ethical considerations should be kept in mind. The researcher ensured that participants were fully informed about the study and their participation in it before the interview. Participants were also given the opportunity to ask questions and provide informed consent to participate before the interviews began. The researcher also ensured that participants' personal information was kept confidential and secure.

The researcher further ensured that the data that he collected was anonymous and that it could not be traced back to individual participants by anyone outside the researcher. During the whole interview process the researcher ensured that participants were treated with respect and dignity and, therefore, ensured that the data collected is not harmful or offensive to participants. In any study, a researcher should avoid bias in the data collection and analysis process. In this study, this was achieved by the researcher through ensuring that he immediately captured the information received from the client and recorded it as it was given and sort clarity where it was needed. Overall, the researcher ensured that the study was conducted in an ethical manner and that the rights and welfare of participants were protected. The researcher also ensured that the

data collected was reliable and valid and that the findings were presented in a clear and accurate manner.

3.11 Chapter Summary

This chapter addressed the following topics: research instruments, validity and reliability of the instruments, target population, sample and sampling procedures, research instruments, research methodology, research philosophy, research design, research approach, and data processing and interpretation techniques used. The rationale behind the adoption of the previously mentioned was made explicit. The presentation, interpretation, and analysis of data were covered in the next chapter to arrive at the study's conclusions.

CHAPTER 4
DATA ANALYSIS AND PRESENTATION

4.1 Introduction

The researcher outlined and supported the research design, target population, sample and sampling process, research instruments, and research philosophy in the preceding chapter, which concentrated on methodology and design concerns. Additionally, by going over problems with validity and reliability, data processing and presentation techniques, and ethical considerations, the prior chapter also emphasized the high level of the research. The presentation, analysis, and discussion of the study's data were the main topics of this chapter. In line with the dictates of the interpretivist research paradigm, qualitative data gathered using interview method were presented and analysed using thematic analysis technique.

4.2 Descriptive Statistics

The study focused on analysing the respondents' responses to interview questioned and were grouped into themes that represented CGPs. The analysis, objective by objective, is narrated below.

4.3 CGPs in a SACCO in Zimbabwe

The first objective sought to identify the CGPs that are available in the SACCOs in Zimbabwe. Analysis of the results show that 33.08 percent of the interviewed people responded in a matter that indicated that there were strong CGPs in SACCOs whilst 30% indicated that the level of CGPs were satisfactory.

As shown in table 2 below, the majority, that is, 36.92% of the interviewees, responded in a matter that indicated that CGPs in SACCOs were weak. Several CGPs were identified, namely competence, effectiveness and diversity, fairness, accountability, openness and transparency, risk management, compliance, succession planning and sustainability. These results demonstrate the need to strengthen the CGPs in SACCOs.

Scale: Strong/Satisfactory/Weak

Interview Question	Theme	Strong		Satisfactory		Weak	
		Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
1.	Competence, Effectiveness & Diversity of Boards	3/10	30%	2/10	20%	5/10	50%
2.	Fairness of Appointments	6/10	60%	2/10	20%	2/10	20%
3.	Accountability	4/10	40%	3/10	30%	3/10	30%
4.	Risk Management	0/10	0%	2/10	20%	8/10	80%
5.	Openness & Transparency	5/10	50%	2/10	20%	3/10	30%
6.	Accountability	5/10	50%	3/10	30%	2/10	20%
7.	Compliance	0/10	0%	1/10	10%	9/10	90%
8.	Accountability	5/10	50%	2/10	20%	3/10	30%
9.	Openness & Transparency	4/10	40%	4/10	40%	2/10	20%

10.	Compliance	3/10	30%	5/10	50%	2/10	20%
11.	Compliance	4/10	40%	3/10	30%	3/10	30%
12.	Risk Management	2/10	20%	4/10	40%	4/10	40%
13.	Succession Planning & Sustainability	2/10	20%	6/10	60%	2/10	20%
Total			**33.08%**		**30%**		**36.92%**

Table 2: Interview Questions – CGPs in a SACCO.

4.4 Assessment of the effectiveness of CGPs in enhancing Performance

The second objective sought to assess the effectiveness of CGPs in enhancing performance of SACCOs in Zimbabwe. Analysis of the results show that 42.86 percent of the interviewed people responded in a matter that indicated that indeed CGPs have a strong effect in enhancing performance of SACCOs in Zimbabwe. 28.57% indicated in a satisfactory manner on the effectiveness of corporate governance in enhancing performance of SACCOs in Zimbabwe based in this case study. Another 28.57% responded in a manner that did not indicate demonstrate appreciation of the effectiveness of corporate governance in enhancing the performance of SACCOs.

The results, as detailed in Table 3 below, therefore, strongly demonstrate that CGPs are strongly effective in enhancing the performance of SACCOs. Additional CGPs were identified whilst deliberating on this transaction. The practices are professionalism, stakeholder engagement, organisational systems and procedures and strategic planning.

Scale: Strong/Satisfactory/Weak

Interview Question	Theme	Strong		Satisfactory		Weak	
		Frequency	%	Frequency	%	Frequency	%
1.	Transparency Fairness Accountability Responsibility	3/10	30 %	4/10	40 %	3/10	30 %
2.	Importance of Corporate Governance	5/10	50 %	3/10	30 %	2/10	20 %
3.	Cooperatives Act	2/10	20 %	3/10	30 %	5/10	50 %
4.	Appreciating effect on Performance	5/10	50 %	2/10	20 %	3/10	30 %
5.	Positive correlation	5/10	50 %	2/10	20 %	3/10	30 %
6.	Challenges in implementing effective Corporate Governance	4/10	40 %	3/10	30 %	3/10	30 %
7.	-Better transparency -More professionalism -Stakeholder engagement -Capacity building	6/10	60%	3/10	30%	1/10	10%

	-Better Systems & Procedures -Strategic Planning						
Total			**42.86%**		**28.57%**		**28.57%**

Table 3: Interview Questions - Effectiveness of CGTs in a SACCO

4.5 Developing a Model of CGPs for SACCOs in Zimbabwe

The third objective sought to develop a model of CGPs which can enhance performance of SACCOs in Zimbabwe. A detailed in Table 4 below, this objective was achieved through asking seven relevant interview questions which helped to identify the CGPs that are already found in SACCOs and the ones that need to be enhanced or implemented to enhance performance of SACCOs.

An analysis of the results deduced that 68.57 percent of the respondents strongly identified with the corporate governance factors that will help to develop the model of corporate governance whilst 20 percent responded satisfactorily. Only 11.43 percent generally weakly identified with the factors. Several factors for the model were identified. The factors included, long-term strategic planning, membership growth and participation, audit processes, membership and leadership competence, timely reports, robust loan policy, transparency or transactions, risk management, use of technology, accountability, fairness in appointments and decision making, training, financial education, and regulatory compliance.

Scale: Strong/Satisfactory/Weak

Interview Question	Theme	Strong		Satisfactory		Weak	
		Frequency	%	Frequency	%	Frequency	%
1.	-Long-term Strategic Planning -Economic Environment -Currency volatility -Poor Membership Growth -Poor Member Participation -Inconsistent payment of subscriptions -No audit processes -Lack of Support from Banks -Shortage of Competent Members	8/10	80%	2/10	20 %	0/10	0%

	-Poor Performing Loans						
2.	-Internal & External Audits -Consistent Financial Reports -Robust Loan Policy -Transparent transactions -Risk Management eg Currency Risk and Lending Risk	7/10	70%	2/10	20 %	1/10	10%
3.	-Use ICTs, and platforms such as Websites, Social Media -Better accountability of funds -Fair opportunities for	7/10	70%	2/10	20 %	1/10	10%

	appointments and decision-making						
4.	- Competency, Fairness and Transparency -Robust Loan Policy -Financial Literacy education -Loan Portfolio Management Trainings	8/10	80%	1/10	10 %	1/10	10%
5.	-Review of Legal Framework to improve governance structure and procedures -Framework to strengthening risk management practices	6/10	60%	2/10	20 %	2/10	20%

	within SACCOs Framework Promote capacity building initiatives for SACCOs eg training programs. -Framework to promote financial inclusion. -Framework to enable effective collaboration between SACCOs and regulatory authorities is crucial for compliance and collaboration.						
6.	-Use fintech to enable efficient transactions.	5/10	50%	3/10	30 %	2/10	20%

	-Use website and mobile applications for membership, loans and other applications. -Utilise applications such as WhatsApp to disseminate information. -Explore opportunities of artificial intelligence to improve operational efficiency.						
7.	-Corporate Governance trainings. -Loan Portfolio Management trainings. -Financial Literacy trainings.	7/10	70%	2/10	20 %	1/10	10%

	- Bookkeeping and Investment Management trainings. -Strategic Planning sessions.						
Total			**68.57 %**		**20 %**		**11.43 %**

Table 4: Interview Questions – Model of CGPs for a SACCO.

4.6 Chapter Summary

The chapter covered statistics, results and discussion on results of the qualitative study which was analysed through thematic analysis. The next and final chapter will give a summary of the study as well as give the findings, conclusions and recommendations.

CHAPTER 5
FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This section of the study gives an outline of the study's primary findings and conclusions. It also includes ideas for future research and discoveries. The study on "Modelling CGPs for Enhanced Performance of Savings and Credit Cooperatives in Zimbabwe" aimed to investigate the impact of CGPs on the performance of savings and credit cooperatives in Zimbabwe.

5.2 Summary of Study

The research focused on analysing the current corporate governance frameworks in a typical SACCOs, identifying gaps and challenges, and proposing a model that aligns with international best practices to enhance the overall performance and sustainability of these financial institutions. By examining the relationship between corporate governance structures, transparency, accountability, and financial performance, this study sought to provide valuable insights for policymakers, regulators, SACCO managers and indeed members to improve governance practices and ultimately contribute to the growth and stability of the cooperative sector in Zimbabwe.

5.3 Study Findings

The first objective of the study was to identify the CGPs that are available in SACCOs in Zimbabwe. With regards to this objective the interviews conducted under the case study were structured such that they would give information about the CGPs that are currently existing in SACCOs and deduced the level of implementation of such. Several CGPs we identified, namely, competence, effectiveness and diversity of the board committees, fairness for opportunities and voting, accountability by the board committees, openness and transparency in operations, risk management processes, compliance, succession planning and sustainability.

The second objective was to assess the effectiveness of CGPs in enhancing performance of SACCOs in Zimbabwe. The study findings were that by adopting CGPs such as running the SACCO professionally, ensuring stakeholder engagement and participation, putting organisations systems, controls and procedures, strategic planning, transparency and fairness, the SACCO will experience improved financial performance compared to those with weaker

governance structures. This could be evidenced by higher profitability, increased asset quality, and better liquidity ratios.

The third objective is to develop a model of CGPs which can enhance performance of SACCOs in Zimbabwe. Several practices for the model were identified. The practices included, long-term strategic planning, membership growth and participation, audit processes, membership and leadership competence, timely reports, robust loan policy, transparency or transactions, risk management, use of technology, accountability, fairness in appointments and decision making, training, financial education, and regulatory compliance. All these are key factors in the development of CGPs which can enhance performance of SACCOs in Zimbabwe.

5.4 Research Conclusions

The study on modelling CGPs for enhanced performance of savings and credit cooperatives in Zimbabwe has shed light on the critical role that effective governance plays in the success of these financial institutions. Through an analysis of various corporate governance frameworks and practices, it is evident that implementing robust governance structures can lead to improved financial performance, risk management, transparency, and accountability within savings and credit cooperatives. The findings highlight the need for tailored governance models that consider the unique characteristics and challenges faced by cooperatives in Zimbabwe. By adopting best practices in corporate governance, such as board independence, transparency, accountability, and stakeholder engagement, savings and credit cooperatives can enhance their overall performance and sustainability in the long run.

The research objective of identifying CGPs in SACCOs in Zimbabwe is crucial for enhancing transparency, accountability, and sustainability within these financial institutions. By examining the specific governance mechanisms implemented by SACCOs in Zimbabwe, stakeholders can gain insights into how these practices contribute to the overall success and stability of these organizations. Understanding the corporate governance landscape in SACCOs can also help policymakers and regulators develop tailored guidelines and regulations to ensure effective governance structures that protect members' interests and promote financial stability in the sector.

The research objective of assessing the effectiveness of CGPs in enhancing the performance of SACCOs in Zimbabwe has provided valuable insights into the critical role that good governance

plays in the success of these financial institutions. The findings suggest that implementing sound CGPs can lead to improved financial performance, risk management, transparency, and accountability within SACCOs. By adhering to principles such as board competence and diversity, transparency, accountability, and stakeholder engagement, SACCOs can enhance their overall performance and sustainability in the long run. However, it is essential for policymakers, regulators, and SACCO management to continuously monitor and evaluate governance practices to ensure their effectiveness and alignment with the organization's goals and objectives.

The research objective to develop a model of CGPs that can enhance the performance of SACCOs in Zimbabwe is crucial for the sustainable growth and success of these financial institutions. By implementing effective CGPs, SACCOs can improve transparency, accountability, and decision-making processes, ultimately leading to better financial performance and increased trust from stakeholders. This model will serve as a valuable guide for SACCOs in Zimbabwe to navigate the complex regulatory environment and achieve long-term sustainability.

5.5 Study Recommendations

5.5.1 Model for CGPs in SACCOs in Zimbabwe

The ultimate objective of this research was to develop a model for CGPs in SACCOs in Zimbabwe. Following an analysis of the results of the study, *Figure 2* below diagrammatically shows the model that the researcher developed. The diagram showed the identified 8 key CGPs that contribute to enhanced performance of a SACCO in Zimbabwe. More details on these factors which also serve as recommendations to SACCOs which intend to experience enhanced performance are narrated below.

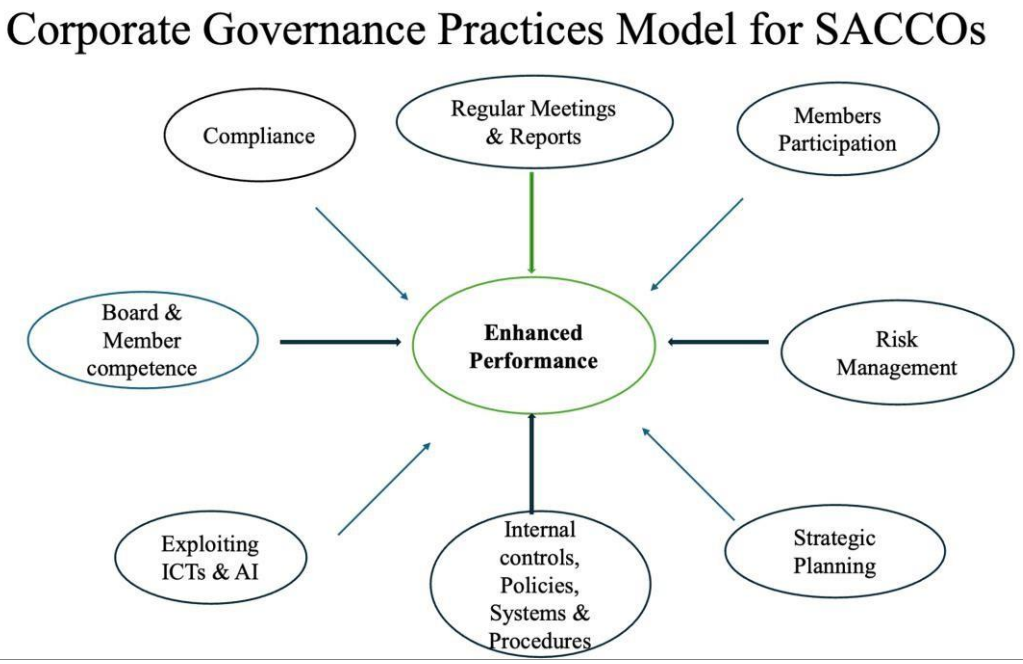

Figure 2: CGPs Model for SACCOs in Zimbabwe.

5.5.2 Compliance

The research identified compliance as a critical aspect of the operations of SACCOs in Zimbabwe as it ensures that the SACCOs operate within the legal and regulatory framework, thereby mitigating the risk on non-compliance and its associated consequences. Compliance covers regulatory compliance as well as compliance with the SACCOs own by-laws. This was identified as a key corporate governance practice factor that enhances performance.

In Zimbabwe, SACCOs are currently registered and regulated in terms of by the Cooperative Societies Act (Chapter 24:05) which is administered under the Ministry of Women Affairs, Community, Small and Medium Enterprises. Registration and compliance with regulatory requirements is essential to ensure that SACCOs operate within the bounds of the law and avoid penalties and sanctions. The Act details all the compliance requirements, processes and procedures. Compliance also enhances the reputation of SACCOs, builds trust with members, and promotes financial stability. When SACCOs comply with regulatory requirements, they demonstrate their commitment to transparency, accountability, and good governance. This, in turn, enhances their reputation and builds trust with their members. Furthermore, compliance reduces the risk of financial instability, which is critical for the stability of the financial system. Non-compliance can result in severe consequences, including fines, penalties, and even revocation of registration. In Zimbabwe, non-compliance with regulatory requirements can lead

to legal action, reputational damage, and financial losses. Moreover, non-compliance can compromise the safety and soundness of SACCOs, posing a risk to the entire financial system.

Compliance is essential for the stability, sustainability and overall performance of SACCOs in Zimbabwe hence the recommendation for SACCOs to prioritize compliance to avoid the risks associated with non-compliance and to maintain the trust and confidence of their members.

5.5.3 Regular Meetings and reports

The second practice identified was for SACCOs to hold regular meetings and consistently share update reports, including financial reports. Regular meetings are essential as they provide a platform for members to discuss and make decisions on the SACCO's operations, financial performance, and plans. Regular meetings ensure that members are informed and involved in the decision-making process, which is critical in a member-owned and member-controlled organization like a SACCO. This helps to build trust and confidence among members, which is essential for the success of the SACCO. Regular meetings provide an opportunity for members also elect or appoint board members, make decisions of loan applications or credit facilities, raise any grievances and even conduct trainings.

It was also noted that circulating reports is crucial in SACCOs as it enables members to access information on the organisation`s financial performance, operations, and any plans. Timely periodic reports provide transparency and accountability. Members can also identify areas of improvement and take corrective action. Therefore, it is recommended that SACCOs hold regular meetings and circulate timely periodic reports as they provide a platform for members to participate in the decision-making process, access information, and make informed decisions. This will ultimately result in enhanced performance of SACCOs.

5.5.4 Member Participation

The third practice identified that member participation. The success of SACCOs in Zimbabwe, as in any other country, hinges heavily on the active participation of its members. This participation transcends mere financial contributions and extends to a multifaceted engagement that drives the cooperative's growth, efficiency, and overall performance.

It was identified that SACCOs, by their very nature, are member-owned and member-controlled financial institutions. This inherent structure underscores the critical role of members in shaping

the cooperative's destiny. Member participation fosters a sense of ownership and responsibility towards the SACCO. This translates into consistent savings contributions, timely loan repayments, and a willingness to invest in the cooperative's growth. This financial stability forms the bedrock of a thriving SACCO. Members actively participating in decision-making processes, such as electing board members and attending general meetings, ensure transparency and accountability. This fosters trust and confidence in the cooperative's leadership, leading to better governance and reduced risks.

It was also identified that member participation in committees, task forces and other initiatives allows for diverse perspectives and valuable insights. This collaborative approach leads to more efficient operations, improved service delivery, and a more responsive SACCO. Active member participation strengthens the social fabric of the community. It fosters a sense of belonging and shared responsibility, promoting collective action and economic empowerment.

Members of a SACCO can actively participate through honouring financial contributions, timely making loan repayments, attending and actively participating in meetings, volunteering their time and expertise, participating in financial literacy programs and acting as ambassadors of the SACCO.

5.5.5 Board and Member Competence

Under this factor it was identified that the success of SACCOs in Zimbabwe, like any financial institution, hinges on the competence of its board of directors and members. This competence encompasses a wide range of skills, knowledge, and experience that are essential for effective governance, financial management, and overall organizational performance.

In a SACCO in Zimbabwe, a management committee board acts as the governing body of a SACCO, responsible for leading strategic direction, and ensuring the organization's financial stability and ethical conduct. It was further identified that a competent SACCO leadership actively monitors the performance of management, ensuring adherence to regulations, sound financial practices, and ethical principles. All this leaded to enhanced performance of the SACCO.

The results of the research also identified that while the board plays a crucial role, the competence of individual members is equally important for the overall success of a SACCO.

Members who understand the principles of cooperative finance, the SACCO's bylaws and regulatory framework, and its financial products and services can actively participate in decision-making processes and contribute to the organization's growth. Members who understand the principles of cooperative ethics and social responsibility can contribute to a culture of transparency, accountability, and fairness within the SACCO and all this leads to enhanced performance of the SACCO.

Therefore, the competence of boards and members is a critical factor in the success of SACCOs in Zimbabwe. By investing in training, development, and capacity building initiatives, SACCOs can enhance the skills, knowledge, and experience of their board members and members, leading to improved governance, financial management, and overall performance. This, in turn, will contribute to the growth and sustainability of the cooperative movement in Zimbabwe, empowering members and fostering economic development towards vision 2030.

5.5.6 Risk Management

The fifth corporate governance practice that was identified as a contributor to enhancing performance of SACCOs in Zimbabwe was risk management. It was identified that SACCOs in Zimbabwe face various risks, including credit risk, liquidity risk, operational risk, currency risk and strategic risk. Therefore, effective risk management is essential in enhancing the performance of SACCOs in Zimbabwe in that it helps SACCOs to identify potential risks and take proactive measures to mitigate them, thereby minimizing financial losses. Secondly, risk management enhances the SACCOs' ability to make informed decisions by providing accurate and reliable information on the risks associated with various business activities. Thirdly, it improves the SACCOs' reputation and credibility, thereby attracting more members and investors. Fourthly, risk management ensures compliance with regulatory requirements, thereby avoiding the risks associated with non-compliance.

It is recommended that SACCOs develop a risk management framework, implementing internal controls that manage risk, diversify their loan portfolios, building liquidity reserves and conducting regular risk assessments. These measures will enhance the performance of the SACCOs.

5.5.7 Exploiting ICTs and Artificial Intelligence

The sixth factor identified had to do with exploiting information and communication technologies (ICTs) and artificial intelligence (AI) in enhancing the performance of SACCOs. It was identified that SACCOs in Zimbabwe serve as vital financial lifelines for communities, particularly those lacking access to traditional banking services. However, in today's rapidly evolving digital world, SACCOs face the challenge of staying relevant and competitive. This is where the strategic integration of ICTs and AI becomes crucial.

ICT solutions such as mobile money services, and automated loan processing systems streamline operations, reducing manual work and errors. This frees up staff to focus on value-added services like customer relationship management. ICTs enable SACCOs to reach a wider customer base, including those in remote areas. Mobile banking and digital financial services such as EcoCash and inn bucks make it easier for individuals to access financial products and services, promoting financial inclusion. ICT solutions like encryption and multi-factor authentication enhance security, protecting sensitive customer data and preventing fraud.

On the other hand, AI algorithms can analyse vast amounts of data, providing insights into customer behaviour, market trends, and risk assessment. This empowers SACCOs to make informed decisions regarding loan approvals, product development, and risk management. AI-powered chatbots and virtual assistants can provide personalized customer support, answering queries, resolving issues, and offering tailored financial advice. This enhances customer satisfaction and loyalty. Automation and digitalization reduce operational costs, allowing SACCOs to offer competitive interest rates and fees. Improved efficiency and risk management also contribute to increased profitability. AI-powered fraud detection systems can identify suspicious transactions and patterns, further strengthening security measures. However, it was noted that implementing ICTs and AI solutions can be costly, requiring careful planning and investment hence the importance of government policies and incentives in promoting financial inclusion and digitalization are crucial for encouraging SACCOs to adopt ICTs and AI.

It was identified that exploiting the power of ICTs and AI is not just an option for SACCOs in Zimbabwe; it's a necessity for survival and growth. By embracing these technologies, SACCOs can enhance their efficiency and performance, reach a wider customer base, improve financial inclusion, and ultimately contribute to the economic development of the nation. The journey requires a commitment to innovation, collaboration with technology providers, and a focus on

building digital literacy within the community. The future of SACCOs in Zimbabwe lies in embracing the transformative power of ICT and AI.

5.5.8 Internal Controls, Policies, Systems and Procedures

It was identified that internal controls, policies, systems, and procedures are crucial elements that contribute to the effective and efficient management of SACCOs in Zimbabwe. Internal controls were identified as essential for ensuring that SACCOs` operations are conducted in accordance with its established policies and procedures. These controls help mitigate risks, ensure accuracy and reliability of financial reporting, safeguard assets, and promote compliance with applicable laws and regulations.

The results of the study further identified that policies and procedures provide a framework for decision-making and guide the daily operations of SACCOs. They establish clear expectations for employees and members regarding acceptable behaviour, roles and responsibilities, and the processes for managing various aspects of the organization's operations. Well-designed policies and procedures help promote transparency, accountability, and efficiency in SACCOs' operations. For example, having a clear loan policy can help ensure that loans are granted fairly and consistently to eligible members while minimizing the risk of default.

Effective systems were also identified as critical for managing financial transactions, maintaining accurate records, monitoring performance metrics, and generating timely reports. Implementing appropriate systems for financial management, membership management, loan processing, and reporting can help improve the accuracy and reliability of financial information while reducing errors and fraud. Furthermore, automating routine tasks can help streamline operations, reduce costs, and free up staff time to focus on higher-value activities.

Implementation of internal controls, policies, systems and procedures contributes positively to the enhancement of performance of SACCOs.

5.5.9 Strategic Planning

The eighth corporate governance practice identified was the importance of strategic planning in SACCOs. It was recorded that, despite the volatility of the Zimbabwean economy, strategic planning remains a crucial process for any organization, including SACCOs in Zimbabwe. It involves the formulation and implementation of strategies to achieve the organization's

objectives. Strategic planning helps SACCOs to align their activities with their objectives. It enables them to identify their mission, vision, and core values, which serve as a guide for all their activities. By setting clear and specific objectives, SACCOs can focus their resources on activities that contribute to the achievement of these objectives. This leads to increased efficiency and effectiveness, thereby enhancing performance.

Strategic planning also enables SACCOs to identify their strengths, weaknesses, opportunities, and threats and thereby develop strategies that give them a competitive advantage. For example, SACCOs are then able to identify unique products or services that distinguish them from their competitors, thereby attracting more members and increasing market share. Strategic planning also plays a critical role in risk management. By identifying potential risks and uncertainties in the environment, SACCOs can develop strategies to mitigate these risks.

Strategic planning provides an opportunity for SACCOs to engage with their stakeholders. By involving stakeholders in the planning process, SACCOs can enhance transparency and accountability. This helps to build trust and confidence among members and other stakeholders. Strategic planning promotes continuous improvement. By regularly reviewing and updating their strategies, SACCOs can adapt to changing environmental conditions. This ensures that they remain relevant and responsive to the needs of their members. Moreover, it helps to ensure that they maintain a competitive edge in the market and, therefore, experience enhanced performance.

5.5.10 Enhanced Performance

Lastly, the model in Figure 2 shows that all the 8 identified CGPs feed into enhanced performance of SACCOs. Enhanced performance includes outcomes such as better profitability, improved operational efficiency, financial sustainability, and member satisfaction.

Clearly, the findings of this dissertation underscore the critical importance of robust CGPs for the sustainable growth and success of SACCOs in Zimbabwe. By embracing good governance principles, SACCOs can enhance their financial performance, strengthen member trust, and contribute significantly to the economic development of the country. The recommendations outlined in this dissertation provide a roadmap for SACCOs, regulators, and stakeholders to work together in building a stronger and more resilient cooperative sector in Zimbabwe.

5.6 Recommendations for further studies

Resources permitting, further studies on the same topic could also widen the population to cover SACCOs across the country. Secondly, I would recommend a mixed method research to be done to ascertain the numerical financial performance of the SACCOs. However, the challenge will be to find SACCOs that will be willing to share their financial performance data.

Further studies can also be to conduct a comparative analysis of CGPs in SACCOs in Zimbabwe with those in other countries in Africa such as Kenya where SACCOs have performed well, to identify best practices that can be adopted to enhance performance.

Another related area of interest would be to examine the potential benefits of integrating technology, including artificial intelligence into CGPs within SACCOs in Zimbabwe and investigate how digital tools can streamline governance processes.

Lastly, future studies could also focus on conducting a longitudinal study to track the evolution of CGPs within SACCOs in Zimbabwe over time and assess the long-term impact on organizational performance.

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APPENDIX 1

INTERVIEW QUESTIONS

Introduction

Greetings!

My name is Simangaliso Newman, and l am studying towards a Master of Leadership & Corporate Governance at Bindura University of Science and Education. I am conducting a study, which is a requirement to complete the degree programme. My research topic is:

`MODELLING CORPORATE GOVERNANCE PRACTICES FOR ENHANCED PERFORMANCE OF SAVINGS AND CREDIT COOPERATIVES IN ZIMBABWE`.

Thank you affording me time for this interview which will take less than an hour but will make an invaluable contribution towards the research topic which will focus on enhancing performance of the SACCOs sector which you belong to. I am, therefore, kindly requesting for your honest responses to the questions. Your responses will be kept in utmost good faith and confidentiality and will only be used for academic purposes.

Introductory Questions:

1. How long have you been working in the SACCOs sector and what has been your experience?
2. Please tell me about the background of this SACCO.

Objective 1:

To identify the corporate governance practices that are available in the SACCOs in Zimbabwe.

Questions:

1. What is the composition of the board committees in terms of size, gender, age, experience and expertise?

2. How are board committee members elected or appointed?
3. What are the roles and responsibilities of the board committees?
4. Are there any committees established to oversee specific functions or risks?
5. Is there a clear communication process and procedures between the board management committee and members?
6. Are financial statements prepared regularly and made available to members?
7. Is there an internal audit function in place to ensure compliance with regulations and best practices?
8. How often are general meetings held for members to elect or remove board members, approve budgets, or make other significant decisions?
9. Are there any mechanisms for members to voice their concerns or suggestions to the board management committees?
10. Which regulatory bodies oversee SACCO operations in Zimbabwe?
11. Are SACCOs required to adhere to specific corporate governance codes or guidelines (e.g., King IV, ZIMCODE)? If so, which ones?
12. What risk management policies and procedures are in place at SACCOs in Zimbabwe? (e.g., credit risk management, operational risk management)
13. Do SACCOs have a succession plan for key positions such as the Manager and members of the various Board committees? If so, what does it entail?

Objective 2:

To assess the effectiveness of corporate governance practices in enhancing performance of SACCOs in Zimbabwe.

Questions:

1. What is your understanding of corporate governance practices within SACCOs?
2. How important do you think corporate governance is for the success and sustainability of SACCOs?
3. Are you aware of the specific corporate governance regulations and guidelines that SACCOs in Zimbabwe are required to adhere to?

4. In your opinion, how do effective corporate governance practices contribute to the financial performance of SACCOs?
5. Have you observed any correlation between strong corporate governance structures and the overall performance of SACCOs in Zimbabwe?
6. What challenges, if any, do SACCOs face in implementing and maintaining good corporate governance practices?
7. How do you think corporate governance can be improved within SACCOs to enhance their performance?

Objective 3:

To develop a model of corporate governance practices which can enhance performance of SACCOs in Zimbabwe.

Questions:

1. What are the current challenges facing SACCOs in Zimbabwe?
2. How can SACCOs improve their financial management practices?
3. What strategies can SACCOs implement to attract more members and increase savings?
4. How can SACCOs enhance their loan portfolio management to reduce default rates?
5. What regulatory reforms are needed to support the growth and sustainability of SACCOs in Zimbabwe?
6. How can SACCOs leverage technology to streamline operations and improve member services?
7. What training and capacity-building programs are necessary for SACCO staff and management to enhance performance?

Conclusion

We have come to the end of our interview, thank you once again for affording me your time and for honestly responding to my questions.

-The End-

APPENDIX 2

TURNTIN REPORT

Simangaliso Newman Final Turntin Upload.pdf

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