ZIMDIRECTOR

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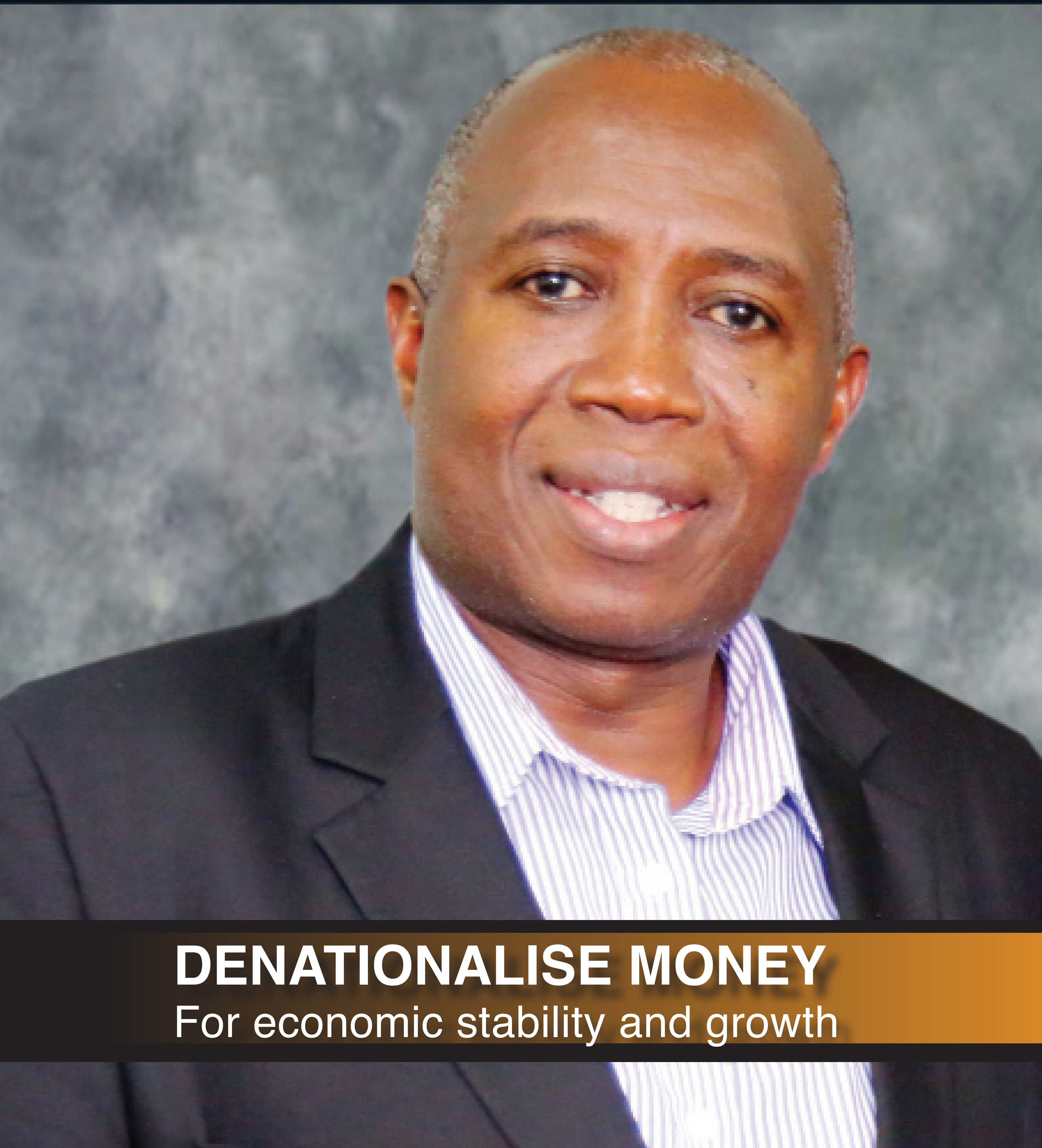

DENATIONALISE MONEY

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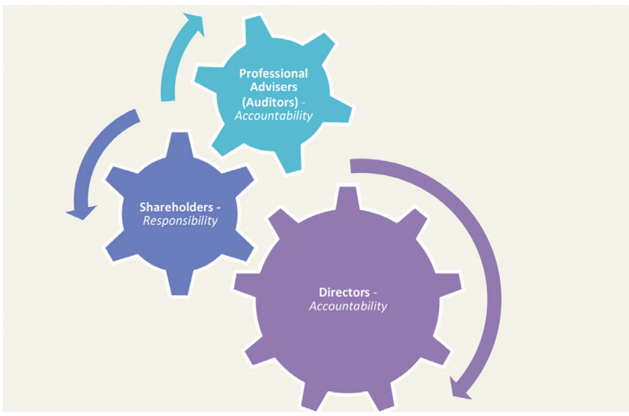

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Foreword

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Importance of corporate governance

MUCH has been said about Corporate Governance around the world and Zimbabwe. Through the National Code of Corporate Governance, Public Entities Corporate Governance Act, Companies and Other Business Entities Bill, the business community and Government of Zimbabwe are making efforts to improve Corporate Governance within the country's business sector.

With new laws coming in that govern the way companies should operate and how boards should be constituted, Zimbabwe is now faced with the challenge to ensure efficient and effective implementation, given the enabling instruments.

Key stakeholders such as Government, shareholders, investors, taxpayers and the general public, expect the application of issues of Consistency, Accountability, Responsibility, Fairness, Transparency, Sustainability (CRAFTS), integrity, value addition, legitimacy and overall credibility of organisations, as key cornerstones to good Corporate Governance.

As such the Institute of Directors Zimbabwe (IoDZ), believes that Corporate Governance is a prerequisite for a vibrant economy and sustainable economic development of Zimbabwe. In conducting its business IoDZ is further guided by its values and related value behaviours of connectedness, relentless, responsiveness, distinctiveness, proficiency and a learning culture.

Good Corporate Governance is not only an essential tool to enhance professionalism but also ensures that organisational functional practices are effective, efficient and clear to all stakeholders.

The credibility of an organisation can be enhanced by adherence to the principles and best practices of good Corporate Governance. An integral component of Corporate Governance is the clarity of roles and responsibilities of boards, management and staff.

How the three roles are defined and executed determines the power relations, balance of authority interplay of interests and the extent to which an organisation will be run strategically, effectively, efficiently and smoothly. There is increasing global attention on how corporate bodies are being run particularly concerning their competitiveness, service delivery and social accountability.

Among some of the facets that boards in the country should have are gender and regional balance, age, professional expertise, appropriate experience and immense regional and global perspectives for a fully functional and progressive forward-looking board that will steer the company in the right direction.

As has been the case with previous editions of the magazine, we have included articles on Corporate Governance and its strategic advantage to companies for the benefit of our readers and members. Those willing to write articles for publication in this magazine are welcome. The articles should be forwarded to zimdirector@iodz.co.zw.

Good Corporate Governance is not only an essential tool to enhance professionalism but also ensures that organisational functional practices are effective, efficient and clear to all stakeholders.


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TURN IT UP

'Tourism industry not a simple sector'

ZIMBABWE Tourism Authority (ZTA) in August this year appointed Givemore Chidzidzi as its interim chief executive, taking over from Rita Likukuma. Chidzidzi who has been in the tourism industry for over 20 years comes with a vast knowledge of the sector. The Daily News Features Writer Helen Kadirire recently sat down with Chidzidzi to discuss how to manage the diverse tourism industry and corporate governance in the sector. Below are the excerpts:-

Q: How have you been managing the tourism sector?
A: It is not a simple sector. People look at it as a leisure industry and think that there is no work to do or being done. But it is such a complex sector because it has so much diversity. Because of its diversity it is not strait jacket and every day is different and brings different challenges and highlights.
Q: What opportunities lie in the tourism sector?
A: Zimbabwe is endowed with a lot of touristic resources be they natural, man-made or even assumed. As a country we have what we call the Seven Wonders of our World but there is also the 10 reasons to visit or take a holiday in Zimbabwe when we reflect on both foreign and domestic tourism.

So all those opportunities present themselves and when we say Zimbabwe is a world of wonders in our pay-off line we are talking about the people, culture, rich history and heritage, the Great Zimbabwe, Victoria Falls, Kariba, Zambezi, pristine nature and wildlife and the mystic of the Eastern Highlands, the wonderful climate and the peace and tranquility.

All these make up for some unique selling propositions that we need to capitalise on. People come to visit Zimbabwe for these reasons. These attributes are covered throughout the country except for the geographic ones. A lot of people are fond of saying that South Africa markets the Victoria Falls as if it is their own but we in tourism understand how the sector operates. Tourism is marketed by other parties as well along the entire value chain. There are intermediaries in the value chain and they can be in your own country or outside.
Q: How has the sector been affected by the economic situation in Zimbabwe?
A: It is a complex industry because you are selling people something that is intangible; an experience, a service. Delivery of the promise made to customers becomes an issue because there is forward booking, and the amenities that enable the sector are beyond its control. There is the security issues, access, electricity and water. Tourism industry is very innovative and people always make a plan.

Some of the mishaps can be sold to a person as an experience but there comes a time when you run out of ideas and plans. When you have a full hotel, they have certain expectations such as hot water, electricity, Wi-Fi and cold drinks.

In challenging economic times it becomes difficult to run any establishment because if you run a hotel on a generator you have to pass on the costs to the user of the facility. Right now it is a bit tricky to get a quotation for Christmas holiday bookings because people in the industry do not know what the inputs will cost at that time.

It becomes difficulty there. In other sectors you can shop and stock but the delivery of tourism service only happens when a person has arrived. You cannot stock a service and if it is not sold you cannot keep

GIVEMORE CHIDZIDZI

it. In other sectors if the business is not happy with the price they simply remove goods from the shelf and stock to bring them back later, but with tourism we have rooms and seats which make it a bit more complex.
Q: What corporate governance issues affect the sector?
A: The governing of the tourism sector in Zimbabwe is so well organised as it is one of the best structured in the country and region. We have an understanding that tourism is government led, private sector driven and community based. Government's role is policy formulation and facilitation, the private sector is doing business and the community provides the service. The tourism sector in its structure and governance must take all that into cognisance.

The government is stratified into the ministry of Environment, Tourism and Hospitality Industry at central government level and its implementing agency, the Zimbabwe Tourism Authority, which is the promotion and regulatory body of the sector. Then there is the tourism private sector, which has several business membership organisations with the Tourism Business Council of Zimbabwe as the umbrella body. However, not all operators are members of the TBCZ or its affiliate associations as they are all voluntary. On the other hand operators of designated tourist facilities are compelled by law to be registered by the Zimbabwe Tourism Authority.
Q: How does the authority manage and regulate the various organisations?
A: The laws of the country regulate. The Tourism Act of 1996 Chapter 14:20 clearly outlines what should happen in the tourism sector. Who should be registered, how they should be registered, how the tourism authority should be structured, what is the relationship of the authority to government, the sector and the tourists. It is all contained in the Act. ZTA is established through an act of Parliament and we have certain powers that we have. We have got subsidiary legislation through Statutory Instruments which expound certain sections of the Act.

The role of ZTA is implementation of the Tourism Act and its administration, which is done without fear or favour. If it says something must be registered and it is not, the law will take its course. While we regulate we also play a facilitatory role because we have an interest in the business. We play the referee in the sector as the businesses provide employment and generate foreign currency.

We market and promote Zimbabwe as a destination but we do not own businesses as they are owned by the private sector. There is now need for a clear understanding that the authority regulates and promotes a sector which is in the hands of the private sector, which is happening in the communities. For that sector to thrive there is need for cohesion in the sector from the top right down to the bottom. Stakeholder participation and engagement becomes very critical.

The structure of the ZTA by virtue of it being a public entity, whatever we do, we are governed by the Public Entities and Corporate Governance Act. Our governance issues are very clear. Read together with the Tourism Act it defines the roles of the minister, board of directors, and the chief executive. While the Tourism Act has all the guidelines, the Public Entities and Corporate Governance Act supersede all other Acts and is used as reference when dealing with corporate governance issues.
Q: What is the importance of corporate governance in the tourism sector?
A: Corporate Governance is about separating roles and clearly defining who does what. When we are dealing with the private sector, we know how private entities will be structured. In the Tourism Act we do not deal with the group but with one entity within the holding company. For instance, if we have an issue with a hotel we deal with the unit in its individual capacity. The holding company is not the operator as far as ZTA is concerned. Within the holding company's structures they can deal with their units or subsidiaries. Because of the common interest in the individual units the ZTA may liaise with the holding company.

ZTA has a board of directors which fall under the ministry of Environment, Tourism and Hospitality and is appointed by the minister although the Public Entities and Corporate Governance Act is suggesting otherwise. According to the Act they are actually looking at a different way of appointing directors. As far as the Tourism Act is concerned, like is the case with many other Acts of Parliament, the minister appoints board members, but the process is the one that is being addressed by the PECG Act to make sure that board members appointed are correct in terms of prescription in the act. It prescribes how boards should be constituted in terms of gender balance, qualifications, suitability to boards and spread of various professions and regional balance.

When you have the board that is non-executive and the executive, that separation is the fundamental of corporate governance. The executive reports to the board and they take it up to the minister. The minister has his own executive headed by the permanent secretary and the board has their own headed by the chief executive but the two executives liaise on a day to day basis.

Bad corporate governance affects an organisation negatively and it can only flourish if there is good corporate governance. For an entity like the ZTA: is it must be accountable, transparent, must report when it is supposed to and in the right format and as we reach that level, then we will be able to accomplish what we are meant to do as an entity.


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DENATIONALISE MONEY

For economic stability and growth

ALEXANDER MAUNE, Ph.D.

THOUGH money has been in existence since time immemorial, very few people seem to appreciate the subject. There have been controversies the world over as to what constitutes money and its role in economic growth and stability. Disagreements from different schools of thought have ensued regarding the control, supply and government`s role in money. The issues of the gold standard, fiat money and denationalisation of money have been topics that have attracted a lot of attention for decades without consensus. This article, however, looks at these issues from an Austrian School of thought.

According to Amadeo (2018), a central bank is an independent national authority that conducts monetary policy, regulates banks and provides financial services including economic research. Its goals are to stabilize the nation's currency, keep unemployment low, and prevent inflation. Most central banks are governed by a board consisting of its member banks. The country's chief elected official appoints the director. The national legislative body approves him or her.

That keeps the central bank aligned with the nation's long-term policy goals. At the same time, it is free of political influence in its day-to-day operations. In this respect, Cukierman and Webb (2011) wrote a must read article entitled: "Political Influence on the Central Bank: International evidence." However, it is critical to unbundle the ownership structure of central banks to know whether they serve the interest of the nation or of few individuals.

To Hille (2017) central banks should be independent of interest of a political party, individual citizen, individual corporations or an individual tyrant or despot; the bank should act in the interest of the country and the economy of the country. To avoid the central bank from being biased towards the interest of individual or corporate owners, the bank should not be privately owned and should be run independently from the rest of the elected government; this requires that the banker has a secure enough job that a disappointed party or ruler could not threaten their termination in order to get their politically desired outcome.

The appointment process of directors and governors must not be left to political parties, but there must be established institutional processes to that effect so that competent people will be elected to those positions.

Ownership and control of central banks is very critical. Authorities argue that central bank systems must not be secretly owned and covertly controlled by powerful local and foreign banking interests as claimed by Mullins (1983) and Kah (1991) among others who argue that the Federal Reserve System is owned by foreign banking with British ties.

This, Flaherty (2001) argues is unhealthy as these players will manipulate the country`s monetary policies to further their global political goals and interests at the expense of the host country and local people. Flaherty (2001) further argues that the Federal Reserve, for example, is organized in corporation whose shares are sold to the commercial banks with equal voting rights and these shareholders elect board members. There is no standard ownership structure of central banks as these differ from country to country.

As much as it is good practice to promote the independence of central banks, it is also critical to have well established institutions; yes central banks are independent, but indirectly or directly are controlled by treasury argues Flaherty (2001). So well established government institutions are very critical for economic growth and sustainable economic development.

The actions of government must be complementary or creating an enabling environment to facilitate growth or inspire growth-oriented manoeuvres. But really why is the independence of central banks important? Cukierman and Webb (2001) provide a critical argument that economists and policymakers concur that the degree of autonomy of central banks from political authorities is an important determinant of policy choices and of economic performance.

To them there is now considerable evidence now showing the negative association between inflation and central bank autonomy. The independence of central banks is also important as it ensures denationalisation of money. According to Professor Hayek in a Hobart paper published by the Institute of Economic Affairs in 1974 gives a detailed analysis of why money should be denationalised. Some of the reasons include:

- The government monopoly of money must be abolished to stop the recurring bouts of acute inflation and deflation.
- Abolition is also the cure for the more deep-seated disease of the recurring waves of depression and unemployment attributed to 'capitalism.'
- The monopoly of money by government will relieve it of the need to keep its expenditure within its revenue and will thus precipitate the spectacular increase in government expenditure over the past years.
- The replacement of the government monopoly of money by competition in currency supplied by private issuers who, to preserve public confidence, will limit the quantity of their paper issue and thus maintain its value. This will cure inflation, instability, undisciplined state expenditure and economic nationalism.
- So long as money is managed by government, a gold standard, despite its imperfections, is the only tolerably safe system; but it is better to take money completely out of control of government.

To Khan (2016), central bank independence is a critical though complex concept that has different interpretations. Citing Lybek (2004), Khan (2016), for example, makes a distinction between "autonomy" (operational freedom) over "independence" (lack of institutional constraints), and subsequently distinguishes four types of autonomy (goal, target, instrument and limited). Khan (2016) provides the following four distinctions of central bank independence:

- Political independence: Central banks formulate and execute their monetary policy without undue political influence of the executive and/or legislative power. Examples of checks and balances to this extent can be found in legal requirements on approval and dismissal procedures for central bank governors (and board members in general). Some countries require a "double veto": both the executive power (for example, the minister of finance) and the legislative power (the parliament) or even judicial power (the courts) need to be involved in the hiring and especially firing of a governor, in order to avoid "politically inspired changes", for instance after a general election. In addition, reasons for firing a governor should be clearly laid down in the central bank's law.
- Operational independence: central banks should be severely limited in / prohibited to financing public sector expenditure, to avoid the harmful impact on inflation of financing the fiscal deficit with central bank money. Central banks are free to formulate interest rate policy, and its execution is an exclusive responsibility of the central bank.
- Financial independence: the government should ensure the central bank's capital integrity to support the central bank's policy independence. In return, the central bank transfers profits to government after accumulating appropriate legal reserve provisioning.


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From classroom to boardroom mindset is the missing link

PATSON GASURA
MD and customer happiness director,
Topline Research Solutions

ZIMBABWE is at a stage where, it appears, organisations and ordinary people alike now need to shift from the seemingly prevalent complaints narrative and focus on identifying solutions for the well documented myriad of socio-economic problems. Indeed it is time to shift from theoretical rhetoric to practical discussions.

It is also time for people to be preoccupied with productive activities at individual level. Casual observation reveals that a lot of time is wasted on unproductive activities at various levels. National leaders can surely never be ideal if they are selected from a community that is not ideal. Communities that are not productive as a culture.

It is no secret that the Zimbabwean economy is not cash rich to be able to initiate sustainable solutions for all the challenges we face. We have endless challenges that need individuals, companies and families to stand up and initiate solutions. In my view, one of our biggest challenges is the glaring lack of productivity (even at family level).

Hence food security seems a perennial challenge in many households. There is obsession with imports , hyperinflation, electricity shortages, no refuse collection, unemployment etc. Zimbabweans need to start seeing these as opportunities rather than problems alone. Foreign investors see such challenges as cues for investment opportunities. We need a mindset shift. We need a shift in habits i.e. what we spend most of day doing (e.g. social media). We need productive habits.

For many years, Zimbabwe has arguably been a society of contradictions on many fronts. For instance the country is rich in fertile soils and great climate but seems to be a net importer of food. The country is endowed with all sorts of minerals, but we have foreign currency challenges for many years.

Perhaps a more intriguing paradox is that the country is more than eighty percent literate but, according to figures touted in various media, the country has more than 80 percent unemployment rate (formal employment).

It is from this observation that a local leading research consultancy, Tolpline Research SolutionS(TRS) plans to launch from Classroom to Boardroom workshops in collaboration with Zimpapers and Chinhoyi University of Science & Technology (CUT).

These workshops are in essence a platform for unemployed graduates to deliberate among themselves on barriers to employment and starting new businesses. At these workshops, officials from TRS, CUT and Zimpapers will moderate the discussions by sharing real life employment and investment opportunities for the graduates that however, require them to take the correct steps. TRS strongly believes that this initiative will gradually grow into becoming meaningful practical assistance in skilling millions of the unemployed but employable graduates in our country. This initiative is expected to recruit other relevant partners like other universities and ministries responsible for education and labour.

At TRS we observe that part of the reasons graduates tend to be unemployed or underemployed is simply deficiencies in professional CVs design skills (personal selling), poor performance at job interviews and lack of entrepreneurial mindset and skills. These employer and client expectations are not necessarily taught and exhausted at all school levels. Hence many graduates are unable to effectively profile themselves as individuals or as small business entrepreneurs.

TRS thus saw need for these workshops to create this awareness as well as allow discussion and brainstorming among the unemployed graduates themselves. Usually when problems are discussed solutions inherently emerge.

So the workshops are just a platform created to discuss unemployment and underemployment challenges in our country as well as explore various skills on how to get employed or start own business (even informal) in the circumstances. The essence of graduation connotes readiness to tackle barriers to attaining one's goals. It is envisaged that workshops will extract all usual graduate unemployment 'excuses' and discuss possible solutions.

National annual surveys like the Zimbabwe All Media and Products Survey (ZAMPS) reveal that the Zimbabwean business sector is largely made up of Small & Micro Entreprises (SMEs), most of which are owner managed. In line with this trend, local graduates thus need to adopt a from Classroom to Boardroom mindset whilst at school so they aim to graduate for self-employment.

Hence the envisaged workshops will reach out to undergraduates too in order to create this awareness. The future of education is in creating entrepreneurs and not employees. Zimbabwe has high need for these now more than any other time. What is prevalent, more so in the rural areas, is a from classroom to bedroom trend which seems an easier option for many graduates but when done prematurely indirectly derails professional growth. There is need for graduates who graduates with skills and not just literacy.

In a nutshell the unemployed graduate workshops will interrogate effective ways and tools for successful job search, interview preparation, work readiness as well as provoke these graduates to seriously explore business start-ups as an employment option.

Agricultural value chains could be low hanging fruits to start with. This we believe is an initiative of national importance which will gradually gather momentum and subsequently influence development of educational and skills qualifications that respond to Zimbabwe's unique graduates' challenges. As a country we seem to have the right education and the right work ethic.

We, however, seem to lack initiatives to use the education to solve glaring problems even within our neighbourhood like refuse collection, horticulture production or even providing firewood during power cuts. What seriously lacks seems to be the ability to see opportunities in challenges and risk taking at individual level. We all wait for someone to do it. For graduates, it seems very much about somebody must take care of me when I graduate. My duty is to pass and graduate. Hence the workshop to interrogate and challenge such mindsets.

Those in the know say, in the first world, the notion of one job is slowly fading away. Instead the graduates develop powerful profiles and then use them to seek for multiple revenue streams from several companies. Imagine one Accounting graduate offering her/his services to two or three different companies and being paid an hourly rate instead of being tied to one company.

Given our situation in Zimbabwe where most companies closed and those open operate at below capacity, Zimbabwean graduates need to start thinking beyond a single 8am-5pm job and start selling their skills to more than one company per day. Our graduates need an entrepreneurial mindset where they see themselves as having a service that they sell.

This means graduates need the skill to prepare compelling CVs as well as personal branding that ensures that organizations look for such profiles and not the reverse as is currently the case. Our educational system also needs to align with such future job trends.

According to its founding MD and now customer happiness director, Mr Patson Gasura, "TRS is the leading Market Research Consultancy in the country offering regionally benchmarked consumer, product/services and communication insights that seed into effective customer recruitment and retention strategies".

Gasura is a well known Pan African Marketing Research Consultant. He is the founding MD and customer happiness director at Topline Research Solutions (TRS). TRS conducts bespoke research in fifteen African Sadc countries. He can be reached on patson@topliners.co.za; or + 263 242 757 958/9.


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Corporate governance:

Board accountability

ALEXANDER MAUNE

PEOPLE may wonder and ask what really corporate governance is and why it has caused noise in the corporate world? Literature offers a diverse and sometimes puzzling array of definitions of corporate governance. In his article entitled Corporate Governance in Zimbabwe: An overview of its current state, Alexander Maune defines corporate governance as processes and structures used to direct and manage business and affairs of an institution with the objective of ensuring its safety and soundness and enhancing shareholder value.

These structures, however, define the division of power and establish mechanisms for achieving accountability between board of directors, management and shareholders, while protecting the interests of shareholders and stakeholders. Globally, corporate governance became a buzz word after the subsequent collapse of Enron, WorldCom, Parmalat and Global Crossing among others. From that period onwards corporate governance became a concern and focal point by many players in the corporate world, with issues of accountability and transparency taking centre stage. These corporate scandals inspired a plethora of corporate governance codes and Acts with the intention of improving corporate accountability and transparency in the contemporary world. But seriously, what`s the origins of corporate governance?

ORIGINS OF CORPORATE GOVERNANCE

Mervyn King in the book called The A-Z of corporate social responsibility, notes that the term "governance" comes from the Latin word gubernare meaning "to steer" thus corporate governance entails the manner of directing and controlling the affairs of a business enterprise. Crowther and Seifi (2011) argue that corporate governance started to attract a great deal of attention since the mid-1980s when concerns about the way companies were controlled and held accountable were overshadowed by their commercial success unlike the 1970s, which had seen some trying economic struggles around the world.

In their book chapter Corporate Governance in the International Encyclopedia of Organization Studies, Mauro F. Guillén & William D. Schneper, (2008), argue that although some sources attribute its origin to the 1970s or 1980s, the first reference in the JSTOR (Journal Storage) archive occurs in 1953, when legal scholar David Cavers used the phrase "corporate governance" as an analog to the lines of communication and authority present in local, state, and national governments. The first appearance of corporate governance in a New York Times article appears to have been in 1978, where it is described as a "fancy term for the various influences that determine what a corporation does and does not do, or should or should not do."

Despite the youthfulness of the concept, concerns about corporate governance issues are long-lived. The corporate governance historian and researcher Paul Frentrop traces the conflicts of interest among shareholders, managers, and directors to the first joint-stock company, the Dutch East India Company, in 1602. In his Wealth of Nations, Adam Smith described the incentive difficulties inherent in hiring professional directors to act as stewards of "other people's money." In their 1932 classic, Adolf Berle and Gardiner Means argued that the modern business firm's need for vast amounts of capital led to a version of capitalism characterized by low ownership concentration, separation of management and ownership, and a weakening of owners' control of corporate activities. The heart of corporate government is definitely accountability.

WHAT ACCOUNTABILITY ENTAILS?

The Sages of the Jews teach us that we are always to be aware of three things; an eye watching, an ear listening and a hand writing. This means that everything we think, say and do is recorded by God and we are held accountable for it. When we die our soul stands before a Heavenly court and has to give an account for all we have done. King Solomon, the wisest of men, in his book Ecclesiastes (10:20) reminds us that [whatever we think and do] "… a bird of the skies may carry the sound, and some winged creature may betray the matter". The State Street Global Advisors in their May, 2018 paper entitled Board Accountability in Europe: A Review of Director Election Practices across the Region believes that board accountability is fundamental to strong corporate governance. Their paper raised an interesting and critical issue of annual director elections. They argue that annual director elections provide increased accountability and encourage board members to be responsive to shareholder interests thereby improving board quality.

The notion of accountability is an amorphous concept that is difficult to define in precise terms. However, broadly speaking, accountability exists when there is a relationship where an individual or body, and the performance of tasks or functions by that individual or body, are subject to another's oversight, direction or request that they provide information or justification for their actions.

Therefore, the concept of accountability involves two distinct stages: answerability and enforcement. To Natalya Mosunova of Adecco Group Russia, accountability is quintessence of any corporate governance debate despite that there is no unified doctrine what accountability consists of. Academics, politicians and businessmen advocate different categories as the foundation of this doctrine.

She argues that corporate accountability is a continuation of confrontation between agency and stakeholder theories. Agency problem was highlighted as a central conflict of interests between shareholders and managers in listed companies (Berle, 1932). Since the House of Lords' decision in Salomon v. Salomon (Salomon v. Salomon, [1897] AC 22 (HL)) set that 'the shareholders are residual interest holders in the company,' shareholders were considered as the dominant group to discharge corporate accountability to (Kershaw, 2012). Accountability is an instrument for controlling agency costs: the less the companies' accountability the higher risk that managers serve themselves.

BOARD ACCOUNTABILITY TO SHAREHOLDERS

The formal relationship between shareholders and board of directors is that shareholders select directors, directors report on their stewardship to shareholders and shareholders appoint the auditors to provide an external check on the directors' financial statements. Thus the shareholders as owners of the company elect the directors to run the business on their behalf and hold them accountable for its progress. The issue for corporate governance is how to strengthen the accountability of boards of directors to shareholders since shareholders have delegated many of their responsibilities as owners to the directors who act as their stewards.

Adrian Cadbury (December, 1992) in The Committee on the Financial Aspects of Corporate Governance report, argues that it is for the shareholders to call the directors to book if they appear to be failing in their stewardship and they should use this power. While they cannot be involved in the direction and management of their company, they can insist on a high standard of corporate governance and good governance is an essential test of the directors` stewardship.

The accountability of boards to shareholders will, therefore, be strengthened if shareholders require their companies to comply with corporate governance codes. This will involve a sharper sense of accountability and responsibility all round - accountability by boards to their shareholders, responsibility on the part of all shareholders to the companies they own and, accountability by professional officers and advisers to those who rely on their judgement. All three groups have a common interest in combining to improve the working of the corporate system (Figure 1. See page).

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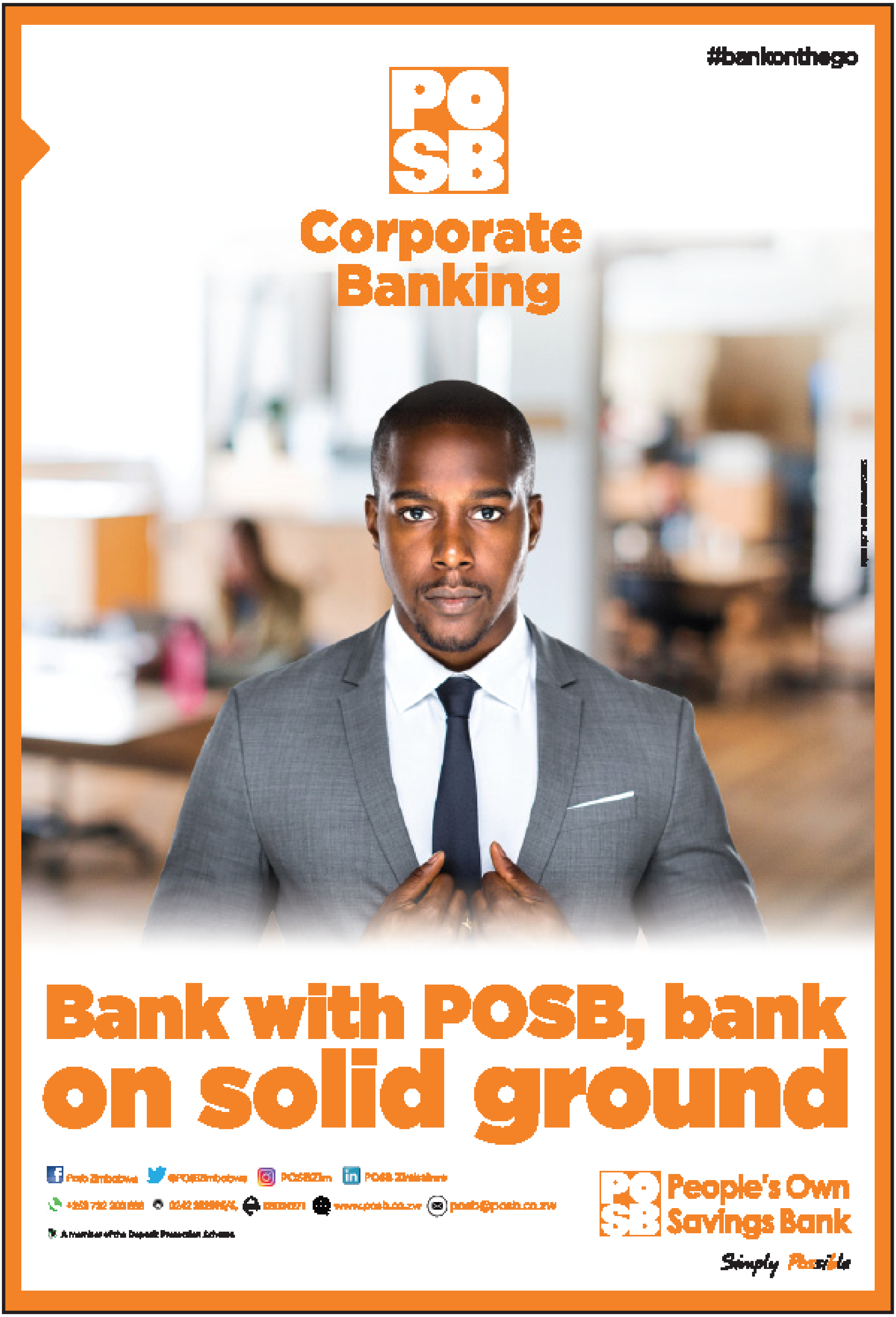
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Corporate governance:

Board accountability

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TRANSPARENCY AND DISCLOSURE AS MECHANISMS FOR ACCOUNTABILITY

According to Mervyn King (November, 2016), Chair of the King Committee, it is accepted that, while fully compliant and duly audited financial statements are critical, they are insufficient to discharge the duty of board accountability. The following are some of the traditional mechanisms of accountability:

- Governance regulations;
- Boards of directors;
- Financial reporting and disclosure;
- Audit committees;
- External audit;
- Institutional investors.

But a more stakeholder-oriented approach causes a greater focus on financial services accountability to a broader range of stakeholders, for example, to institutional investors. Thus, financial reporting increases its value in this model. The financial reporting system forms the backbone of this accountability system as public corporations are required to file periodic reports of financial results.

Environmental, social and governance aspects constitute other elements of mechanism of stakeholder accountability. Accountability of corporate governance to employees also plays as an essential role for corporate governance. Transparency in the form of disclosures to shareholders is an important mechanism for balancing shareholder and management interests.

The decision in case ASIC v. Healey & Ors., (2011) ALR 618, Federal Court of Australia proves that financial reporting is perceived wider than just accountability to shareholders. In October 2009, the Australian Securities and Investment Commission [hereinafter ASIC] commenced proceedings against directors of the Centro entities. ASIC sought declarations that each of the defendants had breached their statutory duty of care and diligence owed to the Centro entities in approving consolidated financial accounts for the Centro entities for the financial year ending June 30, 2007.

In this case the court found the board and every director (not audit committee) responsible for the accuracy of financial reports which once again proves the relevance of financial statements for accountability. Stakeholder-agency theory in contrast to agency theory (in which managers represent shareholders (principals) who hired them) justifies the accountability of the board to multiple stakeholders, prioritising explicitly or implicitly the different (rather than competing) interests of those stakeholders.

Therefore, how do boards ensure accountability? Mervyn King (2016) argues that the governing body ensures that there is accountability for organizational performance through, among others, reporting and disclosure. They oversee and monitor the implementation of each of these governance areas (ethics, risk, compliance, remuneration and stakeholder relationships) through reporting and disclosure.

IMPROVING BOARD ACCOUNTABILITY

David Walker (November 26 2009) in a position paper entitled A review of corporate governance in UK banks and other financial industry entities — final recommendations — argues that one means of making boards more accountable would be for the chairs of leading committees to stand for re-election each year. If support for any individual fell below 75 percent (including abstentions), the chairman of the board should be expected to stand for re-election the following year.

This would be a powerful incentive to resolve concerns during the intervening period. Without an annual director election process, shareholders are limited in their ability to hold directors accountable and improve board quality. In our experience, we find that the shift to annual election of directors in markets such as the US or UK has had a positive impact by encouraging board members to be more responsive to shareholder interests. Codes in some European countries such as France recommend having staggered board "so as to avoid replacement of the entire body and to favour a smooth replacement of directors."

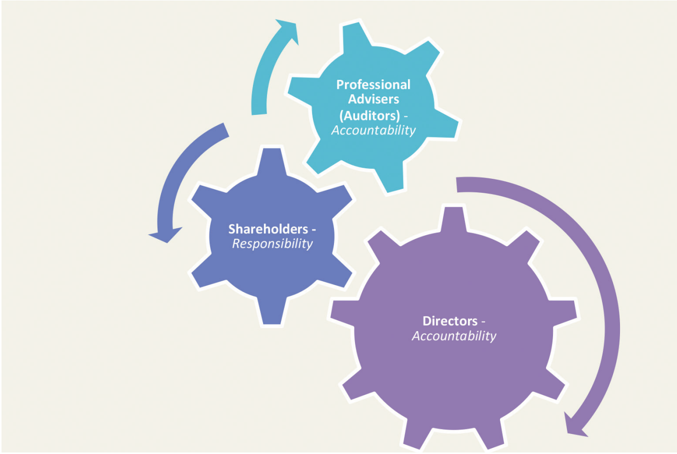

Figure 1. Gears to improve the corporate system.

Indeed, the requirement for chairs of committees to put themselves up for re-election would motivate them to keep abreast of investors' views and ensure that concerns are addressed in a timely way. In practice it should lead to improved dialogue with investors about issues that might be controversial. It would also broaden the agenda beyond the remuneration issues that dominate dialogue at present.

In summary accountability entails the board to present a fair, balanced and understandable assessment of the company's position and prospects. The board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.

The board should maintain sound risk management and internal control systems. The board should establish formal and transparent arrangements for considering how they should apply the corporate reporting, risk management and internal control principles and for maintaining an appropriate relationship with the company's auditors.

- Financial and Business Reporting: The board should present a fair, balanced and understandable assessment of the company's position and prospects.
- Risk Management and Internal Control: The board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The board should maintain sound risk management and internal control systems.
- Audit Committee and Auditors: The board should establish formal and transparent arrangements for considering how they should apply the corporate reporting and risk management and internal control principles and for maintaining an appropriate relationship with the company's auditors.

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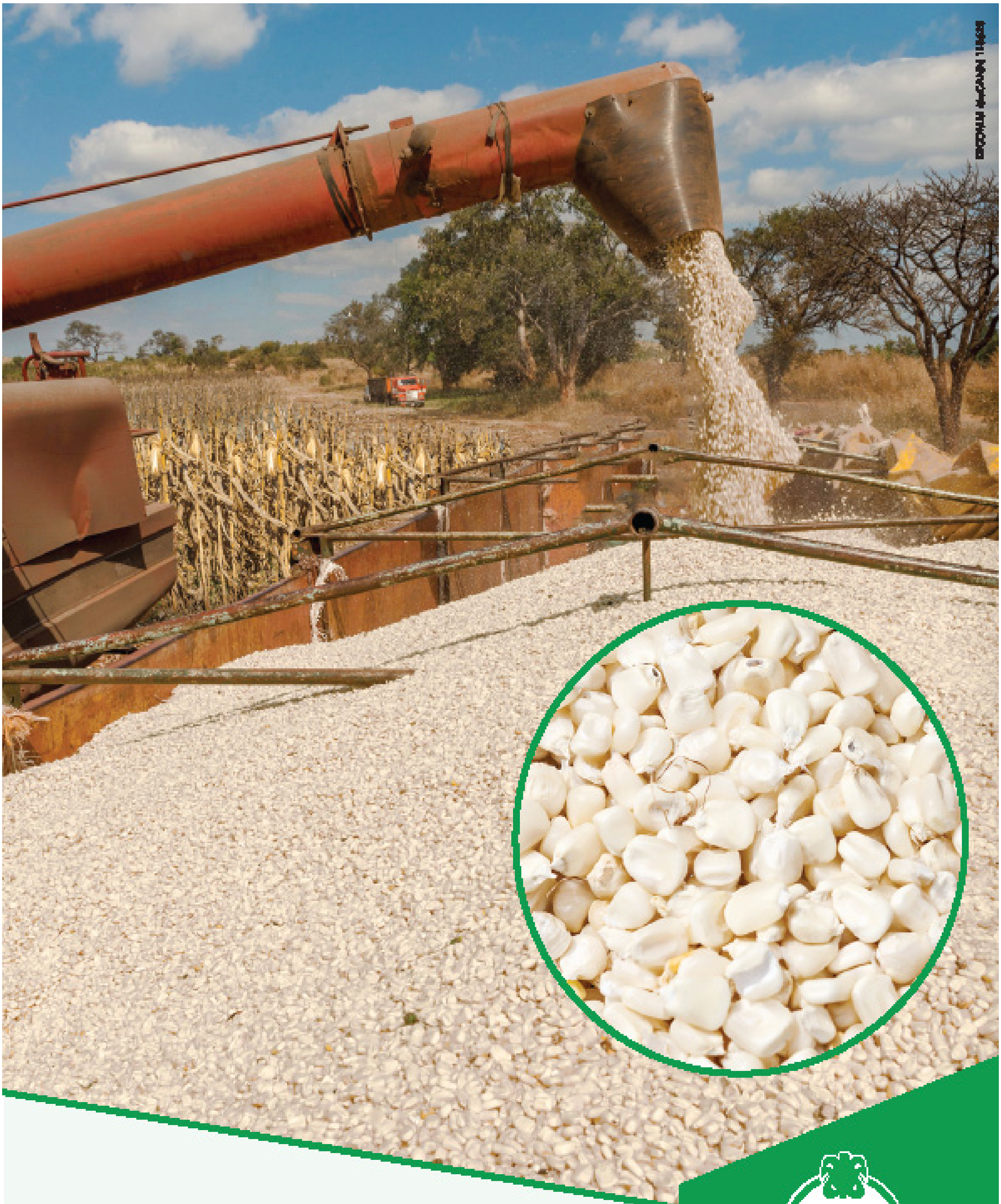

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Entrepreneurial orientation in organisations:

How do Zimbabwean companies measure up

SIMON KAYEREKA

IN ORDER to define the concept of Entrepreneurial Orientation it is important to define Entrepreneurship first.
Entrepreneurship as a concept has many definitions and there has not been consensus on what the right definition is. Suffice to say that they are some common key words that are used to define the concept.
Some authors trace the concept to the French word ENTREPRENDE meaning to undertake.

Way back in 1942 in his acclaimed book(Capitalism Socialism and Democracy) an Austrian Economist Joseph Schumpeter talked about Creative Destruction as the norm and argued that companies that did not take a risk and engage in new technologies would die. Words like risk taking and disruptive technologies all from part of the definition.

The bottom line, however, is that one must be able to identify an opportunity, and then mobilise resources to exploit that opportunity. The definition that will pervade this article is by Howard Stevenson who argues that an entrepreneur is one who identifies and pursues opportunities that are beyond the resources they control but still go on to use innovative techniques to exploit that particular opportunity.
The Ewing Kaufmann Foundation based in Kansas Missouri makes a distinctive difference on the two types of entrepreneurship

- Replicative entrepreneurship

One could describe this as basically copying and perfecting an existing product or service. Most entrepreneurs fall within this class. (Sir Richard Branson with airlines and Oprah Winfrey with talk shows)

- Innovative entrepreneurship.

Where new technologies services and products are introduced.

In this and other definitions one can surmise that an entrepreneur is a person who shifts resources from a place of low productivity to higher productivity (Say 1800) by engaging in behaviour that utilises resources to the fullest. It also means that in a situation like this it is not about the amount of resources but the amount of resourcefulness. An Entrepreneur is best defined by their characteristics which I will use as a framework for this discussion.
The characteristics are

- Risk taking
- Innovation
- Proactiveness
- Autonomy
- Strategic thinking/management

Examples of such people are replete in our current environment Zimbabwe has its own in the likes of Mahomed Mussa of Mahomed Mussa Wholesalers, Zed Koudnaris of Innscor Holdings ,Strive Masiyiwa of Econet and John Moxon of Meikles just to name a few.

Nigeria boasts of so many but probably Aliko Dangote and Tony Elumelu stand out while South Africa has the likes of Pam Golding and Patrice Motsepe.

SO WHAT IS ENTREPRENEURIAL ORIENTATION?

Entrepreneurial orientation is the level of entrepreneur/ship in an organisation This concept is also called intrareneurship or corporate entrepreneurship which means practising entrepreneurship within an existing corporate set up.

It is a situation where the entrepreneur is shielded from the vagaries of entrepreneurship as the buck doesn't stop with them but with the organisation. So any risk taking, innovation or whatever is credited to the organisation. A book written by a French couple Gifford and Elisabeth Pinchot (1985) aptly describes this phenomenon and is captured in its title "Why you don't have to leave your job to become an entrepreneur"

Recent Research has defined corporate entrepreneurship as a process whereby an individual or groups of individuals in association with an existing organisation instigates renewal or innovation within the organisation.

So Why do we need Corporate Entrepreneurs. Why Do we need to raise Entrepreneurial Orientation in our organisations?
Some of the reasons for the need for entrepreneurial orientation are listed below

- The sense of distrust in the traditional methods of corporate management. (It cannot be business as usual any more)
- An exodus of some of the best brains to start their own companies to compete with former employers (Therefore the companies also need to protect themselves)
- International competition (Where processes and technology make products much cheaper)
- The overall desire to improve productivity.

So perhaps what our Zimbabwean companies need to ask themselves in order to measure their orientation are the following four fundamental questions.

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Beyond borders

Digitising entrepreneurship for impact

ENTREPRENEURSHIP comes in various shapes and forms across the world. It can be described in many ways: the Organisation for Economic Co-operation and Development (OECD) defines it as "enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets".

In essence, it is about solving problems and addressing gaps in society or markets with a for-profit, customer-driven model. This paper is for entrepreneurs, policy-makers, corporate leaders and educators interested in using digital resources and ecosystems to foster entrepreneurship and enhance its impact. It is about entrepreneurship broadly and, in particular, technology entrepreneurship — ventures built around new technologies. In recent years, through innovative business models and network effects, technology entrepreneurship has demonstrated its potential to transform industries, solve global challenges and create exponential economic impact.

The barriers to entry to participate in technology entrepreneurship are decreasing constantly, as access to financial services and real-time information continues to rise.

And, as individuals with passion and purpose choose entrepreneurship as their instrument of change in sectors as diverse as education, healthcare, renewable energy, agriculture and art, technology entrepreneurship increasingly serves the public interest.

Entrepreneurship is a collective exercise. Entrepreneurs cannot thrive in isolation: they need a functioning ecosystem that offers access to capital, talent, networks and other resources. Historically, access to these functioning ecosystems has depended on geographical location. It is increasingly possible for technology entrepreneurs to transcend physical barriers by using digitized ecosystems to access these resources.

However, more work is needed to fully unleash the transformative potential of technology entrepreneurship. How can digitisation most effectively support entrepreneurship? And what are the key aspects that contribute to the development and success of a digital ecosystem that enables entrepreneurs to set up scalable and successful technology ventures? Exploring these questions is the purpose of this paper.

THE CHANGING ROLE OF ENTREPRENEURS

The role of the entrepreneur needs rethinking in a world being transformed by digital technologies. For many in the next generation of entrepreneurs, business is not focused narrowly on maximizing individual economic utility. New technology entrepreneurs want to balance generating profits with addressing social and environmental concerns and improving society.

From climate change to inequality and poverty, novel digital solutions present opportunities for start-ups to mitigate both the causes and effects of today's biggest cross-border challenges. However, for entrepreneurship to be geared towards global problem-solving, some assumptions underlying current systems need to be re-examined. For example, innovations should not just spread from North to North or North to South, but also from South to South and South to North.

THE TECHNOLOGICAL AND IDEOLOGICAL CONTEXT OF ENTREPRENEURSHIP

The term "disruption" has become synonymous with a view of digital entrepreneurship associated with the culture of Silicon Valley: broadly speaking, that technology can save the world, new technologies are superior to old and ethical consequences – from digital privacy to energy profligacy – need not be fully thought through in advance but can be worked out as and when needed.

Such a culture risks sidelining human purpose and meaning. And it is not the only option. When the world was geopolitically more multipolar, technological innovation was more diverse and not always driven primarily by the desire to add incremental value for consumers and shareholders.

The USSR, for example, devised Sputniks, ekranoplans and jet trains, while Gaullist France pioneered big, centralized systems, such as the TGV (still the fastest wheeled train in the world) and Minitel (the precursor to the internet).

As communism and French philosophy declined, so did the influence of the technologies they helped to inspire. Some ideological divergence in entrepreneurial contexts still exists today, evident most notably in Scandinavia, Japan and some emerging powers. However, the tech industry in China is largely emulating the Western model, and other nations lack the hard power to back up any alternative visions.

One result is that many start-ups are caught up in a form of track dependence. Smartphone companies emulate Apple. Drone makers assume that their designs should replicate helicopters or planes, rather than airships or ekranoplans. Car manufacturers make electric vehicles look like vehicles with internal combustion engines. These shackles on entrepreneurs often go unnoticed even by the entrepreneurs themselves, who are the people best placed to break them.

It bears reminding that entrepreneurship ultimately depends on creativity and design thinking. In a digital and globally interconnected age, entrepreneurship must be shaped by democratic institutions to serve societal needs and a greater purpose. Entrepreneurs should be agnostic regarding tech ideologies and should take a leadership role for the greater good.

DIGITISING ENTREPRENEURSHIP

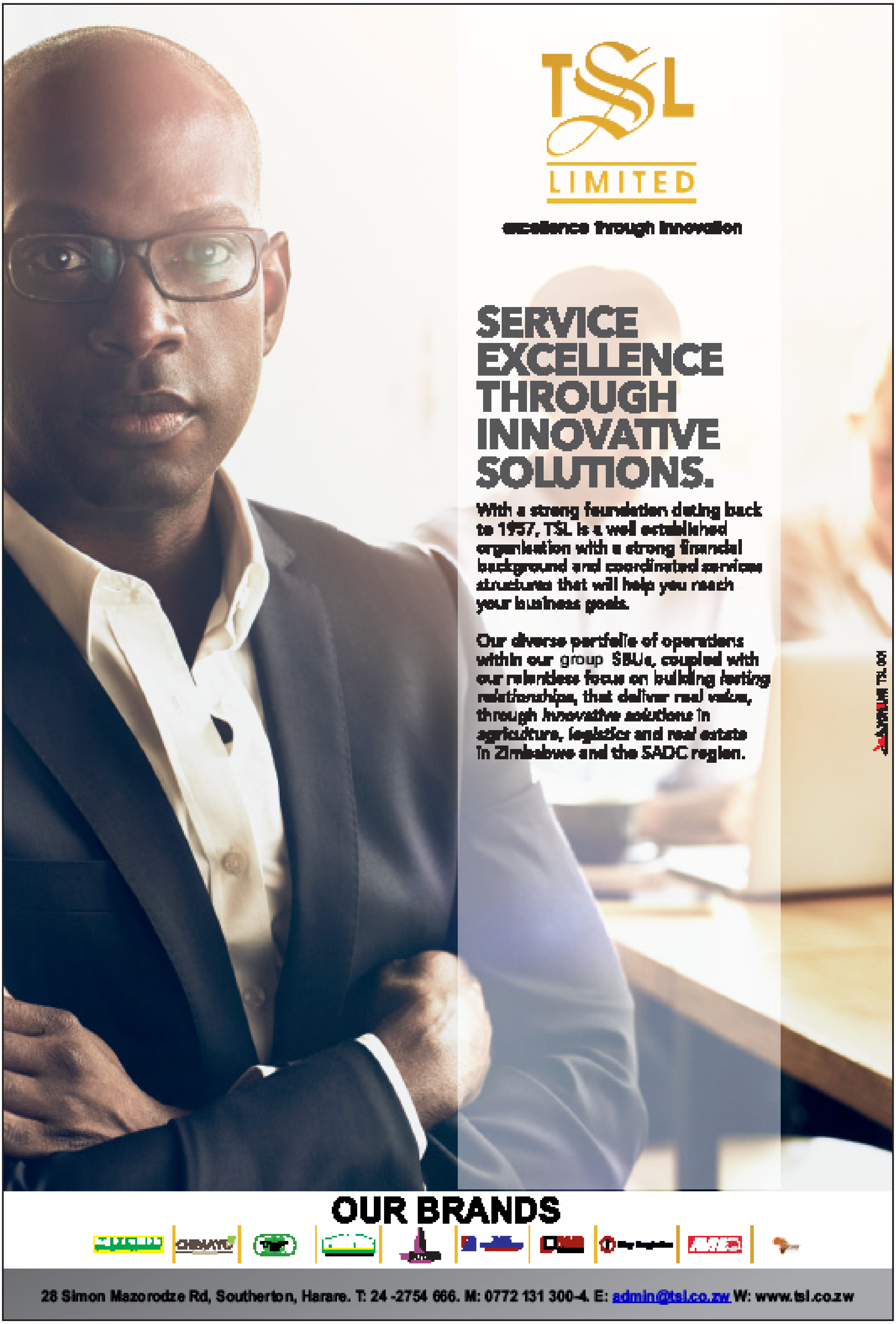
In today's fast-changing environment, an important question is how best to harness entrepreneurial resources, networks and experiences. In most regions, only a small number of companies are successful. The issues start-ups face are more or less similar around the world. Yet the potential to create synergy exists, by connecting local settings, sharpening awareness of global market potential and widening access to networks of thought leaders.

It is necessary to learn, share and link capabilities, markets and resources across geographies. And it is necessary to reconsider how best to accelerate start-ups towards maturity and scale. Global connectivity provides scope for digitized entrepreneurial ecosystems in which financing, markets, knowledge, experience and mentorship are independent of physical location.

Digital tools can help entrepreneurs to develop skills needed to think about creating change in ways that are attractive for other stakeholders, including funders, customers, employees and governments. Digitising entrepreneurship can stimulate new models that address global challenges first in a local context and that can then be upscaled and sustained, using digital linkages to leverage knowledge, resources and skills in new localities.

Governments can help to stimulate innovation and harness the power of entrepreneurship by reducing red tape in procurement and tendering processes, and putting more effort into partnering with start-ups. In many places, government procurement spend on start-ups is still extremely low — less than three percent in the United Kingdom, for example (see Nesta, "A hard sell — why does less than three percent of government procurement spend go to startups?").

The public sector also needs to work with the private sector to mitigate the risks of using digital tools, which are increasingly well understood and vary from potentially amplifying inequality to restricting privacy and perpetuating biases. All stakeholders need to work collaboratively to create an open, safe and trustworthy digital environment for entrepreneurs. >>> CONTINUED ON PAGE 23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Entrepreneurial orientation in organisations:

How do Zimbabwean companies measure up

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1 How many new products have you released in the past 12 months?
2 How many innovations be they service or market-oriented have you brought onto the market in the last 12 months?
3 How many mistakes have your employees made in the genuine desire to improve performance?
4 What are the lessons learnt from these mistakes if anything other than punish the employees.?

An organisation that has a high level of orientation is fundamentally different from one that is stagnating. The whole culture of an innovative company is seen in its people, its products and innovations. I alluded to Innscor earlier as an organisation that has a high orientation.

If you visit a Nando's or Chicken Inn outlet you will see very instantly the high quality of service , the energy with which the staff undertake their tasks. The ambience of the place is also a sign of a company that is intent on getting your business.

Way back in 2008 when most companies closed shop, they continued to serve meals and collect the Zimbabwean dollar and were able to bounce back after dollarisation.

The number of innovations (though replicative) that Econet has brought onto the market also shows the risk taking appetite of the organisation as compared to its rivals.

So perhaps the question needs to be asked once again about our companies in Zimbabwe. Do we really think that we are moving at the same pace as our competitors who are not only local but global?

How well do we compare with South Africa in terms of service levels? Can you remember the last time you had a really good service at any of our companies? At this rate where are we going to be in 2025?

THE WAY FORWARD.

In short if our companies want to adopt or raise the level of Entrepreneurial Orientation in whatever Industry they are in they may need to look at some of the critical areas below.

1 Risk Taking appetite.
We should be able to understand that any business is a risk and therefore should not be afraid to take on risks. Remember entrepreneurship is about taking on opportunities that are beyond the resources that you control. I am not talking about careless risk but nevertheless we must raise our risk appetite. By being risk averse we are losing opportunities. Companies like Ocean Basket were started with a capital of R800.00

2 Autonomy
Companies that are entrepreneurially oriented give their people autonomy. It allows the employees to be their own masters and encourages them to take responsibility. Autonomy also confers an element of trust from the organisation. Man management or micro management for certain levels of employees is quite humiliating. Companies must allow employees time out to experiment using company resources. For as long as this is done in the spirit of furthering company goals it must be encouraged.

3 Innovation
This is the stuff that entrepreneurial companies are made of. Innovate or you die. The are 4 main types of innovation that companies can engage in
Market innovation
Product innovation
Service Innovation
Technological innovations
These innovations could be incremental, disruptive architectural or radical depending on the state of the company.

4 Proactiveness
Companies need to anticipate customer needs before they happen. This must be buttressed by research and development. Always being in sync with changes in customer tastes, watching what is trending and being early adopters more so in this technological age.

5 Strategic Thinking /Management.
This also goes l along with being proactive. Strategy is about the roadmap to a desired destination which is futuristic. There is need for long term planning, to think beyond ourselves. One might argue that long term planning in this day is not sustainable but we still need that long term vision .The vision itself must be shared with all staff members and be internalised. This forms part of the entrepreneurial culture which the company must promote.

6 Reward Models.
WIFMs or What's In It For Me is real. Staff need to be rewarded for coming up with innovations that add to the bottom line. A skewed reward management system can backfire badly. Some entrepreneurial companies could also offer some share options to staff who bring in those breakthrough innovations.

In conclusion Zimbabwean companies have no choice but to adapt to the new changes that are taking place globally more so with The 4th Industrial Revolution that is taking place at such a fast and furious pace. We either Innovate or we will Die..

This article was compiled by Kayereka a Senior lecturer with The University of Gloucestershire and his special areas are Entrepreneurship and Leadership. He can be contacted at kayerekas@gmail.com

Beyond borders

Digitising entrepreneurship for impact

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A DIGITISED ENTREPRENEURIAL ECOSYSTEM

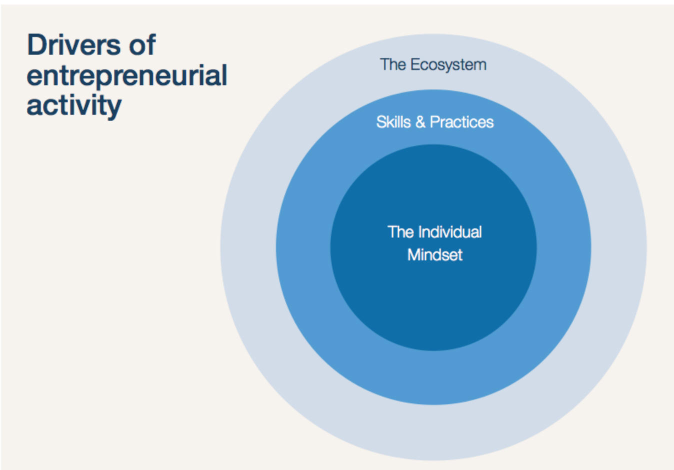
The resources entrepreneurs need include financial support, skills, mentoring, networks, supportive government policies and support from society; a nurturing environment for entrepreneurship needs many parts and stakeholders. Digital technology can help to catalyse the initiatives of governments and the private sector to create a holistic global entrepreneurial ecosystem that enables sharing, learning and access to resources at a mass scale and at low cost.

In this paper, three key aspects for a digitized entrepreneurial ecosystem are examined: (1) developing entrepreneurial talent by spreading best practices in educational and entrepreneurial programmes around the world; (2) ensuring access to data and an understanding of the role of data; and (3) promoting platforms to help entrepreneurs connect to global networks. These three elements are interconnected and together form a solid basis to digitize entrepreneurship.

Entrepreneurship: Is it taught or developed?

Sluggish economic growth, escalating inequality and a burgeoning youth population have spurred many nations to push for greater entrepreneurial activity. Education is widely recognized as key to democratizing access to entrepreneurship and creating the next generation of entrepreneurs. However, educational programmes to drive entrepreneurial activity differ vastly in approach, quality and impact. Historically, they have focused on textbook-driven theoretical training, business planning and ideate-and-pitch programmes.

Innovative programmes around the world — how they are structured, how they operate, who and what they focus on, and their intended outcomes — offer best practices in the three spheres illustrated in the figure below.



At the centre is the individual mindset — the personal psychological and transformative journey an individual must travel to form the conviction to pursue an entrepreneurial life path. The mindset needs to be actualized through skills and practices stimulated in a controlled environment that provides the budding entrepreneur with an immersive learning experience. Finally, new entrepreneurs need an ecosystem that supports their ongoing growth, upskilling and access to the tools and resources they need to develop their ventures.

Within each of these spheres, this paper outlines the critical principles entrepreneurial programmes follow, and describes cases that exemplify how they are applied in practice.

THE INDIVIDUAL MINDSET

The guiding principles in this sphere are:

- Providing relatable role models: they should be as similar to the students as possible, with essential representation of women and minority groups.
- Raising the level of consciousness: students must be encouraged to question deeply held beliefs and assumptions.
- Starting young: entrepreneurial mindsets can take years to develop.
- Reframing risk: the focus should be on navigating uncertainty rather than on dealing with failure, embedding experiences where students encounter setbacks so they build resilience, learn to change course and believe in themselves as opportunists-in-waiting.
- Focusing on embedding the mindset and not trying to make every student an entrepreneur: even students who pursue other paths in life will benefit from some type of entrepreneurial experience.

CASE STUDY

Global problem solvers: The series

Global problem solvers: The series (GPS:

The Series) is an educational tool created within Cisco's Corporate Social Responsibility programme that promotes an entrepreneurial mindset. An animated web series for students exploring entrepreneurship, 21st-century skills and ways to use technology for social good, the programme focuses on shaping individual mindsets. Its mission is to inspire students to become global problem- solvers – citizens ready to thrive in an increasingly connected and digital future.

GPS: The Series was designed for students aged 9-14, a critical adolescent developmental period and a inflection point in the commitment to science, technology, engineering and mathematics as educational priorities. Students join diverse teams of teens from around the world to use technology and an entrepreneurial process to solve real-world problems.

Through a combination of animated stories and activities, the programme helps educators to introduce students to such skills as complex problem-solving, critical thinking, creativity, people management and coordinating with others.

The programme emphasizes social consciousness and the potential of technology to bring positive change. Students focus on real-world social, economic and environmental challenges. They learn that coming up with ideas is just the first step in problem-solving, and discover the stages of turning ideas into reality: design, manufacturing, deployment, maintenance and funding. They are challenged to find solutions that are scalable and sustainable.

GPS: The Series is free and currently available in English, Spanish, French and Hindi.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