International Journal of Multidisciplinary Research and Growth Evaluation.

Corporate governance practices in a Parastatal: A case study of Zambia Railways Limited

Abel Chongo [1*], Fatima Mandhu [2], Bupe Getrude Mutono-Mwanza [3], Austin Mwange [4]
[1] MBA Candidate, The University of Zambia, Graduate School of Business, Great East Road, Lusaka, Zambia
[2] Senior lecturer, The University of Zambia, Institute of Distance Education, Great East Road Campus, Lusaka, Zambia
[3] Senior lecturer, The University of Zambia, Graduate School of Business, Great East Road Campus, Lusaka, Zambia
[4] Lecturer, The University of Zambia, Graduate School of Business, Great East Road Campus, Lusaka, Zambia

* Corresponding Author: **Abel Chongo**

Article Info

ISSN (online): 2582-7138
Impact Factor: 5.307 (SJIF)
Volume: 05
Issue: 02
March-April 2024
Received: 05-12-2023;
Accepted: 10-01-2024
Page No: 128-137

Abstract
The topic of corporate governance in firms and organisations has become a matter of serious concern among shareholders, regulators, and society. This study sought to assess the corporate governance practices of Zambian parastatals through a case study of Zambia Railways Limited (ZRL). The objectives of the study were to determine compliance with good corporate governance in terms of board structure and functions at the ZRL, to investigate challenges faced by ZRL in implementing good corporate governance practices and to explain the impact of ZRL's corporate governance structure on its operations. The study followed the mixed-method approach where data was collected using questionnaires and in-depth and semi-structured interviews. The case-study research design was employed. A convenient sample of 40 was employed. The study revealed that ZRL has a unitary board structure that is common in the Anglo-American model. The main challenges to good corporate governance include lack of internal controls, excessive political interference and lack of clear roles. The study further found that poor corporate governance negatively impacts operations. The study recommended for a very clear separation of the roles of shareholders and board of directors. The study also recommended for a clear legal framework. Besides, the research indicated the need for future research to investigate the role of Industrial Development Corporation (IDC) in the companies under its portfolio.

DOI: https://doi.org/10.54660/.IJMRGE.2024.5.2.128-137

Keywords: board of directors; corporate governance; parastatal; Zambia Railways Limited

1. Introduction

Parastatals play a significant role in the provision of services to the citizens such as access to transportation, electricity, water, and sanitation in both developed and developing economies. These parastatals, sometimes called state-owned enterprises (SOEs) are legal entities that undertake profit-oriented activities on behalf of the government who is the major shareholder (PMRC, 2015) [61]. In 2006, parastatals contributed 20% of the world's investment and 5% of employment (World Bank, 2014) [84]. The World Bank further states that more than 10% of the world's largest corporations are parastatals, and in developing countries, the significance of parastatals is greater.

The topic of corporate governance in firms and organisations has become a matter of serious concern among shareholders, regulators, and society (Smolo & Smajic, 2011) [73]. Corporate governance has been defined by different authors to mean different things. The United Kingdom Cadbury Committee defined corporate governance as a system by which firms are directed and controlled (Cadbury, 1992) [15]. According to O'Donovan (2003:28), corporate governance refers to "an internal system encompassing policies, processes, and people, which serves the needs of shareholders and other stakeholders, by directing and controlling management activities, with good business savvy, objectivity, accountability, and integrity. Sound corporate governance is reliant on external marketplace commitment and legislation, plus a healthy board culture which safeguards policies and processes." Bank of Zambia (2016: 432) [11], has defined corporate governance as "the process and structure used to direct and manage businesses and affairs of an institution to ensure its safety and soundness and enhance shareholder value." Corporate governance intends to enhance the performance of firms through better decision-making at all levels of management. Corporate governance is described in this study as a set of guidelines, procedures, and management techniques used to guide and manage a business, with the Board of Directors as the main factor influencing it.

One of the ways to improve the effective functioning of parastatals is through the implementation of corporate governance principles (World Bank, 2014; OECD, 2015) [84, 9]. The updated *'Guidelines on the Corporate Governance of Parastatals'* has laid out seven principles of corporate governance: rationales for state ownership, the state's role as an owner, state-owned enterprises in the marketplace, equitable treatment of shareholders and other investors, stakeholder relations, and responsible business, disclosure and transparency, and the responsibilities of the Boards of parastatals (OECD, 2015) [9]. Against this backdrop, this study focuses on the corporate governance practices of a Zambian parastatal concerning Board structure and functions. The study focuses on Zambia Railways Limited as a case study.

Zambia Railways Limited (ZRL) is one of the parastatals in Zambia facing corporate governance issues. In the case of Zambian parastatals, corporate governance is practiced, yet these parastatals have been under public criticism over poor governance in recent times (PMRC, 2015; Shikaputo, *et al*., 2017; Handema & Haabazoka, 2020; Mwanaumo *et al*., 2020) [61, 70, 32, 50]. The auditor general's report has raised some issues related to the management of parastatals such as weaknesses in corporate governance and failure to produce financial reports (Office of the Auditor General, 2021) [57]. For the case of Zambia Railways Limited, a review of accounting and other records for the financial years ended 31st December 2018, 2019 and 2020 conducted at ZRL headquarters and selected stations revealed a number of issues that indicate poor corporate governance. Among the issues revealed were an unauthorized increase of salaries and allowances, questionable payment of productivity incentive allowance, unsupported payments, and failure to achieve set targets (Office of the Auditor General, 2021) [57]. In this perspective, the function of the Board is to operate as a monitoring device to control the behaviour of management to ensure it acts in the best interest of shareholders (Handema & Haabazoka, 2020) [32].

ZRL has gone through different cycles and restructuring. Up until 2013, the company was a parastatal but privatized through a concession agreement signed with a private company called Railway Systems of Zambia (RSZ) in December 2003 (ZRL, 2022) [93]. After the Freight Concession Agreement was signed, RSZ was granted a 20-year concession to run both freight and passenger trains from Copperbelt to the Zimbabwean border at Victoria Falls. The government terminated the concession agreement it had with RSZ on September 10, 2012, after it had been in existence for nine years. As a result, Zambia Railways Limited was once again born (ZRL, 2013) [92]. The government alleged that RSZ had ignored the provisions of Zambians' interests. The parastatal assets had deteriorated due to RSZ's failure to invest in the upkeep and replacement of both infrastructure and rolling equipment, which resulted in an unacceptable number of derailments and poor safety (Mwila, 2016) [49].

Despite the measures put in place to strengthen the corporate governance systems of Zambian parastatals and improve their performance, a lot of criticisms have been brought forward against parastatals for the bad practice of corporate governance. This study seeks to assess the corporate governance practices of a Zambian parastatal in terms of Board structure and functions including the challenges that affect the implementation of the corporate governance principles through a case study of ZRL. This study aimed to assess the practice of good corporate governance in terms of Board structure and functions by conducting a case study of ZRL a parastatal that has been in operation since it was incorporated in 1982. The objectives of the study were (i) to determine compliance with good corporate governance in terms of Board structure and functions at ZRL, (ii) to investigate challenges faced by ZRL in implementing good corporate governance practices and (iii) to explain the impact of ZRL's corporate governance structure on its operations. The findings of the study were found to assist policymakers and practitioners in formulating policies that enhance the practice of good corporate governance in Zambian parastatals.

2. Review of related literature

2.1 Conceptual and Theoretical Frameworks

2.1.1 Conceptual framework

The conceptual framework for the study is presented in Figure 1.

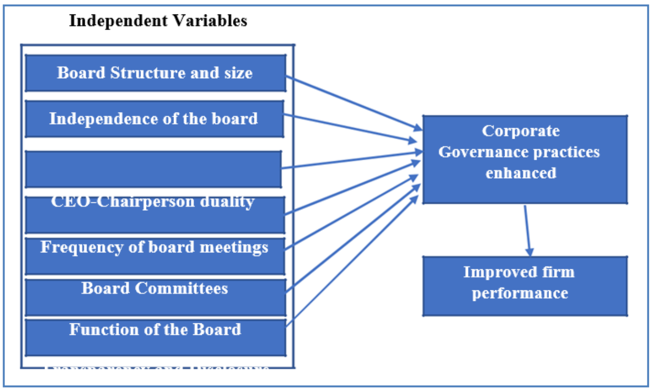


Fig 1: Conceptual framework

2.1.2 Theoretical Framework

According to Daily, *et al*. (2003) and Young and Thyil (2008) [89], no single theory is enough to explain corporate governance practices. Hence, this study was anchored on the agency theory, stewardship theory, stakeholder theory and legitimacy theory to examine corporate governance. The agency theory suggests that effective corporate governance requires three things: (1) governance structures with an independent board where the functions of the Board Chairperson and the CEO are separated, (2) suitable executive compensation schemes that provide rewards and punishment to align principal-agent interests, and (3) monitoring management activities to keep their self-serving behaviour under control (Mirić, *et al*., 2018; Handema &

Haabazoka, 2020) [45, 32]. Besides, the conflict of interest determined by the agency theory can cause opportunistic behaviour of the managers (as agents) which is not necessarily converged with the shareholders' interest (as principals) resulting in moral hazards (Agrawal & Knoeber, 2012) [7]. Based on the stewardship theory, managers are considered good stewards who act in the best interest of the shareholders (Larina *et al*., 2021) [39]. In the same vein, the stakeholder theory as developed by Freeman (1984) [28] focuses on the corporate responsibility where managers work to maximize the firm's value without ignoring the interests of their social partners.

2.2 Research on Corporate Governance in Zambia

In recent years, research has been conducted about corporate governance and the performance of private companies and parastatals. The increase in interest in corporate governance has been necessitated by numerous corporate scandals and failures around the world, for example, Enron, Maxwell Corporation, Parmalat, and WorldCom (Maier, 2005) [41]. Most of these studies have found a positive correlation between corporate governance and the performance of the firm financially and operational-wise (World Bank, 2018) [85]. However, most of these studies have been conducted in developed economies and very few studies have been done in developing countries.

In the case of Zambia, very little research has been done on the corporate governance practices of Zambian parastatals. Studies conducted on corporate governance in Zambian corporations have focused on other areas such as enhancement of corporate governance in Zambia through Company Law Reform; the perspective of corporate governance practices at selected private schools in the Lusaka district; the effect of corporate governance on the financial performance of state-owned enterprises in Zambia, a case analysis of the viability of the current regulation and enforcement mechanisms of corporate governance in Zambia, and nature and potential of corporate governance in developing countries rather than practices (Banda, 2013; Shikaputo, 2013; Mwanawasa, 2016; Shikaputo, *et al*., 2017; Nyimbili, 2017; Chikuta, 2020) [10, 71, 47, 70, 52, 17].

Research conducted by (Banda, 2013) [10] to establish whether the current law on companies was adequate regarding corporate governance in Zambia revealed that the law on companies regarding corporate governance had become outdated and did not adequately provide the provisions for corporate governance (Banda, 2013) [10]. Another research conducted is the case for strengthening the regulation and enforcement mechanisms of corporate governance in Africa using Zambia as a case study (Mwanawasa, 2016) [47]. The research focused on the legal framework supporting corporate governance in Zambia. The results of the research revealed that the legal framework surrounding corporate governance in Zambia was weak as noted by (Banda, 2013 and Shikaputo, 2013) [71].

From the research findings above, the legal framework supporting corporate governance in Zambia was weak before the enactment of the Companies Act, Number 10 of 2017. The legal basis for corporate governance in Zambian parastatals including Zambia Railways Limited lies with the Companies Act, Number 10 of 2017. Despite the notable improvements in corporate governance provisions under Part 7 of the Companies Act Number 10 of 2017, parastatals still need to improve their corporate governance practices.

Shikaputo, *et al*., (2017) [70] examined the perceived role of corporate governance in Zambia and found that there was very little understanding of corporate governance in Zambia. The research focused on the general perception of corporate governance in Zambia, however, the research did not focus on the corporate governance practices of parastatals. Nyimbili, (2017) [52] studied the perspective of corporate governance practices at selected private schools in the Lusaka district of Zambia. This research focussed on investigating the extent to which private schools comply with the regulation regarding the appointment of boards of directors and the mechanisms used to appoint them. The research further determined the extent to which the boards practiced corporate governance principles. The findings of the research showed that 50% of the private schools had boards of directors in place, the boards were fairly balanced in terms of the number of executive and non-executive directors, and these boards practiced the principles of corporate governance selectively. The research specifically focused on corporate governance practices for private schools but did not consider parastatals. This study investigates the level of compliance of good corporate governance practices in the board structure and functions in parastatals using Zambia Railways Limited as a case study.

Chikuta (2020) [17] similar to Handema & Haabazoka, (2020) [32] investigated the effect of corporate governance on the financial performance of parastatals in Zambia. The research used Return on Assets to measure the financial performance of parastatals while corporate governance variables included board composition, board independent committees, the board size, and firm size. The research found a negative relationship between the financial performance of parastatals and corporate governance variables (board composition, board independent committees, the board size). According to the research, these findings were in agreement with those found by some researchers but were contrary to the findings of other researchers who found a positive relationship between the financial performance of parastatals and corporate governance variables. In addition, the research found a positive relationship between firm size and the financial performance of parastatals. Despite the research findings indicating a negative impact of board size, board composition, and independent committees on the financial performance of parastatals in Zambia, the study concluded that good corporate governance practices enhance the financial performance of parastatals and vice versa. Therefore, this study investigates the level of compliance of good corporate governance practices in the board structure and functions in parastatals using Zambia Railways Limited as a case study. In addition, the following research will investigate the challenges faced by Zambia Railways Limited in implementing good corporate governance practices

From the studies above, researchers in Zambia have investigated the issue of corporate governance from different perspectives. These researches focused on assessing the legal framework supporting corporate governance in Zambia, corporate governance practices in selected private schools in the Lusaka district of Zambia, and the impacts of corporate governance on the performance of selected parastatals in Zambia. None of these studies assessed the corporate governance practices as well as challenges affecting the implementation of good corporate governance in Zambian parastatals, particularly using Zambia Railways Limited as a case study. This intends to fill the gap in the literature on corporate governance practices in parastatals using Zambia Railways Limited as a case study.

2.3 Functions of the board of directors (BOD)

In any institution, whether private or public, the board is at the heart of corporate governance and performance. As part of their fiduciary obligation, boards are ultimately responsible for formulating business strategies and monitoring the company's performance. In this situation, the board serves as a conduit between the company's shareholder and its management team.

According to the World Bank (2008) [83], the board is accountable to the shareholder for appointing the best possible CEO to manage the company. It further states that most governance experts argue that the appointment of the CEO is the board's single biggest responsibility. Therefore, external involvement in such appointments undermines the board's responsibility in monitoring the CEO's (and management's) performance. The board holds the CEO and the management team accountable for the company's activities. The board of directors is required to perform four key functions: (1) accountability; executive activity supervision; (3) strategy design; and (4) policy setting. While strategy development and policy making are tied to performance, accountability and supervision are fundamental functions concerned with conformance (Garratt, 1997; Yacoob, 2013; Mwanaumo *et al*., 2020) [3, 48, 50]. In a two-tiered board, the executive board is in charge of performance, and the supervisory board is in charge of conformity and compliance. The board is in charge of conformance and performance in the case of ZRL. The parastatal boards should be given full authority, competence, and objectivity to carry out their responsibilities for managing management and setting strategic direction. Integrity and taking responsibility for their acts should be among the board's core ideals (OECD, 2015) [9].

2.4 Corporate governance challenges in parastatals

Parastatals face significant challenges to achieve good corporate governance. Some of these challenges include a lack of internal controls, lack of transparency and oversight, excessive political interference, and multiple and conflicting objectives (Mutize & Tefera, 2020; Ilukena *et al*., 2023; Yankovskaya *et al*., 2021) [46, 36, 87].

2.4.1 Lack of internal controls

According to OECD (2018) [9], one of the major corporate governance challenges in parastatals has been the lack of internal controls to safeguard assets, promote accountability, increase efficiency, and stop fraudulent behaviour. The internal controls are not properly implemented in cases where they are in place. In Zambia, Zimbabwe, Tanzania, and Uganda, over 50% of parastatals did not publish financial statements for 3 years contrary to the best practices of international standards reporting which recommends that audited financial statements should be published within six months after the end of the financial year (Balbuena, 2014; Price Waterhouse Coopers, 2015) [9, 63].

2.4.2 Lack of Transparency and Oversight

The failure to publish financial statements, lack of clear accounting standards, and weak auditing practices have resulted in low levels of financial disclosure (OECD, 2018) [55]. Therefore, there is no transparency to accounting officers and the public on the accountability and performance of most parastatals. This makes it difficult to provide oversight and ensure accountability and responsibility on these parastatals.

2.4.3 Excessive political interference

Most Boards of directors in parastatals are appointed by the government through the Minister in charge of the ministry. In this perspective, a dilemma of maintaining a balance on the appointment of a board that promotes political agendas or one that makes unpopular decisions to maintain the viability of parastatals is created (Corrigan, 2014) [20].

2.4.4 Multiple and Conflicting Objectives

In most parastatals, the government owns 100% or a significant portion of shares and has enough authority to determine objectives. Parastatals are directed to provide goods and services at an affordable price to the poor, which is certainly less than the cost-covering prices, yet they are expected to operate profitably (Ritchken, 2014) [67]. These parastatals have oftentimes gone for years seeking approval without success from the government and its regulatory agencies for increasing prices that will help them to remain profitable (Ilukena *et al*., 2023; Yankovskaya *et al*., 2021) [36, 87]. The government and its parastatals are perceived to generate employment, thus decisions to restructure these firms are frequently overruled by political objectives, at the expense of the firm operating profitably (Ritchken, 2014) [67].

3. Methods

This section provides the method that was used for the study. It explains the methodology: research design, population, sample size and selection, research instruments, data collection, and data analysis.

3.1 Research Design

A case study design was used in this investigation. A case study is a thorough examination of a particular research issue that is commonly used to condense a large research field into one or a small number of manageably researchable issues (Yin, 2014) [88]. In this instance, the study focuses on Zambia Railways Limited, a single parastatal corporation, and the practice of good corporate governance there. The capacity to access institutional data sources is the basis for choosing this organisation as a case study. Furthermore, the study employed a qualitative approach.

3.2 Population

The ZRL staff and a few former Board directors served as the study's target audience. The lower, medium and upper management levels were used to select members of staff. The target respondents are expected to have good knowledge of corporate governance and it is assumed that they are the ones who have more direct experience with the degree and application of ethical corporate governance at Zambia Railways Limited. The study identified key individuals for interviews to gather detailed information and validate the responses from the questionnaire.

3.3 Sample size and selection

Even though it would have been ideal to examine the entire target population, it was not possible due to the parastatals' closed character and time constraints. Purposive sampling is used to choose the study's sample (Yacoob *et al*., 2012). Eight employees participated in a pilot test to evaluate the questionnaire's validity and content dependability. A few minor issues such as punctuation and wording were discovered and resolved.

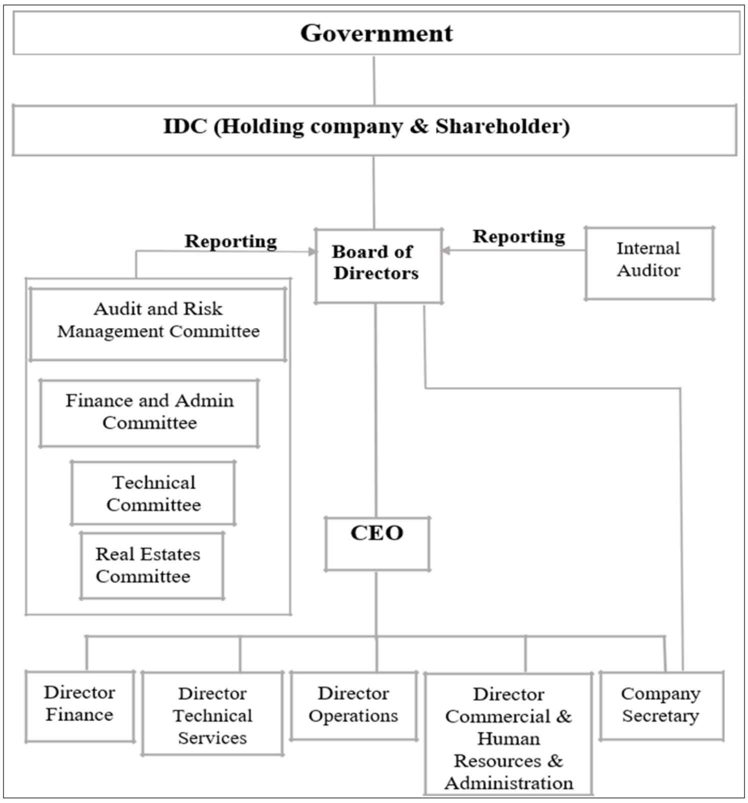
3.4 Data collection
With the help of structured questionnaires with closed-ended questions and semi-structured interviews, the primary data was gathered from the chosen sample. Questionnaires were subsequently administered to the sample and 40 employees responded to the questionnaire. Interviews were conducted with five participants and among them were two former board directors of ZRL. The company's publications, website, and publicly available data were used to compile secondary data.

3.5 Research Instruments
Data were gathered for the study using questionnaires and in-depth and semi-structured interviews. The sample population was given the surveys online. Two previous board directors had in-person interviews, while three participants had semi-structured interviews sent to them through email.

3.6 Data analysis
Descriptive statistics were used in this study to examine the data gathered using IBM SPSS 25. The interviews were transcribed and thematic analysis was used.

3.7 Ethical considerations
Participants were treated with respect and consent was obtained from them before they participate in the study. All documents used in the study is be considered confidential. Clearance will be obtained from the University of Zambia Ethics Committee before commencing data collection.

4. Results and discussion
4.1 Governance structure of ZRL
In Zambia Railways Limited (ZRL), IDC, the board of directors, and employees serve as the structure's cornerstone. The findings show that ZRL's corporate governance structure is typical of the Anglo-American unitary board system, in which the board of directors asserts accountability to the shareholders (IDC) as the governing body charged with managing all business operations and overseeing the management of the firm. The IDC holds all the company's shares in their entirety on behalf of the Zambian government. Figure 2 illustrates the corporate governance model of ZRL. In terms of the ZRL board structure, the results show that the board is composed of six non-executive directors and one executive director (CEO).



Source: Generated by Researcher: (Abel Chongo)

Fig 2: The corporate governance model implemented at Zambia Railways Limited

4.2 Board Composition
From Figure 3 below, 92.5% indicated that the ZRL board of directors is composed of seven members. Of the seven board members, six are NEDs as indicated by 95% of the respondents, and 80%% of the respondents indicate that six directors are appointed by IDC. The managing director or CEO is the only executive director on the board as indicated by the majority of respondents (87.5). The ministry of transport and logistics is represented by one director on the board as indicated by the majority of respondents (90%). The interviews revealed that the managing director of ZRL becomes a member of the board as per the Articles of Association.

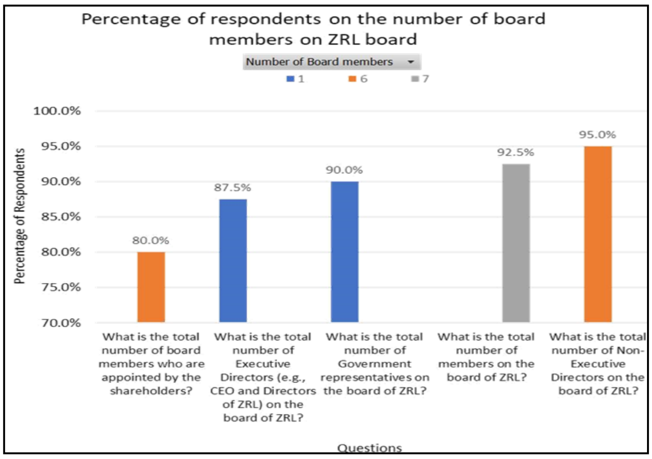


Fig 3: ZRL Board composition

4.3 Board committees

The findings in Figure 4 show that the ZRL board has four important committees which support it in executing its functions. According to the majority of respondents, the committees available include the Finance and Administration, Audit and Risk Management, Technical and Real Estates Committees. However, the nomination, remuneration and corporate governance committees are not available.

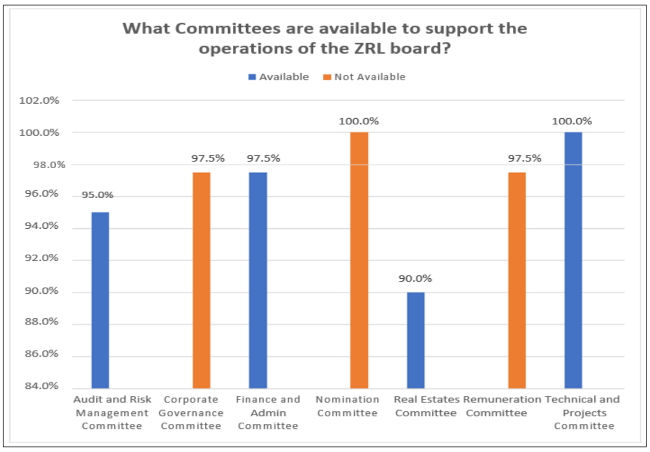


Fig 4: ZRL Board committees

4.4 CEO-Chairperson duality

Findings in Table 1 show that ZRL does not practice CEO-Chairperson duality in that the CEO and board's Chairperson positions are separated as indicated by the majority of respondents (97.5%). This practice is considered a mark of good corporate governance as recommended by OECD (2015) [9]. The lack of CEO-Chairperson duality in the ZRL board suggests that decisions made by the board are on merit and lack biases as put by (Fama and Jensen, 1983; Chen, Li, and Yi, 2008) [27, 16].

Table 1: Is the CEO also the Chairperson of the Board of ZRL?

				Valid	Cumulative
		Frequency	Percent	Percent	Percent
Valid	Yes	1	2.5	2.5	2.5
	No	39	97.5	97.5	100.0
	Total	40	100.0	100.0	

4.5 Frequency of Board meetings

As shown in Table 2, the majority of the respondents (97.5%) indicated that the board meets four times a year. This means the board meets once per quarter, which is a very good practice of corporate governance by organisations as supported by Jensen and Farma (1983) [27].

Table 2: Frequency table: How many times does the board meet annually?

				Valid	Cumulative
		Frequency	Percent	Percent	Percent
Valid	1	1	2.5	2.5	2.5
	4	38	95.0	95.0	97.5
	5	1	2.5	2.5	100.0
	Total	40	100.0	100.0	

4.6 Functions of the Board of Directors

The findings showed that majority of the participants agreed that the main functions of the BOD include appointment of CEO (52.5% strongly agreed), ensuring external accountability is met (57.5% agreed), strategy formulation (65.0% agreed) and policy making (50%) agreed as indicated in Table 3. Similarly, Garrat (1997) identified four crucial duties of boards: (1) ensuring that external responsibility is satisfied; (2) selecting the CEO; (3) developing the company's strategy; and (4) establishing policies

Table 3: Functions of the Board of Directors

Function of BOD		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Appointing the CEO	f	0	0	0	19	21
	%	0.0	0.0	0.0	47.5	52.5
Ensuring accountability is met	f	0	0	1	23	16
	%	0.0	0.0	2.5	57.5	40.0
Strategy formulation	f	0	0	4	26	10
	%	0.0	0.0	10.0	65.0	25.0
Policy making	f	0	0	1	20	19
	%	0.0	0.0	2.5	50.0	47.5

4.7 Barriers to good corporate governance

Table 4 show that the majority of the respondents disagreed that lack of transparency and oversight (70.0%), excessive political and government interference in business activities (45%), and frequent changing of BOD (57.5%) are challenges affecting good corporate governance at ZRL.

However, majority of the respondents (77.5%) agreed lack of internal controls is a challenge affecting the implementation of good corporate governance. Interviews also revealed that corporate governance fails to work properly because of two reasons (1) political influence and (2) overlapping decision-making.

Table 4: Barriers to good corporate governance

Barrier		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Lack of internal controls	f	0	0	8	1	31
	%	0.0	0.0	20.0	2.5	77.5
Lack of transparency and oversight	f	8	28	1	1	2
	%	20.0	70.0	2.5	2.5	5.0
Excessive political and government interference in business activities	f	8	18	7	4	3
	%	20.0	45.0	17.5	10.0	7.5
Frequent changing of the board of directors	f	6	23	5	4	2
	%	15.0	57.5	12.5	10.0	5.0

4.8 Impact of Corporate governance structure on operations

The interviews revealed that the ZRL governance structure negatively impacts the operations of the firm. Zambia Railways Limited like other companies belonging to IDC faces the same problem where the IDC board is chaired by the Republican president negatively impacting operations. This finding agrees with what Ritchken (2020), found that most parastatals or SOEs face poor corporate governance practices which affect operations.

5. Conclusions and implications

The objectives of the study were to determine compliance with good corporate governance in terms of board structure and functions at ZRL, to investigate challenges faced by ZRL in implementing good corporate governance practices and to explain the impact of ZRL's corporate governance structure on its operations. The study followed the mixed-method approach where data was collected using questionnaires and in-depth and semi-structured interviews. The study revealed that ZRL has a unitary board structure that is common in the Anglo-American model. The main challenges to good corporate governance include lack of internal controls, excessive political interference and lack of clear roles. The study further found that poor corporate governance negatively impacts operations. The study recommended for a very clear separation of the roles of shareholders and BOD. The study also recommended for a clear legal framework. Besides, the research indicated the need for future research to investigate the role of IDC in the companies under its portfolio.

6. References

1. Abdullah H, Valentine B. Fundamental and Ethics Theories of Corporate Governance. Middle Eastern Finance and Economics. 2009; (4):87-96.
2. Abdulsamad O, Yusoff W, Lasyoud A. The influence of the board of directors' characteristics on firm performance: Evidence from Malaysian public listed companies. Corporate Governance and Sustainability Review. 2018; 2(1):6-13.
3. Abid G, Khan B, Rafiq Z, Ahmed A. Theoretical Perspectives of Corporate Governance. Bulletin of Business and Economics. 2014; 3(4):166-175.
4. African Development Bank. Rail Infrastructure in Africa: Financing Policy Options. Abidjan: ADB; 2015.
5. Afza T, Nazir MS. Theoretical Perspective of Corporate Governance: A Review. European Journal of Scientific Research. 2014; 119(2):255-264.
6. Agbaeze EK, Onwuka IO. Boosting Railway Systems Infrastructure in Nigeria: The Public-Private Partnership Option. Journal of. 2014; 3(3):39-48.
7. Agrawal A, Knoeber RC. Corporate Governance and Firm Performance. In: Thomas RC, Shughart WFS II, eds. Oxford Handbook in Managerial Economics. New York, NY: Oxford University Press; 2012.
8. Atkins J, Zakari M, Elshahoub I. Implementing the board of directors' mechanism –An empirical study of the listed firms in Libya. Corporate Board: Role, Duties and Composition. 2018; 14(1):22-33.
9. Balbuena SS. State-owned Enterprises in Southern Africa : A Stocktaking of Reforms and Challenges. OECD Corporate Governance Working Papers. 2014.
10. Banda K. The Enhancement of Corporate Governance in Zambia through Company Law Reform. Masters Thesis. Lusaka: University of Zambia; 2013.
11. Bank of Zambia. Bank of Zambia Act (Act no. 43 of 1996): Bank of Zambia Corporate Governance Directives (Gazette Notice No. 235 of 2016). (Gazette Notice No. 237 of 2016). Zambia Gazette 6825787. 29 April. 2016; 432-447.
12. Bezemer P, Peij S, Maassen G, van Halder H. The changing role of the supervisory board chairman: The case of the Netherlands (1997-2007). Journal of Management & Governance. 2012; 16(1):37-55.
13. Borlea SN, Achim MV. Theories of Corporate Governance. Economics Series. 2013; 23(1):117-128.
14. Botlhale EK. Corporate governance in state-owned enterprises in Lesotho. 2020.
15. Cadbury SA. Report of the Committee on the Financial Aspects of Corporate Governance. s.l.: s.n.; 1992.
16. Chen WC, Lin BJ, Yi B. CEO Duality and Firm Performance: An Endogenous Issue. Corporate Ownership and Control. 2008; 6(1):58.
17. Chikuta S. Effect of Corporate Governance on the Financial Performance of State Owend Enterprises in Zambia. Masters thesis. Lusaka: University of Zambia; 2020.
18. Coles LJ, Daniel DN, Naveen L. Boards: Does one size fit all. Journalof Financial Economics. 2008; 87(2):329-356.
19. Cornforth C, Chambers N. The role of corporate governance and boards in organisational performance. In: Walsche H, Jas, eds. Connecting Knowledge and Performance in Public Services: From knowing to doing. Cambridge: Cambridge University Press; 2010:99-127.
20. Corrigan T. Corporate Governance in Africa's State-owned Enterprises: Perspectives on an Evolving System. SAIIA Policy Briefing. 2014; 101:1-4.
21. Daily C, Dalton D, Cannella A. Corporate governance: Decades of dialogue and data. Academy of Management Review. 2003; 28(3):371-382.

22. De Falco SE, Renzi A. Agency theory, stewardship theory and residual right: logics and interpretative models. Tourism & Management Studies. 2007; December:27-41.
23. Eisenhardt KM. Agency Theory: An Assessment and Overview. Academy of Management Review. 1989; 14(1):57-74.
24. Elloumi F, Gueyié PJ. Financial distress and corporate governance: an empirical analysis. Corporate Governance. 2001; 1(1):15-23.
25. Ertimu Y, Ferri F, Stubben SR. Board of directors' responsiveness to shareholders: Evidence from shareholder proposals. Journal of Corporate Finance. 2016; 16(1):53-72.
26. Etikan I, Musa SA, Alkassim RS. Comparison of Convenience Sampling and Purposive Sampling. American Journal of Theoretical and Applied Statistics. 2016; 5(1):1-4.
27. Fama E, Jensen M. Separation of ownership and control. The Journal of Law and Economics. 1983; 26(2):301-325.
28. Freeman RE. Strategic Management: A stakeholder approach. Boston, M.A: Pitman; 1984.
29. Fulop M. Teza de doctorat -Auditul în guvernanta corporativa, Universitatea Babes-Bolyai, Cluj-Napoca. 2011.
30. Garratt B. The fish rots from the head: the crisis in our boardrooms: developing the crucial skills of the competent director. London: HarperCollinsBusiness; 1997.
31. Habib A. Relationship Between Corporate Governance and Firm Performance:A Case Study In Bangladesh. International Scholar Journal of Accounting and Finance. 2016; 2(1):11-20.
32. Handema M, Haabazoka L. The Effect of Capital Structure Management on Commercial Bank Financial Performance: A Case of the Zambian Banking Sector. In Popkova EG, Sergi BS, eds. Scientific and Technical Revolution: Yesterday, Today and Tomorrow. Springer International Publishing; 2020:1716–1736.
33. Hartanto JA, Sulaksono S. Applications of good corporate governance relating to shareholders, commissioners, and directors of limited liability companies in Indonesia. Problems and Perspectives in Management. 2019; 17(3):410-420.
34. Hidayat A, Yuliah N. The Effect of Good Corporate Governance and Tax Planning on Company Value. Economics and Accounting Journal. 2018; 1(3):234-241.
35. Hindasah L, ESupriyono E, Ningri LJ. The Effect of Good Corporate Governance and Firm Size on Financial Performance. Advances in Engineering Research. 2021; 201:306-309.
36. Ilukena M, Haabazoka L, Chowa T. Environmental Factors’ Moderating Effect on Intangible Organizational Resources and Performance of Insurance Brokers in Zambia. In Popkova EG, ed. Smart Green Innovations in Industry 4.0. Springer Nature Switzerland; 2021:221–228.
37. Klein A. Firm Performance and Board Committee Structure. Journal of Law and Economics. 1998; 41(1):275-303.
38. Kolev K, Wangrow DB, Barker III VL, Schepker DJ. Board Committees in Corporate Governance: A Cross-Disciplinary. Journal of Management Studies. 2019; 56(6):1138-1193.
39. Larina LB, Postnikova DD, Ageeva OA, Haabazoka L. The scientific and methodological approach to provision and evaluation of the digital economy’s global competitiveness. Popkova EG, Krivtsov A, Bogoviz AV The Institutional Foundations of the Digital Economy in the 21st Century. Berlin, Boston: De Gruyter; 2021:173–182.
40. Madhani PM. Study of the Relationship Between Board Committees and Corporate Board Commitees and Corporate Governance Practices of Indian Firm. Sona Global Management Review. 2015; 9(3).
41. Maier S. How global is good corporate governance?. s.l.:Ethical Investment Research Services; 2005.
42. Mallin CA. Corporate governance. Oxford: Oxford University Press; 2007.
43. Mehta V. Advantages and Disadvantages of Railway Transport. Champlain Rac; 2015. Available at: https://www.champlainrac.com/wp-content/uploads/tl/preview/pdf/advantages_disadvantages_railway.pdf. Accessed May 23, 2021.
44. Ministry of Finance. Zambia: State Owned Enterprise Policy. Lusaka: Republic of Zambia; 2012.
45. Mirić AA, Todorović M, Janićijević N. How can the efficiency of corporate governance in Serbian state-owned enterprises be increased?. Economic Annals. 2018; 63(216):63-64.
46. Mutize M, Tefera E. The Governance of State-Owned Enterprises in Africa: An Analysis of Selected Cases. Journal of Economics and Behavioral Studies. 2020; 12(2):9-16.
47. Mwanawasa C. A Case Analysis of the Viability of the Current Regulation and Enforcement Mechanisms of Corporate Governance in Zambia. Masters Thesis. Cape Town: University of Cape Town; 2016.
48. Mwanaumo EM, Chisumbe S, Mbewe N, Mambwe M, Haabazoka L. Suitable Infrastructure Projects for Public Private Partnerships in Zambia. In Popkova EG, Sergi BS, Haabazoka L, Ragulina JV, eds. Supporting Inclusive Growth and Sustainable Development in Africa—Volume I. Springer International Publishing; 2020:259–270.
49. Mwila F. A Comparative Study of Access to Railways in Zambia. Lusaka: University of Zambia; 2016.
50. Mwila F, Mwanaumo EM. Framework for Attracting Traffic Back to the Railways in Zambia. Supporting Inclusive Growth and Sustainable Development in Africa, Volume 2. 2020:185-202.
51. National Assembly of Zambia. National Assembly of Zambia. Available at: https://www.parliament.gov.zm/node/10315. Accessed September 23, 2022.
52. Nyimbili D. A Perspective of Corporate Governance Practices at Selected Private Schools in Lusaka District. Masters Thesis. Lusaka: University of Lusaka; 2017.
53. O'Donovan G. Change Management - A Board Culture of Corporate Governance. Corporate Governance International. 2003; 6(3):28-37.
54. OECD. OECD Guidelines on Corporate Governance of State-Owned Enterprises. 2015 Edition ed. Paris: OECD Publishing; 2015.
55. OECD. Ownership and Governance of State-Owned Enterprises. s.l.: OECD Publishing; 2018.
56. OECD. Transparency and Disclosure Practices of State-

Owned Enterprises and their Owners. Available at: https://www.oecd.org/corporate/Transparency-Disclosure-Practices-SOEs.pdf. Accessed March 12, 2022; 2020.
57. Office of the Auditor General. Report of the Auditor General on The Accounts of Parastatal Bodies and other Statutory Institutions for the Financial Year Ended 31st December 2020. Lusaka: Republic of Zambia; 2021.
58. Okhmatovskiy I, Grosman A, Sun P. Hybrid governance of state-owned enterprises. In: Wright M, *et al*. eds. Oxford Handbook of State Capitalism and the Firm. Oxford: Oxford University Press; 2019:1-26.
59. Peng MW, Bruton GD, Stan CV, Huang Y. Theories of the (state-owned) firm. Asia Pac J Manag. 2016; 33:293-317.
60. Pfeffer J. Size and Composition of Corpo. Administrative Science Quarterly. 1972; 17(2):218-228.
61. PMRC. PMRC Parastatals policy analysis, maximizing Zambia's national resources and economic growth. Lusaka: POLICY MONITORING AND RESEARCH CENTRE; 2015.
62. Pradita A, Fauzi F. The Impact of Corporate Governance on Firm Performance: A Case Study of Property, Real Estate and Building Construction's Listed Firm in the Indonesian Stock Exchange. Advances in Economics, Business and Management Research. 2020; 117:204-209.
63. Price Waterhouse Coopers. State-Owned Enterprises Catalysts for public value creation?, s.l.: s.n.; 2015.
64. Price Waterhouse Coopers. PwC. Available at: https://www.pwc.ie/services/human-resource-services/insights/the-eight-key-effective-corporate-governance-practices.html. Accessed March 25, 2021; 2020.
65. Renders A, Gaeremynck A. Corporate governance, principal-principal agency conflicts, and firm value in european listed companies.. Corporate Governance: An International Review. 2012; 37(3):125-143.
66. Republic of Zambia. Report of the Auditor General on the Accounts of Parastatal Bodies and other Statutory Institutions for the Financial Year Ended 31 December 2015. Lusaka: Office of the Auditor General; 2017.
67. Ritchken E. The Evolution of State Owned Enterprises in South Africa. Presented at Workshop on State-Owned Enterprises in the Development Process. Paris, OECD Conference Centre; 2014.
68. Sakuwaha S. Corpus Legal Practitioners. Available at: https://corpus.co.zm/resources/insight/the-companies-act-2017-what-a-company-director-needs-to-know-2. Accessed May 27, 2021; 2019.
69. Sarbanes-Oxley Act. PUBLIC LAW 107–204—JULY 30, 2002. Washington DC: US Congress; 2002.
70. Shikaputo M, Burton B, Dunne T. The Nature and Potential of Corporate Governance in Developing Countries. Accounting, Auditing & Accountability Journal. 2017; 30(6):1257-1287.
71. Shikaputo MCG. Stakeholder perspectives on corporate governance and accountability for development in Zambia. Doctoral Dissertation. Dandee: University of Dundee; 2013.
72. Simpson SNY. Boards and governance of state-owned enterprises. Corporate Governance. 2014; 14(2):238-251.
73. Smolo E, Smajic M. Recent fiasco in Qatar: The need for good governance. ISRA Bulletin. 2011:3-4.
74. Solomon J. Corporate Governance and Accountability. Hoboken: John Wiley & Sons, Ltd.; 2007.
75. Soujata R. An Assessment of Good Corporate Governance in State Owned Enterprises of Mauritius. Studies in Business and Economics. 2018; 13(1):166-180.
76. The Business Roundtable. Principles of Corporate Governance. s.l.: The Business Roundtable; 2002.
77. The Republic of Zambia. Railways Act. Lusaka: Ministry of Legal Affairs, Government of the Republic of Zambia; 1984.
78. The Republic of Zambia. Report of the Commitee on National Economy, Trade and Labour Matters. Lusaka: National Assembly of Zambia; 2017.
79. The Republic of Zambia. Report of the Committee on Parastatal bodies on the Management and Operations of the Industrial Development Corporation in Zambia for the Second Session of the Twelfth National Assembly Appointed on 21st September 2017. Lusaka: National Assembly of Zambia; 2017.
80. The Republic of Zambia. Report of the Auditor General on the Accounts of Parastatal Bodies and other Statutory Institutions for the Financial Year Ended 31 December 2015. Lusaka: Auditor General; 2018.
81. Tricker B. Corporate governance: Principles, policies and practices. 3rd ed. United Kingdom: Oxford University Press; 2015.
82. Wagner M. WisdomTree. Available at: https://www.wisdomtree.com/blog/2019-09-09/state-owned-enterprises-the-principal-agent-problem. Accessed June 2, 2021; 2019.
83. World Bank. Proposal for Strengthening the Governance and Performance Monitoring of Zambia's State Owned Enterprises. Washington, DC: World Bank; 2008.
84. World Bank. Corporate governance of state-owned enterprises: A Toolkit. Washington, DC: World Bank; 2014.
85. World Bank. Effects of Corporate Governance on the Performance of State-Owned Enterprises. Washington, DC: World Bank; 2018.
86. Yaacob H, Basiuni J. Corporate Governance Model of a State-Owned Enterprise: Evidence from an Asian Emerging Market. Antalya, Turkey, The West East Institute; 2013.
87. Yankovskaya VV, Osavelyuk EA, Inozemtsev MI, Haabazoka L. The existing and perspective international institutions for supporting digital transformation of economy. In: Popkova EG, Krivtsov A, Bogoviz AV The Institutional Foundation of the Digital Economy in the 21st Century. 2021:165–172.
88. Yin RK. Case Study Research Design and Methods. 5th ed. CA: Thousand Oaks; 2014.
89. Young S, Thyil V. A holistic model of corporate governance: A new research framework. Corporate governance. The International Journal of Business in Society. 2008; 8(1):94-108.
90. Yusoff WFW, Alhaji IA. Insight of Corporate Governance Theories. Journal of Business & Management. 2012; 1(1):52-63.
91. ZIPAR. Report on the state and management of railway transport systems in Zambia. Lusaka: Zambia Institute for Policy Analysis and Research; 2016.
92. ZRL. Strategic Business Plan for the Period 2014 - 2018.

Lusaka: Zambia Railways Limited; 2013.
93. ZRL. Zambia Railways Ltd. Available at: https://zrl.com.zm/?page_id=1383. Accessed September 10, 2022; 2022.