Exploring Whistle-Blowing to Combat Governance Scandals in Zimbabwe State Owned Enterprises: Towards Humanistic Governance Approach

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Abstract: Economistic view advocates maximize profit in State Owned Enterprises and causes unethical acts on the expense of providing quality goods and services. Materialistic worldview influences Managers and board members to accumulate wealth for personal benefit destroying organizations. The paper interrogates the use of whistle-blowers to cub governance failures as a way of moving towards humanistic governance in the State Owned Enterprises. It applies interpretative paradigm which encourage the use of qualitative approach through interrogating documentary views to come up with a generalization. The paper concludes that whistle-blowing needs supportive framework for it to be used as a tool to fight corruption and other vices in the state owned enterprises. Currently, Whistle-blowers lack protection and many obstacles exist that prevent people from willingly report unethical behaviour. Therefore, the paper recommends that enforcement of legal framework must be done, not seems to be done. Laws must be applied without fear or favour and offenders should not be protected by politicians. Political interference in the governing of state owned enterprises becomes the elephant in the room and needs eradication.

Keywords: Whistle-blowing; humanistic governance; State Owned Enterprises; corruption.

INTRODUCTION

The government's high levels of interest in the State Owned Enterprises has led to a rise in corporate governance issues all over the world, particularly in African countries where leaders have a personal interest in the daily operations of these entities. According to ECSAFA (2004) corruption, abuse of power or public office for private gain, and other types of financial irregularity pose serious problems in State Owned Enterprises. Globally, governance failures lead to the downfall of State Owned Enterprises. Awan and Akhtar (2014) observe that, in countries likes America, many governance failures results from application of regulatory approach (comply or else) to corporate governance.

According to Awan and Akhtar (2014) ownership of corporations is dispersed, but involves high engagement from institutional investors, such as pension funds and other financial institutions. Most wealthy families are entrusted to handle large corporation and this has exposed so many companies to an array of problem. Anderson and Reeb (2003) further support this by stating that many countries entrust the governance of their large corporations to a handful of wealthy families. These families use control pyramids to exercise these powers. Similar control conglomerations make enterprises exposed to a range of serious governance problems. Commercial boards are small, have a high proportion of outside or independent members, and use panels to ameliorate processes of board. The internal and external aspects of commercial governance are linked through the inspection enterprises that certify the inflow of information from administrants to markets. Using this economistic paradigm has led to a rise in corporate scandals which according to Edwards (2003) are characterized by creativity accounting (either the willingness of corporate managers to inflate financial results, by overstating revenues, understating costs, or to divert company funds to the private uses of managers). This is largely as a result of failing to separate roles, Chief Executive Officer being chairperson of the board causing a conflict of interest. Scholars admit it happens in the private sectors where shareholder activism is prevalent; therefore, in the public sector where government is the only shareholder, it means disaster especially in the African countries.

Studies reveal some of the biggest corporate scandals in America as evidenced by IG Markets Limited (2018) which shows the case Volkswagen (VW) emission scandals. The US Environmental protection agency had some suspicions that Volkswagen (VW) was cheating the missions test, which was true because they had fitted 'defeat devices' to its diesel cars, which included software that would descry when the buses were witnessing laboratory testing and turn on controls to reduce nitrogen emigrations. Atiye (2019) further cites that the company owns 70% of the US passenger-car diesel market which is a ridiculously large market to ignore and coming up with such a

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decision could not possibly have been a one person's decision. Awan and Akhtar (2014) further note one of the biggest corporate scandals which the business press has focused relentlessly on. The governance failures at Enron, WorldCom, Tyco, Adelphia, Global Crossing, and others bear testimony to adverse effects of poor governance. Although all these governance scandals are in the private sector it does not mean public sector becomes immune to corruption and other vices.

Studies also reveal some corporate scandals in African countries which seem to be escalating more and these scandals are further exacerbated by leaders that are very greedy and do not want to move from positions of power. This is supported by Transparency international (2019) as which suggests that Africa is the world's second fastest-growing region, and yet 100 million more Africans live in extreme poverty today compared to the 1990s. ub-Saharan Africa, in particular, is home to the largest share of people living in extreme poverty. Corruption continues to harm the efforts to bring. In Kenya studies reveal that the economy was suffering from an economic crisis since mid 1970 as suggested by Mwaura (2007). Zimbabwe has not been spared from these issues of corruption as it is ranked 160 in the world as postulated by Ojekunle (2019).

Corruption is not a new phenomenon in Zimbabwe and its history can be traced back just a few years after the country got its independence. This is supported by Zhou (2000) who cited the 1988-99 Willow vale Scandal which implicated five cabinet ministers who bought cars at a very low price and selling them to the public at higher inflated figures. In Zimbabwe, inflation eroded employees'remuneration resulting in people relying on corruption to survive. Zimbabwe employees do not have option to survive besides corruption (see Nyoni, 2017). According to Maunganidze and Ncube (2014) the absence of standardization of remuneration for State Owned Enterprises executives has remained one of the key factors in the rise of overcompensation. The rate at which the issue of director remuneration has been ignored for years has resulted in the chosen few amassing wealth creating curtails in their backyard. A clear exhibition evidence of not having standardized remuneration is the PSMAS scandal in 2014. It was reported that Cutbert Dube was since fired over his monthly salary of US$210000. The company was spending over US$1,3 million on monthly salaries while they were owing service providers US$ 38 million as at

31 December 2013. In 2019 NASSA was also involved in another corporate scandal which was fortunately revealed by the audit. Nemukuyu (2019) reveals shocking corruption, fraud, criminal abuse of office and theft that saw the authority being prejudiced of over US$175 million. The leading stars in this case were Environment, Tourism and Hospitality Industry Minister Prisca Mupfumira and the authority's former board chairman Mr Robin Vela who featured prominently in the report. ZESA has not been spared from issues of corruption. Kairiza (2018) unravels the US100 million-dollar tender which went wrong because of irregular tender procedures coupled with a lax accounting system among other factors. In this case, resources were secured through a loan and the project was initially intended to improve revenue collection for ZESA. However, because of high corruption levels, the project took longer than expected to see its completion. Kairiza (2018) states that the payment and smart metering project, which has been mired in a corruption scandal, was initiated in 2011 by ZESA through its subsidiary ZETDC. Implantation of the project was scheduled to be completed by 2014, but was derailed owing to inconsistencies in the payments made to various contracted firms.

The aim of this paper, therefore, is to interrogate ways which whistle-blowing can be used to eradicate governance failures in state owned enterprises and move towards humanistic governance. Literature on humanistic governance and whistle-blowing are reviewed, then the conclusion and recommendations epitomises the discourse.

Humanistic Governance
Various scholars concur that humanistic governance refers to a governance philosophy that emphasises human condition and is oriented to the development of human virtue, in all its forms, to its fullest extent (Spitzeck, 2011; Mele, 2013; Pirson & von Kimakowitz, 2013). It advocates that ethical reflection must form an integrated part of all business decisions. Humanistic governance seeks normative legitimacy for corporate activities to assume corporate responsibilities. It goes a step further than mere cultivation of sensitivity towards indigenous particularities in the business transactions. Spitzeck et al (2010) and Aktouf and Holford (2012) argue that humanistic governance is an ethical and philosophical governance approach to human life, looking at human

solutions to human issues through reasonable debate.

Studies indicate that economistic governance lacks a consistent approach to governance failures; hence, scholars advance humanistic governance as an alternative (Pirson & Turnbull, 2011; Mele, 2013). Business activities affect human life in different ways and can either positively or negatively affects individual's dignity and capacity for self actualisation, take for example, the issue of electricity and water load shading in Zimbabwe. Pirson and Lawrence (2010) and Dierksmeier (2013) argue that the lack of sustainability, the increasing dissimilarity, and the constant decline in communal trust masquerade as menace to business as usual mantra.

Firm exists not only for organisation but for scholarship and personality construction process (see Pirson & von Kimatowiz, 2013; Zvitambo &Mudaly, 2017). Humanistic governance regards firms as a collective phenomenon fundamental to the relational personality of people. People should have sociable and accommodating associations. Firms implementing humanistic governance guarantee equilibrium of qualitatively advantageous outcomes. Discourse based community processes essential for the perception of organising and opinionated the construction of reciprocated targets. Humanistic governance aims to achieve a governance balance and, therefore, any imperative for maximisation of one single objective is rejected. The connection of individuality integrating with obligations for the methodical consequences adds to the cohesion between firm and society. Business leaders acknowledge and take accountability for consequences of their behaviour both on the system, organisational and individual levels. Independence is conditional ethics, individual and organisational autonomy materialises through care and apprehension for the other (Pirson & von Kimatowiz, 2013; Mele, 2003; 2009; 2011; 2012; 2013). Sustainability and commercial duty authorised parameters in the humanistic governance, endeavour to improve social challenges through business are an essential. Most studies done on humanistic governance took place in America, European and Asian countries. This may differ from businesses in Africa being run by Africans due to environmental, cultural, beliefs and other differences, hence further study required in African context.

Whistle-blowing

Whistle-blowing discourse as a tool to eradicate governance failures has been presented in various platforms without reaching consensus. Taking position for arguing for or against depends on which side of the coin one belong. Economists do not agree that their principles fuel governance failures although evidence reveals that. On the other hand, humanistic advocates support whistle-blowing as a way of free speech, arguing that it is the only way of curbing governance failures especially in the public sector. However, one has to understand meaning of whistle-blowing to engage in this discussion.

Scholars like Brennan and Kelly, (2007) believe there is no one universal definition of whistle blowing and thus it can be concluded that the definition is subjective in nature. However, various scholars concur that whistle-blowing refer to unauthorized exposure of immoral business practices at one's work place to authorities inside or outside the organization which one believes could be a threat to public good and health (Masaka, 2007; Banisar, 2011; Tadu & Mukonya, 2016; Jones, 2016; Fawole & Fasua, 2017). Although the definition of whistle-blowing sounds as it is easy to do, the truth points another direction. Whistleblowers face a plethora of obstacles which include risk of dismissal (see Jones, 2016); charged with crimes for violating laws and employment contracts, even physical danger (see Banisar, 2011). In State Owned Enterprises whistle-blowing becomes very difficult, yet corruption occur every-day. Scholars like Bordeleau (2011) believes that whistle-blowing in public sector should be discouraged and limited to internal mechanism because of the existence of internal mechanisms, disruption in ministerial responsibility, and conflicting ideas of loyalty and the public interest. Whistle-blowing in State Owned Enterprises cannot be limited to internal mechanism when, for example in Zimbabwe, Auditor General Reports (2013; 2014;2015;2016;2017;2018) reveal malpractices by the board members who are the custodian of governance in those institutions. The audits reports of State Owned Enterprises, in most African countries, indicate that offenders of corruption are immune to prosecution due to political connections (Wini-Dari & Hamauswa, 2016).

Whistle-blowing and Humanistic Governance
Faced with many obstacles, how can whistle-

blowing eradicate governance failures in the State Owned Enterprises and move towards humanistic governance which benefits all stakeholders? Various studies present whistle-blowing procedure which if followed religiously, may bear fruits (see Latane & Darley, 1968; Locke, 2011; Tadu & Mukonya, 2016; Fawole & Fasua, 2017).

Humanistic governance advocates State Owned Enterprises free of corruption and other vices, benefiting all stakeholders. State Owned Enterprises should promote human well-being through offering quality goods and services. Governance failure of State Owned Enterprises affects everyone unlike that of private entities which affects fewer stakeholders (see Mele, 2013; Zvitambo & Mudaly, 2017). Eradicating corruption through whistle-blowing brings the feeling of solidarity and togetherness among citizens of a country (see Pirson and Lawrence, 2010). Citizens are the shareholders of State Owned Enterprises, whereas government represents the interests of these people. Humanistic governance argues that State Owned Enterprises should be governed in the interest of citizens, not connected few who are politically linked (see Pirson & von Kimatoviz, 2013).

The Zimbabwe Auditor general reports (2013 to 2018) revealed malpractices in State owned Enterprises which affects them to function well in order to cater for human needs according to humanistic governance principles. Directors were receiving sitting allowances without attending board meetings. This compromised the integrity of the board. It justifies Mele's (2013) assertions that organisations applying economistic philosophy are interested to in enriching the few on the expense of many (stakeholders). How can directors accept to be paid without performing their duties? Will they be in a position to play their oversight role without fear or favour? Such unethical behaviour at the highest level can only be revealed through whistle-blowing if Zimbabwean government wants to eradicate corruption in State owned Enterprises.

The Zimbabwe General Auditor Reports (2013-2018) indicate that most board where not renewed their tenure of office, which means, technically these State owned Enterprises were operating without boards. The boards were unauthorised to work regardless of the importance of board function in enforcing humanistic governance. The Minister in charge of these enterprises decided to ignore renewing these boards' tenure rendering them redundant. Does such move benefits the

majority stakeholders or it was a deliberate ploy to defraud people of quality goods and services? Who was benefiting from such unethical action by the Minister who is a politician? The action flies in the face of scholars (see Bordeleau, 2011) who advocate prohibiting whistle-blowing in the State Owned Enterprises. In the absent of function boards, whistle-blowing becomes the only effective alternative left to curb corruption. Community would not enjoy the fruits of its sweat if the State Owned Enterprises are not directed and controlled, which resonate with the major prescriptions of humanistic governance.

Fraud, embezzlement and lack of internal systems were some of the issues the Zimbabwe Auditor Reports (2013-2013) found in many State Owned Enterprises. However, after such shocking revelations, nothing was done to those who were implicated by the reports year in and year out. The majority shareholder (government) showed that it had no appetite for prosecuting implicated individuals ranging from low level employees to executive directors. One can deduce that those implicated were politically connected or have strong sources of power. This leaves the whistle-blowing being the only option available so that the parliament through Parliament Portfolio Committees can address these issues. Activism type of whistle-blowing pushes the power that-be to act on such issues. However, others could argue that if the government fail to act on the information in the public domain what will force them to act on the information from whistle-blowers? The power of the majority is stronger than the power of the reports. If the community voice over these issues then government may be forced to act. Politicians are elected by people; therefore, listen to the concerns of constitutions rather than reports. If the government fails to act, the people have the power to democratically remove them. State Owned Enterprises should be humanistically governed for the benefit of all people who live in Zimbabwe.

CONCLUSION AND RECOMMENDATIONS
The paper concludes that whistle-blowing becomes a difficult task when the offenders are politically connected. It recommends that economic blocks like SADC, AU, UN and so forth must come up with anti-corruption tasks-force which enforces whistle-blowing laws using humanistic governance apply or else approach. Whistle-blowing, if encouraged and whistle-blowers protected, can improve the humanistic governance of State

Owned Enterprises for the benefit of all citizens. General Auditor reports' recommendations should be taken seriously since it is a scientific whistle-blowing method with evidence. Government should not pay lip-service to audit reports but prosecution should be done. Failure by government to prosecute those implicated by audit reports, economic blocks should take up such cases to protect the public and enforce humanistic governance. Cadre deployment to State Owned enterprises cause governance failures resulting in poor governance. Countries should advertise director posts and conduct public interviews. The directors should be then selected by the parliament portfolio committee in charge of the Ministry to whom the State Owned Enterprise belong. Whistle-blowers should be incentivised and protected by the arms of the state. If a state fails to protect whistle-blower, then international community should protect that person. Harmonisation of humanistic governance codes by all countries can help to achieve the intervention by other international institutions to serve human life and eliminate poverty and inequality. Implementing humanistic governance in State owned Enterprise is a journey, but whistle-blowing becomes a vehicle to reach the destination early.

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