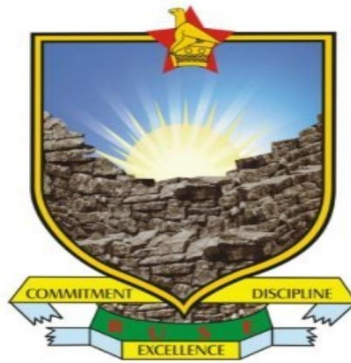


BINDURA UNIVERSITY OF SCIENCE EDUCATION



FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING

A performance measurement framework to enhance the success of State-Owned Enterprises in Zimbabwe.

BY

B193456B

**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE BACHELOR OF ACCOUNTANCY HONOURS
DEGREE OF BINDURA UNIVERSITY OF SCIENCE EDUCATION, FACULTY OF
COMMERCE.**

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APPROVAL FORM

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DEDICATION

I dedicate this research project to my grandmother who raised me into a hardworking and responsible man.

ABSTRACT

The aim of the study was to come up with a performance measurement framework that can enhance success of State-Owned Enterprises in Zimbabwe (SOEs). The objectives of the study were to identify critical success factors for SOEs, establish key performance indicators for evaluating performance in SOEs, investigate current performance practices in SOEs, and to determine the relationship between measurement of critical success factors and profitability of SOEs. An exploratory research design was adopted for this study and 54 participants from different SOEs were selected using cluster sampling. 5point Likert scale questionnaires were administered to participants to gather primary data. The reliability of the questionnaire was tested and Cronbach value of 0.803 was obtained. Data was analysed using SPSS version 20. Gathered data was analysed using frequency tables, descriptive statistics, correlation coefficient and regression analysis (coefficient Beta of 0.824). The study established that financial management, management of customer relations, employee empowerment, innovation, efficient operations, quality of goods or services and competitive advantage had a positive relationship with level of profitability in SOEs. The researcher recommends that SOEs should measure non-financial performance as it can help identify underlying causes of poor performance and that SOEs should manage business risks through investing in other ventures as some of their services have become outdated. Further studies on establishing performance measurement framework for private sector firms in Zimbabwe are also recommended.

KEY WORDS: State-Owned Enterprises, Performance measurement, Critical Success Factors, Key performance indicators

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CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter is comprised of background to the study, statement of the problem, objectives of the study and research questions. It also outlines significance of the study, scope, and limitations of the study. At the end of the chapter key terms are defined and a summary is provided.

1.2 Background to the study

State-Owned Enterprises (SOEs) are business entities which are owned and controlled by government (Asian Development Bank, 2020). SOEs play an important role in economic growth and development of many countries across the globe (UNCTAD, 2021). SOEs contribute to the economy through providing vital infrastructure, employment creation, generation of income, management of strategic resources, and provision of essential goods or services at affordable prices to the public (Asian Development Bank, 2020). SOEs invest into infrastructure such as airports, railways, ports, roads and bridges which facilitate trade and commerce (OECD, 2021). Salaries and wages from employment help reduce poverty and lift standards of living of a nation's citizens (ILO, 2021). SOEs help ensure natural resources are used efficiently, sustainably and for the benefit of the nation (OECD, 2021). The performance of SOEs is critical for success of many economies as they can impact national development goals, social welfare and public finances.

Performance SOEs has been issue of great concern for governments across the globe. Most SOEs have been accused of inefficiency, poor governance and financial irregularities (OECD, 2023). In light of challenges facing SOEs major reforms been initiated to improve their performance (OECD, 2023). In European countries such as Germany, Sweden, Denmark, and Norway comprehensive performance measurement frameworks, have been established in SOEs as part of reforms to promoting transparency, accountability, and good governance practices (Barca, Fiaschi, and Pagliari, 2018). The use of performance measurement systems to improve performance in SOEs has also been adopted in Asia with notable success in countries such China, Malaysia, Singapore and Indonesia (Alarm and Hoque, 2018). Growing interest in

performance measurement as turnaround strategy for SOEs in various countries suggest existence of relationship between performance measurement and success of SOEs.

Performance of SOEs in Zimbabwe has been deteriorating with enterprises often recording losses and relying on government bailouts (Chimombe,2018). Remedies proposed to cure ills of SOEs have however been ineffective with government constantly changing leadership of these entities (Moyo,2020). Whilst corruption has been cited as chief culprit of poor performance studies have shown that struggles of SOEs stretched beyond into poor planning, poor product or service, lack of innovation, inefficiencies, lack of capital investment and failure to control costs(Murove,2021). The problems facing SOEs suggest the need to constantly review their operations and make improvements if there are to be successful (Chimombe,2018). In light of challenges facing SOEs in Zimbabwe this research sought to establish a performance measurement framework that will enhance success of SOEs.

Performance measurement is a system that collects, analyses, and evaluates how on track a project or program is to achieve its desired outcomes and objectives (Dolan and Humprey,2018). According to Neely, Adams and Crowe (2018) the main goal of performance measurement is to facilitate organizational learning and improve processes or operations of an organization. Performance measurement enable managers to make better decisions through highlighting weak areas of the organization that management needs to work on (Dolan and Humprey,2018). Scholars put up the argument that what you can measure you can improve (Neely, Adams and Crowe,2018). Improvement in operations of SOEs in Zimbabwe will lead to tax payer or public getting value for their money.

1.3 Statement of the problem

The main challenge facing SOEs is inefficiencies, poor management and lack of accountability (Moyo,2020). These challenges have resulted in SOEs recording string of losses throughout the years and over reliance on government bailouts (Murove,2021). Poor performance has led to SOEs failing to provide value to its stakeholders, for example some workers go for months without receiving their salaries, the public who are customers of these enterprises have cried foul over poor service and government as the investor has not been receiving any dividend from these enterprises (Chimombe,2018). Numerous studies have suggested the need for SOEs to adopt performance measurement frameworks as way to address these challenges(OECD,2023). Whilst many frameworks have been developed, most of them have failed to address unique challenges facing SOEs in developing countries like Zimbabwe (Murove,2021). This study sought to address the gap in research by coming up with a

performance measurement framework that is applicable to SOEs in Zimbabwe. The study assumes a performance measurement system can help SOEs cut costs, be more productive, innovative and achieve higher profits.

1.4 Research Objectives

- i. To identify critical success factors for SOEs.
- ii. To establish key performance indicators for evaluating performance in SOEs.
- iii. To investigate performance measures currently employed by SOEs in Zimbabwe.
- iii. To determine relationship between measurement of critical success factors and performance of SOEs in Zimbabwe.

1.5 Research Questions

- i. What are the critical success factors for SOEs?
- ii. What are the key performance indicators for evaluating performance in SOEs?
- iii. What are the performance measures currently employed by SOEs in Zimbabwe?
- iv. What is the relationship between measurement of critical success factors and performance of SOEs in Zimbabwe?

1.6 Assumptions

Several assumptions have been made during the study and these are:

- i. A simple and understandable performance measurement framework can help SOEs to improve their performance.
- ii. SOEs who participated in this study are committed to improving their performance and meeting stakeholder expectations.
- iii. Implementation of performance measurement framework in SOEs can improve transparency and accountability.

1.7 Significance of the study

The study will be valuable to several stakeholders;

Government: The research sought to address inefficiencies and failure of SOEs to meet set objectives through developing a performance measurement framework to address these challenges. Improvement in performance of SOEs will make them profitable and also reduce government expenditure through scrapping off bailouts. A healthy SOE leads to job creation and inflows of revenue to government through dividends.

Management of SOEs: The research will highlight weaknesses in current performance measurement systems and will propose a framework that will strengthen those measures. The framework will aid management in making better decisions and to identify areas that their organizations need to work on. The framework aims to enhance success of SOEs hence should be welcomed by management.

Academic researchers: The study will provide a strong foundation for future research purposes. The research will add a new stock of knowledge as it focuses on performance measurement framework for enterprises in the public sector whereas past research has often focused on private sector. The study can prompt interest to explore further the idea of creating performance measurement frameworks that suit the nature of public sector organizations.

1.8 Delineation of the study

The focus of the study was to develop a performance measurement framework for SOEs in Zimbabwe. SOEs operating in different sectors of the economy were selected to participate in the study. Involving SOEs from different sectors was done to ensure the framework was generalizable to all SOEs in Zimbabwe.

1.9 Limitations of the study

Access to information

The researcher encountered challenges in gathering information in organisations who have strict policy on maintaining confidentiality. Some participants were unwilling to provide information due to fear of getting in trouble with their bosses.

Lack of consensus on what constitutes success in SOEs.

The researcher used profitability as an indicator of success whereas review of literature shows a lack of consensus among scholars as to what constitutes success in SOEs with many indicators being suggested including profitability.

1.10 KEY DEFINITIONS

State-owned enterprise(SOE): is a legal entity owned and controlled by government whose aim is to partake in commercial activities on behalf of the state.

Performance measurement: is a system that collects, analyses, and evaluates how on track a project or program is to achieve its desired outcomes and objectives.

Critical Success factors: are the steps an organization needs to take to achieve their goals.

Key Performance Indicators: are measures used by an organization to monitor and evaluate factors considered critical to achievement of organizational goals.

1.11 Summary of the chapter

The chapter provided background to the study and statement of the problem. Research objective were established and research questions to be pursued were highlighted. Lastly the chapter laid out assumptions, delimitations, limitations and significance of the research to various stakeholders. The following chapter makes an extensive review of literature regarding performance measurement in SOEs.

CHAPTER II

LITERATURE REVIEW

2.1 Introduction

This chapter makes extensive review of literature regarding the performance measurement in SOEs. The chapter is made up of theoretical review, empirical review and conceptual framework. Under theoretical review theories related to study are laid out whilst empirical review consists of critical success factors and key performance indicators for SOEs, and previous studies relating to performance measurement in SOEs. The chapter is concluded by conceptual framework, research gap and summary.

2.2 Theoretical framework

2.2.1 Agency theory

The theory is based on two parties namely the principal and agent (Dutta and Saha,2020). In a business enterprise the principal is the owner or investor and the agent is the person entrusted with managing the organization (Dutta and Saha,2020). The theory states that management should run an organization in the interest of its owners (Li and Zhang,2023). Agency problem arises where the agent manages the organization for personal benefit (Alam, Hoque and Islam,2018). As a result of conflict of interest that can occur agency theory suggest a contract should be written between principal and agent (Alam, Hoque and Islam,2018). Contract specifies duties of the agent and financial rewards one is set to receive (Li and Zhang,2023). This theory supports the study as it suggests an effective performance measurement system should be developed by aligning interests of managers to those of shareholders(government) through tying compensation to performance (Dutta and Saha,2020). The theory suggests the need for contracts of employment to be signed between government and management of SOEs.

2.2.2 Bureaucratic theory

Theory was developed by Max Webber and it suggest that the best way to run an organization is having a long structured hierarchy (Acemoglu and Robinson,2018). According to Chand and Gupta (2020) bureaucracy is defined as a system where officials appointed to run an organization strictly follow set rules and there is little room for discretion. Li and Zhang (2023) state that characteristics of bureaucratic structures include hierarchical management structure, formal selection process, career orientation, formal rules, impersonality and division of labor.

Most SOEs in Zimbabwe have been operating under this idea of bureaucracy citing that it promotes efficiency, reduces corruption and increases accountability (Li and Zhang,2023). Bureaucratic theory suggest a formalized performance evaluation system should be established through setting up KPIs for each department in SOEs (Chand and Gupta,2020). Judging from performance of SOEs there is general consensus that a paradigm shift from bureaucratic structures should occur. Inefficiencies and lack of innovation currently experienced in SOEs have all been credited to bureaucratic structures (Acemoglu and Robinson,2018). Analysis of theory suggest SOEs must try and balance advantages of bureaucracy, compliance control and performance measurement with a culture of innovation, collaboration, and flexibility to achieve optimum outcomes (Chand and Gupta,2020).

2.2.3 Public choice theory

The theory attributes poor performance in SOEs to political influence which prioritize political interests over economic benefits to general public (Anshori,2018). The theory applies economics to government policies and political reasoning. It argues that government spending often drift from needs of the general public (Bhattacharya,2019). Public choice theory is against bureaucracy and advocates for a more liberal environment for SOEs to operate in (Kassim, 2018). The theory argues that decision making in SOEs should be free from political interferences and that managers of SOEs should be able run the enterprises in a sustainable manner and for public good (Bhattacharya,2019). The theory supports running SOEs in a commercially viable manner as preferred option in delivering goods or services to the public (Anshori,2018). Allowing full scale commercialization of SOEs can promote innovation, increase productivity and ultimately to improved financial performance (Kassim, 2018).

2.2.4 Stakeholder theory

The stakeholder theory states that an organization has a responsibility to look out for the interest of all its stakeholders (Arslan and Wiering, 2020). Stakeholders are defined as all members which are impacted by operations of an organization (Purwati and Astuti,2021). Examples of stakeholders include employees, shareholders, customers, suppliers, government, and communities. Stakeholder needs vary but an organization must find balance in order to satisfy the needs of all stakeholders. The theory states that an organization is only successful if it delivers value to its stakeholders and those values come in many forms and not just financial ones (Purwati and Astuti,2021). The theory suggests taking care of stakeholder needs can improve performance of SOEs. SOEs can safeguard needs of stakeholders through sufficiently rewarding its employees, providing quality goods or services to its customers, repaying its

debts on time and engaging in corporate social responsibility (Arslan and Wiering, 2020). In the long run taking care of organization stakeholders can increase in value of SOEs and ultimately lead to their success (Duncan and Zeng,2020).

2.2.5 Organization theory

The theory is based on understanding structure, behavior, operational processes and performance of organizations with aim of gaining knowledge of how organization should be run (Brugha and Varvasovszky,2018). The theory assumes all members of the organization work together in order to achieve a common goal which is wealth maximization (Kim, and Jang,2019). The theory therefore is concerned with the description, explanation and prediction of behavior of members within organizational settings (Liu, Wang, and Feng,2020). The theory is however criticized for making a false assumption that all members in an organization work towards a common goal (Brugha and Varvasovszky,2018). In SOEs most stakeholders pursue their own goals which might be different from the organization goals (Liu, Wang, and Feng,2020). According to Kim and Jang (2019) most of times the goal of management is pursued at the expense of other members or stakeholders.

2.2.6 Resource dependency theory

Theory suggest that SOEs depend on resources that are available in their external environment to execute their mission and strategy effectively (Chen and Wu,2018). The theory suggests that a lack of access to key resources, such as funding, personnel, and raw materials, could limit SOEs' performance (Matsa,2020). SOEs rely on funds from government hence are more exposed to cutbacks on essential resources for their development (Medina et tal., 2020). Inability to provide good working conditions constraints ability of an enterprise to hire and retain skilled employees (Matsa,2020). SOEs also find themselves at the mercy of local and global supply chains were price fluctuations and shortage of raw materials can have adverse effect on operations of the enterprise. The dependency of SOEs is an indicator of weak institutional capacity and threat towards sustainability of the enterprises (O'Connor & Vasvary,2018). In light of these challenges the theory suggest SOEs must use strategic approaches to minimize their dependence on the external environment for resources while actively engaging in building positive relationships with resources providers.

2.2.7Public value theory

Public value theory emphasizes assessing a public enterprise's overall impact and value to society (Lozano, and López, 2020). The theory stresses that public enterprises' performance

should not be assessed solely based on financial metrics, but also their mission, societal objectives, and outcomes that they deliver (Rivera, Gonzalez, and Carrasco,2020). The theory state SOEs should put more effort in creating public value by providing services that meet societal needs such as essential goods and services (Lozano, and López, 2020). It argues that SOEs should find a balance between social and financial objectives through performing economically while providing public services that improve societal well-being (Garcia et tal.,2018). Rivera, Gonzalez, and Carrasco (2020) state that performance measurement in SOEs should evaluate both economic success and impact on society. The theory suggest performance measurement in SOEs should include social impact indicators such as customer satisfaction, regulatory compliance, innovation and sharing of knowledge (Lozano, and López, 2020).

2.2.8 Institutional theory

Institutional theory suggests that organization performance is not just influenced by market forces, but are also shaped by broader social and cultural forces (Mihaela,2018). These forces can include laws and regulations, social norms, industry standards, and cultural expectations (De Haan, and Hinloopen, Tone,2020). Institutional theory suggests that organizations must conform to the norms and expectations of their institutional environments in order to be successful (Plankova,2018). SOEs are subject to laws and regulations hence have a duty to provide goods and services within confines of the regulatory framework (De Haan, and Hinloopen, Tone,2020). In in order to enhance their performance SOEs need to maintain a reputation of excellence, relevance, credibility, legality(Plankova,2018). The theory suggest SOEs should align their goals with cultural values of their institutional environment to deliver maximum value to the public (Mihaela,2018). Complying with institutional norms, managing reputation, addressing cultural differences, and adapting to regulatory frameworks can help SOEs to optimize performance within their external environment.

2.3 Empirical Review

2.3.1 Organisation performance

Terpolowski (2022) states that business performance is the company's capability to efficiently and effectively use resources to achieve its goals. Business performance is reflected in an enterprise's achievements which are quantified by a series of metrics popularly known as key performance indicators (Riberolless, 2021). A well performing organisation can judged by its ability to satisfy the needs of its stakeholders such as providing a quality product or service and high return to its investors (Stobieski, 2020). Performance of an organisation can be defined from financial perspective and non-financial perspective. Financial performance is reflected in financial ratios such as return on capital employment, return on assets, gross profit margin, net

profit margin and financial leverage among others (Stobieski, 2020). Non-financial performance metrics include customer loyalty, market share, product quality, innovation and brand preference (Indeed,2022)

2.3.2 Performance measurement

O'Neil (2018) states that measurement is the expression of features of an object or activity in numerical terms, which can be used in comparing other objects or activities. Henderson (2020) defines measurement of performance as collection, analysis and reporting of information relating to performance by of an organisation, individual or a system. According to O'Neil (2018) it is an evaluation by an organisation of progress in achieving desired results. Performance measurement system provides information about products, services and business processes of an enterprise (Moulin,2017). Information gathered from measuring performance can be utilized to understand business climate and manage activities of an organization.

Bhasin (2021) states that performance measurement enables an organization to compare actual performance with set targets. It requires manages to constantly review performance so that corrective action can be taken when deviations occur. Evaluation and monitoring of performance ensures an enterprise achieves its objectives within set time limits and minimize costs (Moulin,2017). Performance measurement facilitates better decisions to be made through providing accurate and timely information. It allows for resources to be allocated to areas where they are needed the most (O'Neil,2018).

Ontario (2021) states that performance measurement internally they help identify strengths and weaknesses in the organization. Uncovering weaknesses enables an organization to come up with measures to strengthen those areas. Establishing strengths of the organization enhances management decision making and ensures resources are sufficiently allocated to those areas where organization is doing well (Henderson,2020). Performance measurement systems may indirectly enhance productivity through ensuring effective use of resources (Henderson, 2020). Externally it provides evidence on whether the organization is meeting stakeholder expectation. In a nutshell performance measurement system helps identify best practice and facilitate new learning (Francois,2016)

Performance measurement synchronize internal activities with stakeholder expectation (Gaille,2016). A business is deemed successful it meets the needs of its stakeholders hence measurement of performance can help managers to establish whether or not it is satisfying the

needs of stakeholders. It pushes management to establish strategic plans and critical success factors for organization success and survival. Planning helps in coordination of work between different functions and ensures everyone is working towards the same goal (Bhasin,2021).

According to Striteska and Jelinkova (2015) from strategic point of view a crucial role of performance measurement system is to help managers successfully implement strategies with an enterprise. There are four key levels of control systems, and interactive control systems. Among these control mechanisms, managers usually rely on critical performance measures to monitor the strategy implementation and to diagnose deviations from their preset standards of performance and achieve the strategic goals (Gaille,2016). There are three basic reasons for measuring an enterprise' performance which are verifying the company's strategy, influencing the behavior of employees and external communications and company performance management.

2.3.3 Critical success factors for State-Owned Enterprises.

Business success can be defined as completing an objective or reaching a goal (Schiuma, 2018). Success can be considered as achieving goals like financial profitability, market share growth, customer satisfaction, employee satisfaction, innovation, and sustainability (Shahin and De Beelde, 2020). Critical Success factors are the steps an organization needs to take to achieve their goals (David, Fred and Forest,2018). Critical success factors are the most important areas that an organisation must focus on to achieve their goals. Progress toward critical success factors is measured using KPIs (Kavanagh et al,2018). To establish possible critical success factors of an organization we must look at its mission and objectives (David, Fred and Forest,2018). Measurement of CSFs can help enterprises to enterprises allocate resources effectively and improve their performance Chen and Chen (2020).

Critical success factors are important to public sector as much as they are important to private sector. Critical Success factors for SOEs can be identified as;

2.3.3.1 Competent leadership

Good leadership is the driver of success of any organization. Management in SOEs should be suitably qualified for organization to achieve its objectives (Mwita and Kikoti, 2020). Knowledgeable management provides visionary thinking as they are able to foresee challenges and opportunities, and formulate strategies to achieve organisation success (Wang and Wu ,2020). Competent management motivate and instill confidence in lower level employees

through training and providing good working conditions (Li and Sun,2020) Competent leadership leads to effective management of stakeholders as they are able to balance the diverse interests of stakeholders whilst steering enterprise towards success (Wang and Wu,2020). In a nutshell competent leadership leads to accountability, transparency, quality goods or services and innovation which are all key to success of SOEs. It is important for managers to be well remunerated to ensure they dispatch their duties in an effective and efficient manner (Harel & Tzafir,2017).

2.3.3.2 Skilled and motivated employees

Employees should be trained to ensure they are equipped with relevant skills to meet dynamic needs of customers (Wang and Wu, 2020). Training boosts confidence of workers as they have a clear understanding of tasks they expected to perform (Huang et al.,2019). On top of training an organisation should be able to retain its best or high performing staff (Sánchez-Hernández et al.,2020). The organization should motivate workers in the organisation through financial and non-financial rewards. Management can also motivate employees through delegating some responsibility and involving them in major decisions regarding their welfare or well-being of the entire organization (Saeed et al.,2018). A demoralized employee leads to negative outcomes such as high labor turnover, absenteeism, coming late and unwilling to work overtime (Wang and Wu,2020).

2.3.3.3 Quality products and services

One of the major reasons customers are fleeing SOEs and opting for same service from private sectors is poor quality. SOEs need to address the issue of quality of their goods and services as matter of urgency if they are to fend off competition from private sector (Sánchez-Hernández et al.,2020). To improve quality of product and services SOEs need to acquire latest technology and keep up to date with latest trends (Sánchez-Hernández et al.,2020). Quality products or services leads to customer satisfaction and customer loyalty (Mwita and Kikoti,2020). According to Li et al. (2019) there seems to be a positive relationship between quality of goods or services provided by SOEs and financial performance.

2.3.3.4 Customer focus

A satisfied customer remains loyal to a business (Li et al. ,2019). State enterprises need to put in place initiatives that can enhance satisfaction of its customers and ensure they get value for their money (Sánchez-Hernández et al.,2020). The enterprises should make concerted efforts to provide customer with quality goods, taking into consideration customer complaints, providing after sales service and carrying out extensive market research to find out customer

tastes (Wang and Wu,2020). A study by Li et al. (2019) states that satisfied customer helps grow customer base through referrals and repeat purchases, and also growth in revenue.

2.3.3.5 Innovation

SOEs should evolve and work towards creating new products or new improved ways of offering services to its customers (Abidin, Osman and Hashim,2020). Innovation can be facilitated through research and development which ensures an enterprise continues to grow and improve its processes (Huang et al.,2019). Through research discoveries are made as to how quality of products or services offered can be improved. SOEs should embrace and invest in technology to ensure they remain competitive in the market place (Wang and Wu ,2020). Innovation is the tool enterprises can use to outsmart its competitors and lure away customers (Huang et al.,2019). Innovation is can be considered as life blood for any business to succeed in light of tough competition locally and abroad (Li et al. ,2019).

2.3.3.6 Strategic Planning

Strategic planning involves coming up with a clear strategy to achieve organizational goals or objectives (Ongore and Kusa ,2013). Planning is important in ensuring all activities of the organization are properly coordinated and there are no conflicts in performing tasks (Wang and Wu,2020). Planning ensures all resources required to complete a task are made available before any activity commences (Li et al.,2019). Purdy& Andonova (2018) strategic planning in SOES however often at times influenced by political interference. Strategic plan should meet the needs of organization stakeholders which include customers, employees and investor. Absence of business planning is significant reasons most SOEs are unsuccessful and on the verge of collapse (Mwita and Kikoti ,2020).

2.3.3.7 Management of supplier relations

SOEs need to establish good relations with suppliers in order to ensure consistent supply of high quality materials and services (Mwita and Kikoti,2020). Effective management of suppliers leads to reduction of costs, reduced lead times, better quality and innovation (Chen et al.,2019). Clear communication should be established with suppliers to gain insights on their capabilities and track performance (Sánchez-Hernández et al.,2020). This helps identify areas which require improvement. Through establishing good relations with suppliers SOEs can improve their goods and services and respond to changes in the market. Management of supply chains can increase competitiveness, sustainability and profitability (Liu et al. ,2020).

2.3.3.8 Efficient operations

Increasing efficiency of operations is important because enables SOEs to reduce costs, increase productivity and enhance customer satisfaction (Abidin, Osman and Hashim,2020). Efficiency operations can be achieved through automation, effective resource allocation and improvement of processes (Sánchez-Hernández et.,2020). Efficiency of operation provide value for their money to customers and increase revenue through quick responses to changes in customer demands thus resulting in customer satisfaction and growth in sales (Wang and Wu ,2020). Through identifying best practices SOEs can streamline their operations and focus more on their core competences hence enhance its ability to compete in an ever changing market (Li et al.,2019).

2.3.3.9 Financial management

Financial Management includes an array of issues such as maximizing return on investment, managing risks, making informed decisions and building investor confidence (Liu et al.,2019). SOEs should effectively use resources to optimize returns and can achieve this through controlling costs and investing in latest technology (Gao et al.,2019). Risks can be managed through maintaining good relations with lenders and suppliers so as avoid liquidity and foreign exchange risks (Koziello,2020). Through preparation and analysis of financial statements managers will be able to identify strengths and weakness of the organization hence safeguard financial health of the organization (Wang et al.,2020). Sound financial management attracts investments hence provides enterprises an opportunity to grow (Mbako and Adjasi,2017).

2.3.3.10 Competitive Advantage

Whilst a significant number of SOEs have no competition some enterprises actually face stiff competition from private sector (Koziello, 2020). A good example of competition between SOE and private sector is competition between Net One and private firms such as Eco net Wireless and Telecel. It is therefore important for enterprises to analyze their competition and create a competitive advantage (Abidin, Osman and Hashim,2020). Advantage over other enterprises can come on the form of employing skilled persons, innovation and providing better products and services and better pricing (Li and Sun,2020). Competitive advantage lures away customers from competitors and help retain the existing ones (Chen et al. 2019).

2.3.3.11 Regulatory Compliance

State Owned Enterprises are expected to carry out their activities within confines of the law, regulations and industry standards. Failure to comply can lead to harsh penalties from regulatory authorities (OECD,2021). Deviation from compliance with laws and regulation poses danger to the public as goods provided might be harmful for consumption and also might

negatively affect the environment (Asian Development Bank,2019). Disregarding laws can also lead to law suits by customers and negative public image for the enterprises.

2.3.4 Key Performance indicators for critical success factors.

Stedman (2022) defines Key Performance Indicators as measures used by an organization to monitor and evaluate factors considered critical to achievement of organizational goals. KPIs provide a short and long term target which departments should aim to achieve. They are milestones to gauge progress of an individual, department or entire organization (Twin, 2022). KPIs identify areas slaking in the business and facilitate informed decision making. In order to effectively manage an organization business should have goals, establish critical success factors and KPIs to track progress in achievement of factors considered critical for organization success (Hsieh &Lin,2017). Table 2.1 presents KPIs for measuring various critical success factors identified from literature.

Table 2. 1Key performance indicators

Financial management		
Variable	Key measure	Source
Profitability	Net profit margin	Qlik(2022)
Cost reviews	Operating expense ratio	Stedman(2022)
Investment in assets	Return on assets	Twin(2022)
Budget reviews	Budget variance	(Hsieh &Lin,2017).
Working capital	Working capital ratio	Hulten,2017
Customer focus		
Variable	Key measure	Source
Customer satisfaction	Customer satisfaction score	Twin(2022)
Customer retention	Customer retention rate	(Hsieh &Lin,2017).
New customers	Number of new customers	Hulten,2017

Customer complaints	Number of customer complaints	Qlick(2022)
Online followers	Number of online followers	Stedman(2022)
Employee empowerment		
Variable	Key measure	Source
Absenteeism	Absenteeism rate	(Hsieh &Lin,2017).
Labour turnover	Labour turnover rate	Hulten,2017
Promotions	Promotion rate	Qlick(2022)
Resignation /retirement	Resignation and retirement rate	Stedman(2022)
External hire	External hire rate	Twin(2022)
Innovation		
Variable	Key measure	Source
New products or services	Number of new products or services	(Hsieh &Lin,2017).
New markets	Number of new markets entered	Hulten,2017
Research and development	Level of Research and development budget	Qlick(2022)
Employee willingness to accept new ideas	Level of employee willingness to consider new ideas	Stedman(2022)
Changes in organisational structure	Level of changes of organisational structures	Twin(2022)
Efficient operations		
Variable	Key measure	Source
Labour utilisation	Labour utilisation rate	Twin(2022)
Defects	Number of defects	(Hsieh &Lin,2017).

Re-work	Re-work rates	Hulten,2017
Project schedule	Project schedule variance	Qlik(2022)
Waste material	Level of waste material	Stedman(2022)
Quality goods or services		
Variable	Key measure	Source
Service availability	Service availability time	(Hsieh &Lin,2017).
On-time delivery	On-time delivery variance	Hulten,2017
Returns	Return rate	Qlik(2022)
Customer reviews	Customer reviews and ratings	Stedman(2022)
Compliance with industry standards	Level of Compliance with industry standards	Twin(2022)
Supplier management		
Variable	Key measure	Source
Lead time	Lead time	Twin(2022)
Supplier diversity	Level of supplier diversity	(Hsieh &Lin,2017).
Cost performance	Level of cost performance	Hulten,2017
Supplier satisfaction	Satisfaction scores	Qlik(2022)
Quality performance	Level of quality performance	Stedman(2022)
Competitive advantage		
Variable	Key measure	Source
Market share	Market share	(Hsieh &Lin,2017).
Sales growth	Sales growth rate	Hulten,2017
Brand reach and awareness	Level of brand reach & awareness	Qlik(2022)
Product performance	Level of product performance	Stedman(2022)

Regulatory compliance		
Variable	Key measure	Source
Compliance violations	Number of compliance violations	Varshney (2016)
Compliance training	Completion rate of compliance training	Ronan& Cooperrider (2017)
Employee awareness of compliance policies	Level of employee awareness of compliance policies	Rajashekar & Kousar(2016)
Compliance changes	Time to implement compliance changes	Ronan & Cooperrider (2017)
Resource allocation for compliance	Level of Resource allocation for compliance	Varshney (2016)
Strategic planning		
Variable	Key measure	Source
Budget review meetings	Number of budget review meetings	Blinder(2019)
Planning meetings	Number of planning meetings	Armstrong (2017)

2.3.5 Review of Performance measurement practices in currently employed by SOEs in Zimbabwe.

2.5.1 Results Based Management

The results Based Management is a management approach that is aimed at achieving specific outcomes or results whilst maximizing use of available resources (Choga et al.,2019). The framework involves planning, monitoring, and evaluating the progress towards achieving the intended outcomes (Mukora et al.,2018). Among key features of RBM is use of indicators to measure progress towards set goals. Examples of enterprises currently employing RBM are ZESA, NRZ and ZINARA. RBM has helped SOEs to make better decisions and improve their performance. RBM promotes accountability and improves communication within an enterprise (Mutasa et al.,2021). RBM has however proved ineffective in Zimbabwean. SOEs with most enterprises pointing out that the model is too complex. The model's narrow focus on results

has been criticized for causing neglect of other important organisation goals and also it fails to account for external factors such as market and regulatory environment (Mukora et al.,2018).

2.5.2 Balanced Scorecard

According to Muzondo et al., (2020) the scorecard is a performance management tool used to align performance metrics with strategic objectives. Balanced scorecard provides guideline for measuring performance from four perspectives namely, financial, customer, internal processes, and learning and growth (Muzondo et al.,2020). Each perspective is associated with a set of measures that aid enterprises to track progress towards achieving their goals and objectives (Mujuru and Mhondoro, 2019). Balanced scorecard has enabled SOEs in Zimbabwe to identify areas that require improvement, allocate resources accordingly and make better decisions (Mujuru and Mhondoro, 2019). NRZ is one of the enterprises currently utilizing the framework and has experienced an improvement in its operations (Nyamwanza et al.,2021). Despite positives mentioned the scorecard has its own drawbacks. The model has been deemed complex and most SOEs in Zimbabwe lack financial resources to fully implement it (Mujuru and Mhondoro, 2019). Implementing the scorecard in SOEs in Zimbabwe has also been met with a significant resistance by some stakeholders which has limited its effectiveness.

2.5.3 Performance contracting framework.

The Performance Contracting framework involves setting specific targets and indicators which are then monitored and evaluated overtime (Nyamwanza et al.,2018). The aim of the framework is to enhance accountability, improve performance of enterprises and align operations with strategic objectives (Chinyemba et al.,2021). The framework offers various benefits to SOEs in Zimbabwe such as improvement in performance, improve communication, enhances accountability and provides a basis for rewarding and recognition of employees (Chinyemba et al.,2021). Performance Contracting Framework however has its own drawbacks. It requires a lot of financial resources to implement and maintain, it is time consuming, may lead to narrow focus and neglect of other important organisational goals. The adoption of the framework in SOEs in Zimbabwe has been sporadic and notable organisation currently using the framework is ZETDC (Nyamwanza et al.,2018)

2.3.6 Empirical Evidence

Taghizadeh-Hesary et al., (2019); A comprehensive evaluation framework on the economic performance of state-owned enterprises.

The aim of the study was to develop a comprehensive performance evaluation framework that can be used to assess economic performance of SOEs. The developed framework comprised of four pillars, namely financial performance, productivity and efficiency, innovation and technology, and social and environmental performance. Financial performance analyses profitability, solvency, and efficiency. Productivity and efficiency look at the output and inputs of the enterprise and assess whether it is creating value for its shareholders. Innovation and technology focuses on SOE's ability to develop new technologies, and its contribution to technological progress. Social and environmental performance looks at impact SOEs have on society and the environment, including job creation, poverty reduction, and environmental sustainability. The study found out that the framework was a useful tool for assessing economic performance of SOEs and can be used by governments, investors and other stakeholders to evaluate the performance of SOEs and make informed decisions.

Kloviene and Gimzauskiene (2016), Performance Measurement model formation in state-owned enterprises.

The aim of the study was to identify challenges and opportunities in performance measurement in SOEs in Lithuania. The research found that SOEs in Lithuania faced a number of challenges in performance measurement including lack of clear and concise definition of performance, lack of shared understanding of what constitutes good performance, lack of a systematic approach to performance measurement and lack of resources to invest in performance measurement. The study also found out that effectiveness of performance measurement in SOEs in Lithuania is influenced by a number factors such as support of top management, the involvement of employees, and the availability of resources. The study recommended that SOEs should have a more strategic approach to performance measurement, use a variety of performance measures (including non-financial measures), invest in performance measurement and communicate performance results to stakeholders.

Mbako and Adjasi (2017); Drivers of organizational performance: A State-Owned Enterprise Perspective.

The aim of the study was to identify factors that drive organizational performance in SOEs in Sub-Saharan Africa. The research made use of interviews and case studies to gather data. The

study that factors that drove organization performance were board structure, corporate governance, human capital management, and strategic planning. The study indicated that well-trained and motivated employees are more likely to lead to organization success. The study also emphasizes that SOEs must have a clear strategy and plan to be successful. The study identified factors that hinder performance to be political interference, lack of transparency and accountability and poor management. The study concluded by recommending that SOEs should develop clear and achievable goals, train and reward employees sufficiently and also provide boards with the resources they need to effectively dispatch their duties. SOEs are encouraged to continuously monitor and evaluate progress towards achieving their goals.

Abidin, Osman and Hashim (2020); Critical Success Factors in Business Operations and its impact on productivity growth.

The aim of the study was to investigate critical success factors that contribute to productivity growth in business enterprises. The study surveyed 542 enterprises in Malaysia and found that the following factors crucial for success were operation management, market positioning, and marketing distribution and network, cost structure, project management and procurement of quality raw material. The study found the identified critical success factors had positive impact on productivity growth. For instance, companies that have a strong focus on operations management are more likely to achieve higher levels of productivity whilst enterprises that have a strong market positioning are also more likely to attract new customers and grow in size. The study emphasizes on importance of strategic planning as it provides clear understanding of CSFs and develop plans to improve their performance in these areas. Critical Success factors can be tracked through use key performance indicators.

Koziello (2020); A study of Key Success Factors for Enterprises. Analysis of selected companies.

The aim of the study was to investigate the key success factors that contribute to the success of enterprises. A case of 30 enterprises from different industries was conducted for this research. The study found that critical success factors most important for success of enterprises to be strategic planning, organizational structure, human resources management, marketing and sales, operations management, financial management, and risk management. The study found that these factors are interrelated and that success in one area often depends on success in other areas. For instance, a company with a strong strategic plan is more likely to develop an effective organizational structure and human resources management system. The same applies for a

company with a strong marketing and sales function is more likely to generate more revenue and profits. The study encourages enterprises to adopt critical success factors relevant to their business organizations and which can help improve their performance.

Alili (2021); Key performance indicators of Public-Owned Enterprises in North Macedonia.

The objectives of the study were to identify KPIs used SOEs in North Macedonia, assess effectiveness of KPIs in measuring performance of SOEs and recommendations for improving use of KPIs in enterprises. The study used mixed method approach through review of literature and interviewing senior management of SOEs in North Macedonia. The study found out that KPIs used by enterprises were predominantly financial KPIs such as profitability, return on assets and debt ratios. The study found enterprises often neglect non-financial KPIs such as a customer satisfaction, employee empowerment and impact on the environment. KPIs used by enterprises were found ineffective in measuring performance as they were not always aligned to strategic goals. On basis of findings the study recommended use of non-financial KPIs to evaluate performance and alignment of KPIs with strategic goals. Furthermore, the study recommended communication of KPIs to employees and stakeholders to ensure they are effective.

Sulistyo et tal., (2020); Key performance indicators of Indonesian state-owned enterprises- a model using Balanced Scorecard and Baldrige Excellence Framework.

The aim of the study was to develop a model for developing key performance indicators for Indonesian SOEs. The model was based on balanced scorecard and business excellence framework. A combination of literature review, case study and expert interviews were used in gathering data. The study proposed KPIs for each of the four perspectives of the BSC. The KPIs for the financial perspective established were profitability, return on investment and asset utilization. The KPIs for the customer perspective were established to be customer satisfaction, customer retention and market share. Internal business process perspective was identified as operational efficiency, innovation, and quality. The KPIs for learning and growth perspective were identified employee development, knowledge management, and IT infrastructure. The study also proposed new strategies for improving performance of SOEs such as which include new products and services, improving customer, increasing operational efficiency and developing a culture of innovation.

Guimaraes and Padilha, (2018); Obstacles to performance measurement implementation in Brazilian state-owned enterprises.

The purpose of this study was to identify the challenges encountered in implementing performance measurement in Brazilian state-owned enterprises and provide recommendation on how to overcome the challenges. Semi-structured interviews were held with managers and experts from SOEs. Gathered data was analysed using content analysis. The study identified various obstacles to performance measurement in SOEs, namely bureaucracy, resistance to change, lack of resources, lack of performance culture and political interference. The study found out challenges facing SOEs emanated from internal and external factors. On basis of findings study recommended that SOEs should allocate adequate resources towards development of performance measurement systems and that both internal and external stakeholders be involved in the process. The study also suggested that government create a regulatory environment that facilitates development performance measurement systems.

Kaupa and Atiku (2020); Challenges in the implementation of performance management system in Namibian public sector.

The aim of the study was identifying challenges in implementation of performance management systems in the Namibian public sector. The study adopted qualitative research through holding interviews with managers in government enterprises and review of documents. The study found that public sector faced an array of challenges in performance management including lack of resources, employee skills deficit, resistance to change and poor communication and coordination within agencies in the public sector. On basis of findings the study recommended providing adequate resources for implementation of performance management systems, training of employees, addressing resistance to change, improving communication and coordination and cultivating a culture of performance in the public sector.

Huang and Ma, (2019); Key performance indicators and their measurement for Chinese central SOEs.

The study conducted to identify the key performance indicators and their measurement for Chinese central state-owned enterprises. Data was collected through holding interviews with manager experts of SOEs and analysed using content analysis. Findings of the research identified KPIs for the enterprises as financial performance, operational efficiency, human resource management, risk management, innovation, social responsibility, customer satisfaction, employee satisfaction and environmental sustainability. The research did not

exhaust all the KPIs but viewed identified factors sufficient to evaluate performance of SOEs. Basing finding the study recommended SOEs should align KPIs with their strategic goals and objectives, and involve stakeholders in performance evaluation process.

Mutasa, Chinyemba, and Muzondo (2018); Results-Based Management and Organizational Performance: A Case Study of the National Railways of Zimbabwe.

The purpose of study was to investigate the relationship between results-based management and organizational performance in the National Railways of Zimbabwe (NRZ). The data was compiled through holding interviews with NRZ staff and a review of NRZ reports and documents related to results-based management. The study employed descriptive statistics and content analysis to analyse data. Study noted challenges with the implementation of results-based management, which included insufficient financial resources, inadequate training, and weak monitoring and evaluation mechanisms. The recommendations from study include aligning results-based management with broader national goals and policies, enhancing financial resource allocation, providing adequate training to staff, developing effective monitoring and evaluation mechanisms, and encouraging staff participation in the process.

Muzondo, Dube, and Muzvidziwa (2020); Balanced Scorecard and Performance of State-Owned Enterprises in Zimbabwe.

The aim of the study was to investigate the relationship between the implementation of the Balanced Scorecard and the performance of state-owned enterprises (SOEs) in Zimbabwe. The data was gathered through surveys of SOEs in Zimbabwe and interviews with senior managers. The study employed descriptive statistics thematic analysis to come up with conclusions. Results suggested SOEs faced challenges in implementing the Balanced Scorecard, including inadequate financial and human resources, a lack of top management commitment, and a need for more training. These study recommended increasing awareness of the Balanced Scorecard among SOEs, building a culture of performance measurement, encouraging top management commitment, providing adequate financial and human resources.

Nyamwanza, Makoni and Choga, (2018); Performance Contracting as a Tool for Improving Service Delivery in State-Owned Enterprises.

The aim of the study was to assess the effectiveness of performance contracting as a tool for improving service delivery in a state-owned enterprise (SOEs) in Zimbabwe, using the Zimbabwe Electricity Transmission and Distribution Company (ZETDC) as a case study. The data was gathered through holding interviews with staff members at ZETDC and documentary analysis of performance contracts. Content analysis was used to examine the themes emerging from the data and also descriptive statistics were employed to analyse the findings. Results indicated challenges with the implementation of performance contracting, including resistance from staff, insufficient resources, unclear performance indicators, and inadequate monitoring and evaluation. To facilitate successful implementation, the authors stressed the need to involve employees in the development of performance targets and indicators to ensure effective monitoring and evaluation of performance contracts.

2.4 Conceptual framework

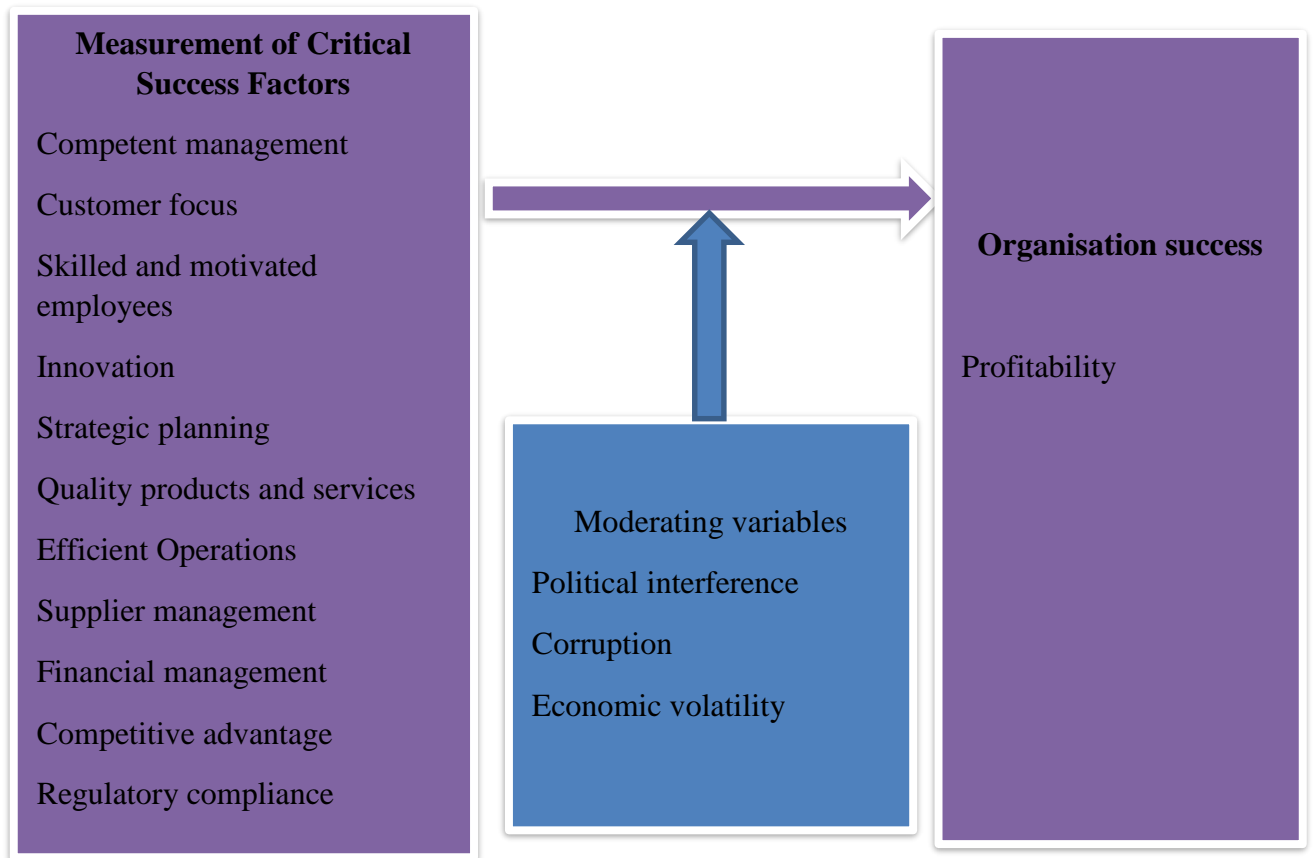


Figure 2. 1 Conceptual framework

The conceptual framework shows relationship between critical success factors (independent variable) and performance of SOEs (dependent variables). Critical success factors were identified from literature and include competent management, skilled and motivated employees, customer focus, innovation, strategic planning, efficient operations, partnership and relations with suppliers, competitive advantage and regulatory compliance. Success of SOEs is defined by level of profits achieved.

2.5 Research gap.

Most frameworks implemented in Zimbabwe are too complex and have failed to improve financial performance of SOEs. This calls for a creation of a simpler performance measurement model that can enhance success of SOEs. Most frameworks adopted in Zimbabwe have been imported and lack local context and uniqueness. This provides an opportunity to create a performance measurement framework that is suitable and applicable to SOEs in Zimbabwe.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides research methods used in carrying out this research. This includes research design, population, sampling techniques, research instruments, data collection procedures, data presentation and analysis. The chapter also provides justification for using various data collection instruments and clearly explains how the collected data was analyzed.

3.2 Research design

Research design refers to methods and techniques employed by the researcher to carry out research (Tashakkori and Teddlie, 2019). It is a comprehensive and careful planned strategy to address research questions through gathering and analyzing of data. For the purpose of this research an exploratory research design was used. The study was quantitative and made use of questionnaires to gather data.

3.3 Exploratory research design

Exploratory research is carried out when there is limited knowledge known about a phenomenon and no earlier studies to refer to (Creswell,2018). The aim of exploratory research is to gain insights and be familiar with a problem at its primary stage of investigation (Tashakkori and Teddlie, 2019). The methodology approach investigates research questions that have not been addressed previously or studied in depth. Exploratory research is not intended to provide conclusive evidence but rather help in the comprehension of problem at hand and how it can be addressed. The proposed framework can be improved as further research is carried out. An exploratory research was adopted because the research welcomes new developments and changes in the environment which can modify or add to the framework.

Advantages of exploratory research include lower cost of conducting the study, flexibility, and adaptability to change and lays out groundwork for future studies (Maxwell,2018). Lower cost ensure the study is successfully completed and fits budget of the researcher. Adaptability provides for platform for modifications of results in future in line with prevailing conditions. However, it is important to note that exploratory research has its own drawbacks which are

limited quality research, inconclusive results, bias or lack objectivity due to limited knowledge on the topic and can be generalized (Creswell,2018). Benefits of exploratory research design out way its limitation meaning quality results can still be obtained from the study

3.4 Population

Population is a group of people or set of objects with common characteristic which fits sample requirements of study being carried by a researcher (Maxwell,2018). The target population for this study were 107 SOEs in Zimbabwe operating in different sectors of the economy.

3.5 Sampling

Sampling involves selection of a group of people, objects or events to carry out a study(Creswell,2018). People, objects or events selected for study are termed participants of the study. Cluster sampling technique was used select participants of the study. SOEs were grouped under sectors of the economy in which they operate in. SOEs were then picked randomly from each category(sector). Cluster sampling was selected to ensure the proposed performance measurement framework can be generalised to all SOEs operating in different sectors of the economy. Cluster sampling helps researcher avoid coming up with biased, subjective or distorted findings. Cluster sampling also ensures all groups with different characteristics in a population are catered for.

3.5.1 Sample size

The correct sample size depends on nature of target population as well as the aim of the study (Tashakkori and Teddlie, 2019). Sample size is the number of elements (people and objects) in a sample. The greater the sample size the greater the accuracy of the findings. Senior employees in the finance department were the designated respondents in the study. The outline of sample size used in this research is shown in the table below.

Table 3. 1Sample size

Sector	Sample size(SOEs)
Agriculture	4
Mining	3
Energy and Power	5
Telecommunications	6
Industry and trade	9

Tourism	3
Financial services	9
Information and broadcasting	4
Environment	2
Health	3
Transport	6
TOTAL	54

3.6 Sources of data

Sources of data are grouped into primary and secondary data

3.6.1 Primary data

Primary data is data that is collected directly from the source (Kothari,2018). Primary data is deemed reliable, authentic, and objective as it directly addresses the research problem (Bryman, and Bell, 2019). Primary data was gathered through the distribution of questionnaires. The significance of gathering primary data was to provide the researcher with first-hand information from knowledgeable parties of phenomenon under the study. These group of people where the target population hence their views are vital in addressing the phenomenon under study. Primary data offers a variety of advantages to the research. Firstly, it provides data specific to the needs of the researcher. It is accurate and often free from personal bias. The collected data is up to date since it is collected in real-time. Primary data however has its limitation as it is expensive and time consuming.

3.6.2 Secondary data.

Secondary data is data that has been collected and analyzed by another person or organization but made available for use by others (Kothari,2018). The researcher collected secondary data through literature review. Sources of secondary data utilized by the researcher include ZIMSTAT statistics, policies or statutory instruments put in place by government, financial statements published by SOE, reports of the auditor general, and journal articles. Secondary data was used because it was easily accessible from various platforms available to the researcher. Secondary data is cheap and takes less time to collect (Creswell,2018). Disadvantages of secondary data are that it may not be authentic and reliable. The data may

have to be verified before making conclusions. Secondary data maybe outdated and no longer relevant to current affairs(Maxwell,2018).

3.7 Research Instruments.

A research instrument is a tool used to collect, measure, and analyze data relating to the research being carried out (Bryman, and Bell, 2019). The researcher collected data using questionnaires.

3.7.1 Questionnaires

A questionnaire is a clear and concise preplanned set of questions designed to collect specific information about a particular subject from one or more groups of people (Kothari,2018). Questionnaires consisted of both open and close ended questions. According to Creswell (2018) open ended questions allows respondents to answer questions according to their own views and ensure they are not limited by options provided. Close ended questions are prescribed responses to respondents(Maxwell,2018). The researcher administered questionnaires online using google forms. The online questionnaires provided opportunity to participants to fill in questionnaires during their spare time. Once participants completed filling in the form online the responses would immediately reflect on the online platform of the researcher. Respondents were given one week to complete questionnaires which provided them time to think and evaluate their responses. Bias was eliminated as participants completed questionnaires in the absence of the researcher and no working time was lost during the study through disturbances by researcher. Questionnaires however had their own weaknesses. Questionnaires did not allow the researcher to make follow up questions resulting in the researcher being limited to the responses given on the questionnaire. Some respondents did not bring back questionnaires issued to them. This however did not affect the validity of research as these were only a few incidents.

3.8 Data collection procedure.

Data collection procedure is a clear out the process used to collect primary and secondary data (Kothari,2018). The researcher distributed online questionnaire to the selected participants via email. Participants were given one week to complete the online questionnaire. To increase response, rate the researcher also sent reminder via emails.

3.9 Data validity and reliability

To ensure validity of data a pilot study was conducted involving 10 randomly selected SOEs. Pilot study allowed researcher to assess the level of understanding of participants and make

adjustments to questionnaire before issuing final questionnaire. The reliability of collected data was assessed using Cronbach alpha.

3.10 Data presentation and analysis

The researcher made use of descriptive and inferential statistics to analyze data. Under descriptive statistics frequency tables, mean, mode and median was used to analyze gathered data. For inferential statistics regression analysis and correlation analysis was be used to make conclusions from the gathered data. Data gathered from the study was analyzed using SPSS software version 20.

3.11 Summary of chapter

The chapter gave an outline research methodology adopted in this study. It covered research design, population, sampling, sources of data, research instruments. The chapter wound up by looking at data collection, presentation and analysis procedure.

CHAPTER IV

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

The previous chapter explored methods used to collect data, types of data sources and research instruments used in the study. This chapter presents results gathered from study and analyses the findings obtained. The chapter analyses the link between literature gathered in chapter 2 and findings obtained from this research.

4.1 Responses rate for questionnaires

Table 4. 1 Sector of organization

Sector	Questionnaire distributed	Questionnaire responses	Response rate
Agriculture	4	4	100%
Mining	3	3	100%
Energy and Power	5	4	80%
Telecommunications	6	5	83%
Industry and trade	9	7	77.8%
Tourism	3	2	67%
Financial services	9	8	88.9%
Information and broadcasting	4	3	75%
Environment	2	2	100%
Health	3	2	67%
Transport	6	5	83%
TOTAL	54	45	83%

(Field survey,2023)

Questionnaires were issued to 54 different SOEs and 45 responses were received. According to (Van Puyvelde *et al*,2015; Ali,2017) response rate on studies on performance measurement in state enterprises range from 20% to 60%. The response rate stood at 83% and was satisfactory. The questionnaires were issued to senior employees in finance departments of the relevant enterprises. Some of the enterprises who did not respond cited confidentiality as the principle cause of pulling out of the study.

4.2 Number of years in operation.

Table 4. 2Years in operation

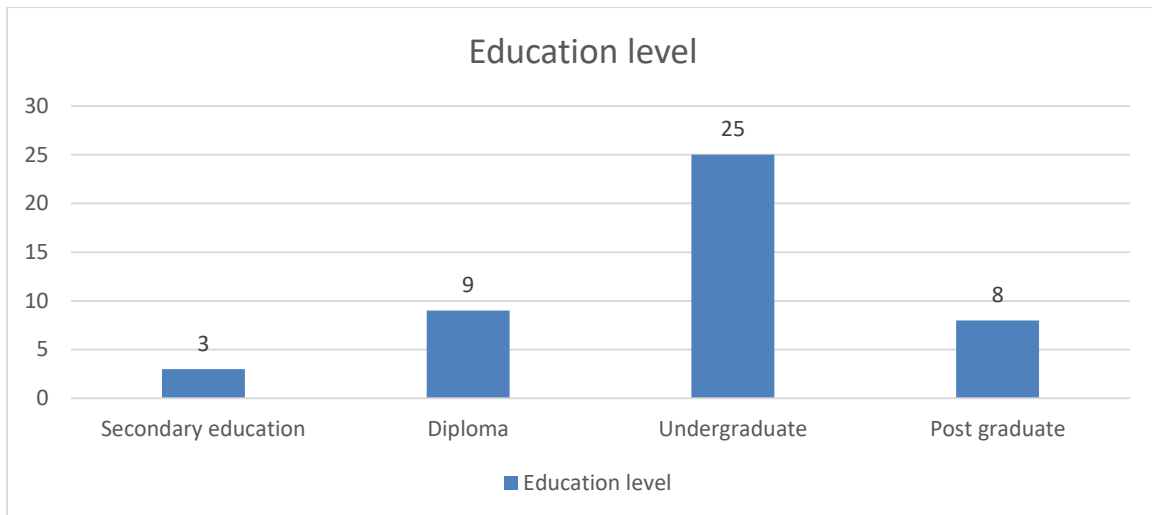
Number of years	Frequency	Percentage
0-5 years	2	4.4%
6-10 years	3	6.7%
10+ years	40	88.9%
TOTAL	45	100%

(Field survey,2023)

A low number of enterprises was recorded for enterprises which have been in operation for less than 10years. Most enterprises included in the study were formed in the1980s soon after the country attained independence hence have had a life spanning over 10years (Chimombe,2018). Small number of enterprises which have been in operation for less than 5 or10 years is attributed to restructuring processes such as unbundling and empowerment programs initiated by government in recent years.

4.3 Education level of participants

Figure 4. 1Education level



(Field survey,2023)

Results shown on graph shows that most participants in the study were undergraduates. This could be attributed observations by Deloitte (2017) which state that SOEs face pressure from citizens to hire qualified personnel and complex nature of SOEs which requires high level skills.

4.4 Year of experience of participants

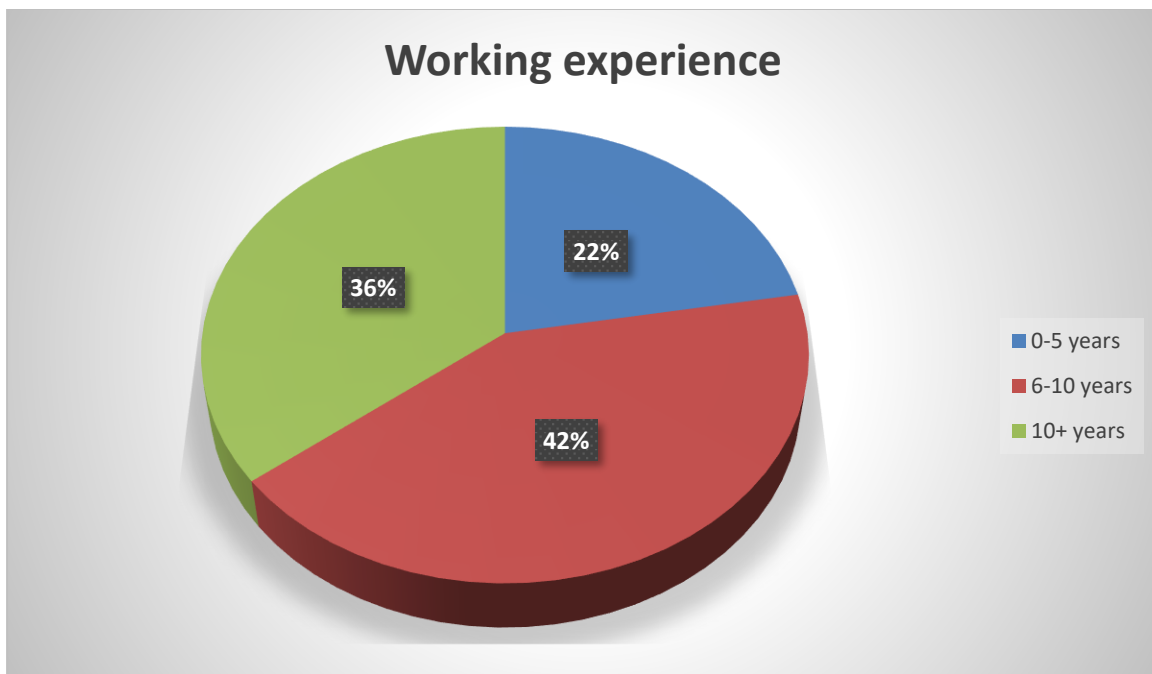


Figure 4. 2 Working experience

(Field survey,2023)

Pie chart shows a large number of participants had work experience below 10 years. Ahsan and Hoque, (2019) states that inadequate compensation and low job security as leading causes of employees lack of long term commitment and frequent labor turnover in SOEs.

4.5 Level of profit in the last four years

Table 4. 3 Average net profit margins

Net Profit	Frequency	Percentage
Loss	15	33.3%
Low	10	22.2%
Moderate	13	28.9%
High	7	15.6%
TOTAL	45	100%

Results from table indicate most enterprises are suffering from poor performance with many recording losses or low profits in the last four years. The results confirm study by Murove (2021) that SOEs having been incurring heavy and often rely on government bailouts to sustain their operations. Responses gathered suggest need for a turnaround strategy for SOEs to improve their performance.

4.6 Reliability and validity tests

Table 4. 4 Cronbach alpha

Reliability Statistics	
Cronbach's Alpha	N of Items
.803	22

Reliability was tested using Cronbach alpha and total of 22 items were selected for the study. The result was 0.803 which is above required threshold of 0.7 meaning there is great degree of reliability.

4.7 Responses to Performance measurement practices

4.7.1 Financial management

Financial management was defined by measurement of net profit margin, operating expense ratio, working capital, return on assets and budget variance. Results from study are shown in table 4.5 below.

Table 4. 5Financial management

Key measure	N	Never %	Rarely %	Usually %	Mostly %	Always %
Net Profit margin	45	0	18	36	22	24
Operating expense ratio	45	0	20	22	29	29
Working capital ratio	45	0	13	34	29	24
Return on assets	45	0	18	31	22	29
Budget variance	45	0	16	24	42	18

(Field survey,2023)

Results from table 4.5 indicate that most SOEs usually or always measure variables relating to financial management. Over 50% of enterprises who participated in the research indicated that they usually or always measure each of the variables relating to financial performance. The responses obtained from study suggest that SOEs view measurement of financial performance as critical factor for the success of their enterprise. The results obtained agree with study done by Gao et al., (2019) which states SOEs that should always measure financial performance to minimise their costs and maximise revenue. Findings of research are also supported by Koziello (2020) who state that financial management is important for improving financial performance of a business enterprise.

4.7.2 Customer focus

Customer focus was measured using customer satisfaction scores, customer retention rate, number of new customers, number of online followers. Results from the study are presented in table below.

Table 4. 6 Customer focus

Key measure	N	Never %	Rarely %	Usually %	Mostly %	Always %
Customer satisfaction scores	45	33	16	29	13	9
Customer retention rate	45	18	29	33	16	4
Number of new customers	45	20	24	36	13	7
Number of customer complaints	45	16	22	40	11	11
Number of online followers	45	31	27	20	13	9

(Field survey,2023)

The results suggest that customer measures which are tracked the most by SOEs are customer retention rate (53%), number of new customers (56%), and number of customer complaints (62%). The data gathered suggest that SOEs have vested interest in their customers as they are often viewed as the cornerstone of success for any business enterprise. Most SOEs however indicated that they rarely or never measure customer satisfaction scores (51%) and number of online followers (76%). The attitude towards these variables could be due to the perception that they have low impact on enterprise performance. The results conform to findings of Sánchez-Hernández et al., (2020) who identifies measurement of customer relations as a critical factor for enterprises to make improvements to their products, services, or processes, to meet customer demands. Koziello (2020) states that customer focus is important to ensure enterprises remain competitive, build brand loyalty, and sustain long term growth

.4.7.3 Employee empowerment

Employee empowerment was measured using rate of absenteeism, labour turnover rate, rate of promotion, resignation or retirement rate and external hire rate. Responses are shown in table below.

Table 4. 7Employee empowerment

Key measure	N	Never %	Rarely %	Usually %	Mostly %	Always %
Rate of absenteeism	45	16	27	36	13	9

Labour turnover rate	45	11	22	33	20	14
Rate of promotion	45	27	29	24	11	9
Resignation and retirement rate	45	13	31	38	9	9
External hire rate	45	13	27	36	13	11

(Field survey,2023)

The responses gathered show that variables which are measured the most by SOEs are rate of absenteeism (58%), labour turnover rate (67%), resignation and retirement rate (56%), and external hire rate (60%). The variable whose measurement is low (never or rarely measured) is rate of promotion (56%). According Mbako and Adjasi (2017) demoralized employee leads to negative outcomes such as high labor turnover, absenteeism, reporting late for work and early retirement. It is commendable that most SOEs in general measure employee related variables which can help in motivating and retaining high performing employees which is deemed crucial for success of SOEs.

4.7.4 Innovation

Innovation was measured using number of products or services, number of new markets entered, level of research and development, level of acceptance of new ideas and rate of changes to organisation structure.

Table 4. 8 Innovation

Innovation	N	Never	Rarely	Usually	Mostly	Always
		%	%	%	%	%
Number of new products or services	45	20	31	33	9	7
Number of new markets entered	45	29	24	36	7	4
Level of research and development budget	45	18	24	42	9	7
Level of acceptance of new ideas	45	40	22	27	7	4
Rate of changes to organisational structure	45	27	29	20	13	11

(Field survey,2023)

The results suggest that SOEs never or rarely measure innovation variables such as number of new products and services (51%), number of new markets entered (53%), level of acceptance of new ideas (62%) and rate of changes to organisational structure (56%). The only measure SOE usually, mostly or always measure is level of research and development budget (58%). The low interest in innovation is a matter of concern as it could be one of the reasons behind poor performance by most SOEs. Sulistyono et al., (2020) states that SOEs need to take innovation seriously to remain competitive and continue providing high quality goods and services to its customers. Huang et al.,2019 states that tracking innovation measures can help enterprises to identify new business, enter new markets and ultimately lead to growth of revenue overtime.

4.4.5 Efficiency of operations

Efficiency of operations was measured using labour utilisation rate, number of defective products, rates of re-work, project schedule variance and level of waste material.

Table 4. 9 Efficiency of operations

	N	Never %	Rarely %	Usually %	Mostly %	Always %
Labour utilisation rate	45	22	29	38	7	4
Number of defective products	45	25	25	33	11	7
Rates of re-work	45	22	27	31	11	9
Project schedule variance	45	16	27	40	11	7
Level of waste material	45	42	16	22	13	7

(Field survey,2023)

Results from table indicate SOEs never or rarely gather information relating to labour utilisation rate (51%), number of defective products (50%), and level of waste material generated during production process (58%). On the other hand, information gathered indicate SOEs usually, mostly or always measure rates of re-work (51%) and project schedule variance (58%). Lack of interest in measuring efficiency of business processes is maybe the reason behind inefficiencies and high costs experienced by most SOEs. Abidin, Osman and Hashim (2020) states that measuring efficiency helps a business cut costs, achieve higher productivity,

and ultimately lead to higher profits. It is therefore encouraged that SOEs measure efficiency of their operations to enhance their success.

4.7.6 Quality of goods or services

The quality of goods and services was measured using service availability time, customer complaints resolution time, rate of compliance with service level agreements, level of customer feedback and level of compliance with industry standards.

Table 4. 10 Quality of goods or services

	N	Never %	Rarely %	Usually %	Mostly %	Always %
Service availability time	45	0	4	31	20	45
Customer complaints resolution time	45	8	9	25	24	35
Rate of compliance with service level agreements	45	0	4	29	27	40
Level of customer feedback	45	0	5	33	24	37
Level of compliance with industry standards	45	0	7	27	38	29

(Field survey,2023)

Results suggest most SOEs evaluate the quality of their goods or services. Over 50% of SOEs indicated that they usually or always measure each variable laid out in the study. Measurement of quality of goods and services is welcome development as review of literature suggest it can help build customer trust and credibility (Sánchez-Hernández et al.,2020). Study by Li et al. (2019) indicate that there is a positive relationship between quality of goods or services and success of SOEs.

4.7.7 Supplier relations management

Supplier relations were defined by lead time, level of supplier diversity, level of cost performance and supplier satisfaction scores.

Table 4. 11 Supplier relations

	N	Never %	Rarely %	Usually %	Mostly %	Always %
Lead time	45	0	5	31	20	44
Level of supplier diversity	45	4	7	22	38	29
Level of cost performance	45	0	4	18	24	53
Level of quality performance	45	0	7	20	33	40
Supplier satisfaction scores	45	0	7	20	40	33

(Field survey,2023)

Results suggest that SOEs usually or always measure lead time (95%), level of supplier diversity (89%), level of cost performance (96%), level of quality performance (93%) and supplier satisfaction scores (93%). Measurement of supplier relations is a positive development as Chen et al., (2019) suggest that management of supplier relations can help enterprises achieve cost savings, improve product quality or service level and mitigate supply chain disruptions. Koziello (2020) states that suppliers play an integral part in success of SOEs hence it is important to build trust and collaborative partnerships.

4.7.8 Competitive advantage

Competitive advantage was measured using market share, sales growth, level of product or service and level of product or service performance.

Table 4. 12 Competitive advantage

	N	Never %	Rarely %	Usually %	Mostly %	Always %
Market share	45	0	16	24	42	18
Sales growth rate	45	0	13	33	29	25
Level of product or service performance	45	0	18	31	22	29
Level of brand reach or awareness	45	0	20	22	29	29

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(Figure survey,2023)

Results indicate most aspects measured the most by SOEs is market share (84%), sales growth rate (87%), level of product or service performance (82%) and level of brand reach or awareness (80%). Chen et al. (2019) states that measuring competitive advantage helps SOEs have clear sight of their position in the market and the level of competition they face. Review of literature identifies competitive advantage as a significant factor in success of SOEs as it enables enterprises to identify best practice, learn from competitors, and adopt strategies that can improve their performance, demonstrate potential to investors and secure funding for growth and expansion (Abidin, Osman and Hashim, 2020). Positive attitude exhibited towards measuring competitive advantage by SOEs is therefore encouraged to continue in future.

4.7.9 Regulatory compliance

SOEs in general stated they measure number of compliance violations, number of compliance training programs, level of employee awareness regarding compliance policies and level of resources allocated for compliance with laws.

Table 4. 13 Regulatory compliance

	N	Never %	Rarely %	Usually %	Mostly %	Always %
Number of compliance violations	45	0	0	18	16	66
Number of compliance training programs	45	0	0	20	36	44
Level of employee awareness regarding compliance policies	45	0	0	22	36	42
Time taken to implement compliance policies	45	0	0	27	24	49
Level of resources allocated for compliance with laws	45	0	0	24	13	62

(Field survey,2023)

Responses from SOEs indicate that most of them monitor and report on regulatory compliance related variables. Measurement of regulatory compliance by SOEs is a step in the right direction as OECD (2021) states that failure to comply with laid down rules and regulations can lead to hefty fines. Asian Development Bank (2018) is of the idea that regulatory compliance promotes transparency and accountability which in turn builds public trust. High level of measurement of regulatory compliance however includes enterprises who also recorded losses in the last four years which suggest that perhaps having to comply with a lot of bureaucratic processes and red tape could be one of the factors impeding success of SOEs.

4.7.10 Strategic planning

Strategic planning was measured using the number of budget review meeting and number of strategic planning meetings. Results are shown in the table below.

Table 4. 14 Strategic planning

	N	Never %	Rarely %	Usually %	Mostly %	Always %
Number budget review meeting	45	0	7	13	27	53
Number of strategic planning meetings	45	0	7	16	33	47

(Field survey,2023)

Responses shown table above indicate strategic planning is one of the most measured critical success factor. Most SOEs involved in the study indicated they always measure number of budget review meetings and number of strategic planning meetings. It seems SOEs consider strategic planning as a crucial part in their success as Alawadhi & Melhem (2019) suggest it helps enterprises in identifying areas where their strategies are not working and make proper adjustments. There is however conflicting views in literature as Purdy& Andonova (2018) indicate that strategic planning is often at times influenced by political interference which could be one of the reasons most plans fail. It therefore seems strategic planning is an important improving performance of SOEs but also a great degree of autonomy is needed for plans in SOEs to be successful.

4.8Analysis of results using descriptive statistics.

Table 4. 15 Measures of central tendency

Critical Success factors	Mean	Median	Mode
Financial Management	3.62	3.8	3
Customer focus	2.59	2.8	3
Employee empowerment	2.75	2.8	2
Innovation	2.43	2.2	1
Efficiency of operations	2.49	2.4	3
Quality goods and services	3.96	4.2	5
Supplier relations management	4.04	4.2	4
Competitive advantage	3.64	4.0	4
Regulatory compliance	4.31	4.6	5
Strategic planning	4.21	4.0	4

The table presents composite measures of central tendency of critical success factors included in the study. The measures confirm that most SOEs never measure level of innovation(mode=1). Lack of innovation is concerning because (Garcia and Pardo-del-Val,2019) points that it leads to missed opportunities for growth and diversification.). Employee empowerment is also rarely measured by some enterprises(mode=2). Little regard for employees comes as a surprise as (Saeed et al., 2018) states that employees an important stakeholder in SOE and suggest there is positive relationship between motivated employees and performance. The results also confirm that SOEs usually measure financial performance, customer relations, efficiency of operations(mode=3). The results indicate critical success factors mostly measured by SOEs are quality of goods and services, supplier relations management, competitive advantage and strategic planning (mode=4). Regulatory compliance is the factor which is always measured by most SOEs (mode=5). Measurement of critical success factors is encouraged as most scholars agree what gets measured gets improved(Deloitte,2019)

4.8.2 Measures of dispersion for critical success factors

Table 4. 16 Measures of dispersion

Critical Success Factors	N	Range	Minimum	Maximum	Mean	Standard deviation
Financial Management	45	3.00	2.00	5.00	3.62	.973
Customer focus	45	4.00	1.00	5.00	2.59	1.115
Employee empowerment	45	3.60	1.00	4.60	2.75	1.048
Innovation	45	4.00	1.00	5.00	2.43	1.107
Efficiency of operations	45	3.40	1.00	4.40	2.49	1.016
Quality goods and services	45	2.80	2.20	5.00	3.96	.845
Supplier relations management	45	2.80	2.20	5.00	4.04	.650
Competitive advantage	45	2.50	2.50	5.00	3.64	.718
Regulatory compliance	45	2.00	3.00	5.00	4.31	.716
Strategic planning	45	3.00	2.00	5.00	4.21	.750

Results from study show that in general SOEs measure some of the critical success factors mentioned in this study. It is however important to note that not all SOEs considered measuring critical success factors as crucial for the success of their enterprises. Critical success factors mostly measured can be identified by a relatively high mean such as financial management (3.62), quality of goods or service (3.96), supplier relations (4.04), competitive advantage (3.76), regulatory compliance (4.31), and strategic planning (4.21). Overlooking measurement of some critical success factors by some SOEs is a matter of concern and could be reason behind poor performance(losses). It is encouraged that SOEs pay attention to critical success factors as Sánchez-Hernández et al., (2020) state it ignorance can lead to increased costs, decreased quality, delayed projects and customer dissatisfaction.

4.9 Selection of critical success factors to be included in the framework

4.9 Correlation analysis

Pearson correlation was used to look at relationship between net profit margin and extent of measurement of critical success factors. Critical success factors with a strong positive relationship with level of profits were selected to be included in the framework.

Table 4. 17 Correlation analysis

Critical Success Factor	Pearson Correlation coefficient
Financial Management	0.882
Customer focus	0.896
Employee empowerment	0.868
Innovation	0.904
Efficiency of operations	0.910
Quality goods and services	0.772
Supplier relations management	0.465
Competitive advantage	0.859
Regulatory compliance	0.206
Strategic planning	0.262

The results show that financial management, customer focus, employee empowerment, innovation, efficiency of operations, quality of goods or services and competitive advantage all had a strong positive relationship with net profit (correlation coefficient > 0.5). This means the more an enterprises measured these critical success factors the better their financial performance. Regulatory compliance, supplier relations and strategic planning on the other hand however had a low correlation with financial performance (correlation coefficient < 0.5). The results contradict past studies which state that strategic planning has strong positive correlation with profits (Garcia and Pardo-del-Val,2019). Perhaps the contradicting results can be explained by political interference which reduce effectiveness of some strategic plans. The results of the correlation analysis are statistically significant at 0.05 level of significance. Analysis of results suggest that SOEs should measure all factors which had strong relationship with net profit level in order to improve the performance of their enterprises.

4.10 Multiple regression analysis

Table 4. 18 Multiple regression analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.908	.824	.820	.465

a. Dependant = Net profit

b. Predictors(Constant)= Critical success factors

Table 4. 19 Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	P
		B	Std. Error	Beta		
1	(Constant)	-2.228	.324		-6.867	.000
	Critical Success Factors	1.321	.093	.908	14.181	.000

a. Dependant = Net profit

b. Predictors(Constant)= Critical success factors

Multiple regression analysis was conducted to further access relationship between extent measuring critical success factors and level of net profit margins. The data was extracted from SPSS and shows correlation of .908. Results suggest there is strong positive relationship between measurement of critical success factors level of net profit margin achieved of enterprises. This means an increase in measurement of critical success factors has potential to increase level of profits by 90%. The results affirm findings by Abidin, Osman and Hashim (2020) which suggest measuring performance can boost financial performance of an enterprise.

4.11 Chapter summary

The focused on presentation and analysis of data, and discussion of findings. Data was presented using pie charts, bar graphs and frequency tables. Data was analysed using descriptive statistics (mean, mode, median) and inferential statistic (correlation and regression analysis).

Figure 4. 3 PROPOSED PERFORMANCE MEASUREMENT FRAMEWORK



CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the study, conclusions and recommendations for future studies. Discussions in this chapter are based on findings of the previous chapter. The aim of this study was to come up with a performance measurement framework suited for State-Owned Enterprises. The previous chapter managed to identify Critical Success factor which have a positive correlation with financial performance of SOEs. The identified critical success factors led to creation of performance measurement framework suitable for enhancing performance of SOEs.

5.2 Summary of findings

The study comprised of four objectives and will be summarised in their order. The first objective was to identify critical success factors for SOE from available literature. Extensive review of literature identified critical success factors as competent management, financial management, customer focus, employee empowerment, innovation, efficient operations, quality goods and services, management of supplier relations, competitive advantage, regulatory compliance and strategic planning.

The second objective was to establish key performance indicators for evaluating performance in SOEs. Key performance indicators determined through literature review and were mainly measures linked to critical success factors identified in the first objective. Key measures for financial management, customer focus, employee empowerment, innovation, efficient operations, quality goods and services, supplier relations competitive advantage, regulatory compliance and strategic planning were all identified.

The third objective was to investigate performance measures currently employed in SOEs in Zimbabwe. The objective was achieved through issuing online questionnaires to employees working in the finance department of SOEs. The questionnaires enquired on the frequency to which SOEs measured variables identified under objective two. Under financial management

SOEs mostly measured operating expense ratio, working capital ratio and net profit margin. For customer relations number of new customer, number of customer complaints and customer retention rate were measured the most. Employee empowerment rarely measured number of promotion of internal employees and usually focused on measuring rate employees are absent, turnover rate and resignation/retirement rate. Innovation in SOE is generally low in SOEs as changes in organisation structure and willingness of employees to consider new ideas is low. SOEs indicated that they usually measure level of research and development, number of new products and new markets entered.

The fourth objective was to establish the relation between measurement of critical success factors and financial performance of SOEs. The relationship was tested using data gathered from the questionnaires and using SPSS version 20 software. Pearson correlation analysis was adopted to analyse this relationship. Analysis results showed there is a strong positive relation between measurement of financial performance, customer focus, employee empowerment, efficiency of operations, innovation, quality of goods or services and competitive advantage. This means SOEs who measured these critical success factors were also having high financial performance. The relationship between supplier relations and regulatory compliance were however low suggesting measurement of these factors had a low impact on financial performance of SOEs.

Finally, the overall objective was to create a performance measurement framework aimed at enhancing the success of SOEs. The framework was created based on critical success factors which had a strong positive relationship with financial performance of SOEs. The framework for measuring performance was presented in chapter four. The framework contains key measures successful SOEs usually keeps track of.

5.3 Conclusion

The study concluded that there is low measurement of performance in SOEs who are performing poorly, that is enterprises which have recorded losses or low profits in the last four years. In contrast performance was found to be high in SOEs performing well which is evident from moderate and high profits they recorded in the last four years. The results bring about the conclusion that there is a positive relationship between measuring performance and achieving high profits.

Results from study show not all critical success factors identified in literature are relevant in enhancing performance of SOEs. Financial management, customer focus, employee

empowerment, innovation, efficiency of operations, competitive advantage and quality of goods and services as the only factors which had a positive relation with high financial performance of SOEs. Most of the factors identified are non-financial meaning measuring financial performance of an organisation alone is no longer adequate to improve business performance. It can also be concluded that most SOEs are still over reliant on financial measures in basing their decisions hence as a result continue to perform poorly as lack of performance measurement has left them blind to underlying causes of their poor performance.

The framework developed in this study is extensive and can be adopted by any SOEs keen on improving its financial performance. The framework can be adapted to SOEs in various sectors and encompasses most key measures the enterprises must track to improve their financial performance. Strong positive relationship between measurement of performance and financial performance suggests that the framework will be useful to SOE.

5.4 Recommendations

The researcher makes the following recommendations:

- Firstly, SOEs should not just limit themselves to measuring financial performance but rather should incorporate non-financial measures into its performance evaluation systems. Non-financial measures can be key to identifying root causes of poor financial performance.
- SOEs should be innovative and adopt latest technology to remain attractive to consumers. Gone are the days SOEs could thrive on the basis on being a monopoly as globalisation and opening of economy to private sector has left no room for complacency for the government enterprises. Engagement with close stakeholders such as employees and customers can go a long way in improving financial performance of SOEs.
- Another important recommendation is that SOEs should consider diversifying some their operations into viable business models. This is due to the fact that most services provided by some enterprises have become useless to consumers hence it is important SOEs seek to diversify their investments to goods and services that currently demanded by consumers. Diversification will ensure organisation survival and also improve financial performance of SOEs.
- SOEs can utilise excess funds to invest in other businesses where they can earn a return.

5.5 Areas of further research

- The study conducted was cross sectional meaning it was conducted at one point in time. There is need for longitudinal study to confirm or query results obtained in this study.
- The study was carried on State-Owned Enterprises in a developing country like Zimbabwe hence it recommended that a similar study be carried on private sector firms in order find if similar results can be obtained and help promote the growth of that sector.
- It is recommended a similar study be carried with a broader sample to confirm results of this study and also establish whether results obtained in this study can be generalised.

5.6 Summary of chapter.

This chapter comprised of summary of findings obtained in this study, conclusions made from the results obtained. The chapter also contains recommendations which SOEs can adopt to improve their performance. Lastly the chapter also identifies areas for future research.

APPENDIX I
LETTER OF APPROVAL
FACULTY OF COMMERCE



1 APRIL 2023

To whom it may concern

Dear Sir/Madam

REF: APPLICATION TO CONDUCT RESEARCH AT YOUR ORGANISATION.

I hereby request the participation of your organisation in my research. I am a fourth year student at Bindura University of Science Education studying towards a degree in Accounting. The research is titled a performance measurement framework to enhance the success of state owned enterprises in Zimbabwe. The purpose of the research is to come up with a performance measurement framework suited for State-Owned Enterprises in a developing country like Zimbabwe. I am kindly requesting your participation in the study through completing a questionnaire. All information gathered is strictly for academic purposes and shall remain confidential.

I look forward to your co-operation.

Yours faithfully

Accounting student

APPENDIX II

QUESTIONNAIRE

Instructions

Do not write your name on the questionnaire

Kindly tick in the boxes provided

Fill in your responses in spaces provided

Section A: Profile of Participant

1. What is your highest level of education?

Education level	Tick
Secondary education	
Diploma	
Undergraduate	
Post graduate	

2. How long have you been working for the organization?

Number of years	Tick
0-5 years	
6-10 years	
10+ years	

Section B: Organisation Profile

3. Which sector does the organization operate in?

Sector	Tick

Agriculture	
Mining	
Energy and Power	
Telecommunication	
Industry and trade	
Tourism	
Financial services	
Information and broadcasting	
Environment	
Health	
Transport	

4.How long has the organisation been in existence?

Number of years	Tick
0-5years	
6-10years	
10+ years	

5. Using the given scale kindly indicate the level of net profit margins of the organisation in the last four years.

Scale:

Loss= net profit margin of below 0% **Low= 0% - 5% net profit margin**

Moderate= 6-14% net profit **High= 15% and above profit margin**

Year	Loss	Low	Moderate	High
2022				
2021				
2020				
2019				

Section C: Performance measurement

6. Please rate the extent to which the following variables are measured using the scales given.

1= Never 2= Rarely 3= Usually 4= Mostly 5= Always

Critical Success Factor 1						
Critical Success Factor	Key measure	1	2	3	4	5
Financial management	Net profit margin					
	Operating expense ratio					
	Return on assets					
	Budget variance					
	Working capital ratio					
Critical Success factor 2						
Critical success factor	Key measure	1	2	3	4	5
Customer focus	Customer satisfaction score					
	Customer retention rate					

	Number of new customers					
	Number of customer complaints					
	Number of online followers					
Critical Success factor 3						
Critical Success Factor	Key measure	1	2	3	4	5
Employee empowerment	Absenteeism rate					
	Labour turnover rate					
	Promotion rate					
	Resignation and retirement rate					
	External hire rate					
Critical Success Factor 4						
Critical Success Factor	Key measure	1	2	3	4	5
Innovation	Number of new products or services					
	New markets entered					
	Research and development budget					
	Employee willingness to consider new ideas					
	Evolution of organisational structures					
Critical Success Factor 5						

Critical Success Factor	Key measure	1	2	3	4	5
Efficient operations	Labour utilisation rate					
	Number of defects					
	Re-work rates					
	Project schedule variance					
	Level of waste material					
Critical Success Factor 6						
Critical Success Factor	Key measure	1	2	3	4	5
Quality products	Defect rate					
	On-time delivery					
	Return rate					
	Customer reviews and ratings					
	Compliance with industry standards					
Critical Success Factor 7						
Critical Success factor	Key measure	1	2	3	4	5
Supplier management	Lead time					
	Supplier diversity					
	Cost performance					
	Satisfaction scores					
	Quality performance					
Critical Success Factor 8						

Critical Success Factor	Key measure	1	2	3	4	5
Competitive advantage	Market share					
	Sales growth rate					
	Brand reach & awareness					
	Product performance					
Critical Success Factor 9						
Critical Success Factor	Key measure	1	2	3	4	5
Regulatory compliance	Number of compliance violations					
	Completion rate of compliance training					
	Employee awareness of compliance policies					
	Time to implement compliance changes					
	Resource allocation for compliance					
Critical Success factor 10						
Critical Success Factor	Key measure	1	2	3	4	5
Strategic Planning	Number of budget review meetings					
	Number of planning meetings					

7. What other factors do you consider critical for the success of your organisation?

.....

Thank you for your participation.

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