# The Relationship between Corruption and Economic Development: Lessons from Zimbabwe's Public Enterprises

**Tinarwo, J.**
PhD Candidate: School of Pubic Management, Governance and Public Policy
College of Business and Economics, University of Johannesburg
Email: josetinarwo@gmail.com

**Mzizi, V.**
Julius Nyerere School of Social Sciences, Great Zimbabwe University P O Box 1235 Masvingo, Email: lvmzizi2@gmail.com

**Prof Dominique E Uwizeyimana**
School of Pubic Management, Governance and Public Policy
College of Business and Economics, University of Johannesburg
Email: dominiqueu@uj.ac.za
https://orcid.org/0000-0001-8062-5075

**Zimano, F.**
Julius Nyerere School of Social Sciences, Great Zimbabwe University P O Box 1235 Masvingo, Email: zimanof941@gmail.com

## Abstract

*This research sought to understand the lessons that can be drawn from Zimbabwe's public enterprises on the relationship between corruption and economic development. The researchers adopted a qualitative design based on purposively sampled state enterprises. Data were collected using focus group discussions (FGDs) and key informant interviews from the various stakeholders that included the government, civil society, academia and the private sector in Zimbabwe. Four FGDs were conducted while 14 key informant interviews were done face-to-face with the respondents. Data obtained from interviews and FGDs were analysed thematically. The paper affirms that, indeed, corruption does not only disadvantage the poor but strangles economic development, reduces social services and diverts investments in organisations important to the survival of the nation. In addition, the paper makes a valuable and unique contribution to the different stakeholders' understanding of how their different concerns and interests are represented and negotiated for the sustainable economic transformation of any given country.*

Keywords: corruption, economic development, state enterprises, Zimbabwe

## 1. INTRODUCTION

Corruption is generally perceived as a global and complex challenge that demands urgent attention (Rose, 2018). At the domestic level, it predominantly inhibits economic development, wastes resources, and buttresses social inequalities (Rose, 2018). In essence, the abuse of power for personal gain evidently destabilises government performance, holds back per-capita income, reduces employment and corrodes public administration, among other things (Dang, 2016). Corruption impacts every aspect of the economy and has a negative impact on economic growth (Piplica & Čovo, 2011). Fundamentally, corruption is a serious global threat and a barrier to economic development in developing countries (Chiminya & Mudzingiri, 2015). Corruption stifles economic development as it diverts resources into unproductive directions and encourages distortions in the economy (Scheifer & Vishny, 1993). As such, corruption is shown as counter-productive and hurting to the national revenue resources and that it stifles a country's economic potential. Corruption inhibits both foreign and domestic investment, drives firms underground and cuts the state's capacity to raise revenues (Gray & Kaufmann, 1998). Accordingly, scholars allege that Africa has been lagging behind economically due to the negative impact of corruption and in most countries resources are being plundered on non-developmental initiatives (Sandbrook, 1993). For example, in 1991 Kenya suffered the withdrawal of donors due to corruption and maladministration (Sandbrook, 1993). Corruption endangers the growth and development of any given country by exerting a negative impact on public and private investment, by the misuse of scare resources and by demoralising people's confidence (Pulok, 2012).

Corruption is rife in most African countries and is regarded as a major obstacle to economic development (Rose-Ackerman & Palifka, 2016). The 2017 Corruption Perceptions Index by Transparency International ranked Zimbabwe number 157 out of 175 countries. The Corruption Perception Index is a globally respected corruption measurement strategy to determine the level of corruption among countries, done by Transparency International, which is an international organisation that fights corruption. The harmful effects of corruption have also been felt by Zimbabwe's public enterprises, as corruption has2019/08/30: caused revenue leakages culminating in reduced levels of public confidence in state-owned institutions (Madhekeni & Zhou, 2012). Since the 1980s, Zimbabwe's public enterprises have been rocked by corruption scandals involving various government officials and politicians and both print and electronic media report issues involving corruption each and every day (Nyoni, 2017). The once progressive and admirable southern African nation is now economically stagnant due to the destructive nature of corruption on economic development, as funds have disappeared without accountability and have also been diverted for personal gain (Cheeseman & Tendi, 2010). Corruption has caused a decline in the number of investors coming to Zimbabwe due to the difficulties and expense in setting up a business (Nyoni, 2017). Furthermore, corruption is the main reason behind Zimbabwe's slow economic development, due to the scandals that are milking the country of millions of dollars (Choruma, 2017).

## 2. CONCEPTUAL FRAMEWORK AND METHODOLOGICAL APPROACH

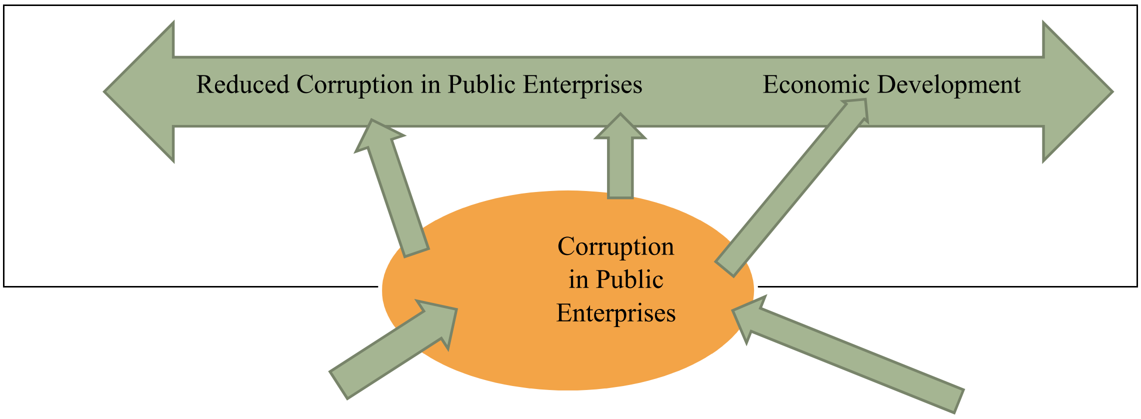
Addressing corruption in public enterprises involves, most profoundly, paying attention to governance issues and also appropriately recognising all of the stakeholders and actors that are involved, or could be involved, in the policy sector of interest (Resnick et al., 2015). In fact, an efficient policy system to fight corruption does not only constitute the policy makers and government entities but extends to include the private sector, civil society organisations, the media, policy committees, academia, development partners, and the international community, among other players. Figure 1 shows the pathways that are crucial to moving from a corrupt exposed institution to a capacitated and corruption-free organisation that is essential for economic development. The authors found that dealing with corruption is imperative to achieving economic development and ultimately the Sustainable Development Goals.

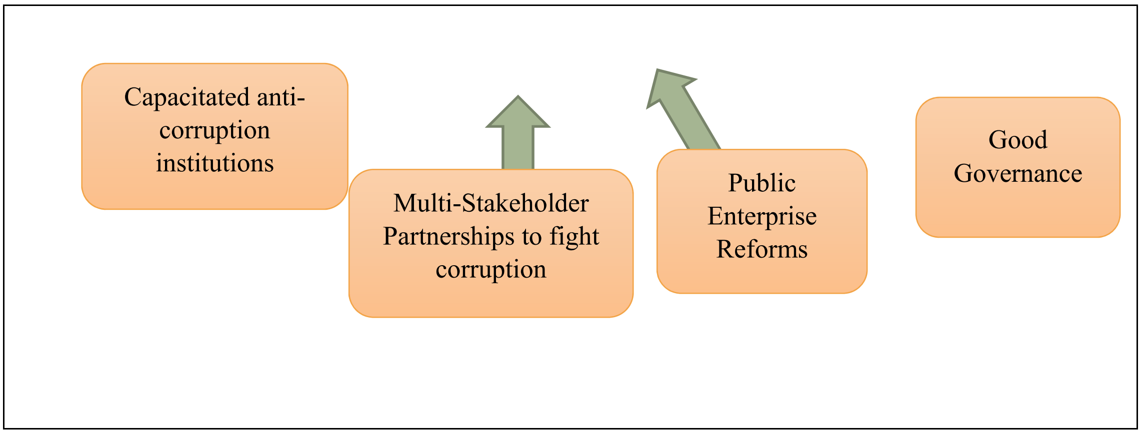
The authors suggest that the realisation of economic development is dependent on the practice of good governance in public enterprises. Ideally, governance issues have become a major impediment to the design and implementation of public programmes and policies in developing countries (Tinarwo, Babu & Iyappan, 2018). The governance of public institutions decides on the outcomes due to the political economy that surrounds the policy process, especially at the policy design stage (Resnick et al., 2017). Herein, the paper argues that good governance, through the effective implementation of public sector reforms, multi-stakeholder partnerships to fight corruption and capacitated anti-corruption commissions, will result in reduced corruption in public institutions. The reduction of corruption will ultimately lead to economic development. Figure 1 shows the pathways necessary for reducing corruption for improved economic development at the national level by improving possible governance mechanisms. Governance mechanisms, depending on the country context, can benefit the way in which the policy process operates, through improving the institutional and human capacity for better coordination of policy and programme implementation and also improving the human capacity to deal with the issues and challenges in a more participatory and transparent manner (Tinarwo et al., 2018). Within the context of this paper, we focus on the factors that are critical to attaining corruption-free public enterprises which will result in economic development.

## 3. METHODOLOGICAL APPROACH.

The methodology used in this article primarily follows a qualitative approach in order to appreciate the effects of corruption on economic development. The research paper endeavours to trace the effects of corruption as a global issue, as well as the need for vibrant legal and institutional frameworks, which are essential for realising economic development. It is axiomatic that the subject of corruption has entered the policy domain of many countries and institutions (Rose-Ackerman & Palifka, 2016). It is also globally accepted to the extent that the methodological study of this body of knowledge is possible through systematic analysis and critique (Candel, 2014). This systematic analysis and critique principally take the form of a document and literature review. In doing this key, informant interviews (KIIs) and focus group discussions (FGDs) were purposively sampled and conducted with government, academia, civil society and the private sector to the effects of corruption on economic development.

Figure 1: Pathway for Addressing Public Enterprise Corruption to achieve Economic Development






Source: Authors' compilation

## 4. LITERATURE REVIEW: MEANING AND TYPOLOGIES OF CORRUPTION IN ZIMBABWE

Defining and conceptualising the nature and context of corruption has proven to be a difficult task (Rose 2018:2). Transparency International (2007) defined corruption is the abuse of entrusted power for private gain. In fact, corruption is the misuse of a public or private resource for direct or indirect personal gain (Wagenaar, 2007). Implied in the above definitions is that corruption is the determination to get wealth or power through illegal means at the expense of the public. Some of the major typologies of corruption manifesting in public enterprises are discussed below.

### 4.1 Systematic Corruption

Systematic corruption is an institutionalised endemic manipulation of a system by individuals taking advantage of weaknesses in processes and systems for personal or private gain. (Johnston, 1998). This type of corruption is detrimental for the country, as corrupt activities may end up being regarded as a way of doing business while distorting the image of the public sector and robbing the nation of precious scarce resources that could have been used for economic development initiatives. This means the corrupt tendencies become so much ingrained that people begin to accept them as the norm. Systematic corruption ensures that key organisations and processes of the government are characteristically dominated and used by corrupt persons and individuals which ultimately makes it difficult for investors to consider setting up their businesses in a given country (Johnston, 1998). Such a scenario can culminate in increased costs of doing business, as the few players available may manipulate the crisis for personal benefits. Most state enterprises in Zimbabwe are rocked by this type of corruption and diversion of public resources for personal use. Thus, practice is so ingrained that most accept and identify it as the way of doing business. For example, the Vehicle Inspection Department (VID) is one of the institutions where corruption is regarded as a norm. VID inspectors and the public in need of driving competency certification wantonly engage in corrupt transactions before such is awarded. In the light of this, a governmental portfolio committee on Transport and Infrastructural Development established that the VID fired 62 VID officers countrywide for issuing a certificate of fitness to non-roadworthy vehicles and also learner licences to failed applicants (Mashaya, 2018).

### 4.2 Grand Corruption

Grand corruption takes place at the policy formulation end of politics (Maharaj & Karodia, 2013). It refers not so much to the amount of money involved as to the level at which it takes place: grand corruption is at the top levels of the public sphere, where policies and rules are formulated in the first place. Grand corruption takes place at the high levels of the political system, when politicians and state agents entitled to make and enforce the laws in the name of the people, are using this authority to sustain their power, status and wealth (Johnston, 1998). This definition makes grand corruption to be the most damaging type of corruption, as policies are designed and implemented to benefit the top corrupt officials at the expense of the public. For instance, top public officials, like members of parliament and councillors, may make high-value economic decisions that have the potential to benefit them, like awarding tenders to corrupt bidders at the expense of service delivery. For example, four former Ministry of Energy and Power Development ministers, who served under Zimbabwe’s former president Robert Mugabe’s government between 2013 and 2017, are being investigated for allegedly turning the Zimbabwe Power Company (ZPC) into their feeding trough, where they flouted tender procedures for personal enrichment (Langa, 2018a:1). The ZPC board has since appeared before the Mines and Energy Parliamentary Portfolio Committee and implicated former energy ministers for having played different roles in the awarding of shady energy supply deals to businessman Wicknell Chivayo’s Intratek and subsequently paying him US$5,6 million without a bank guarantee in the $200 million Gwanda Solar Project. Similarly, the Zimbabwean public enterprises in the mining sector have failed to account for US$15 billion which disappeared during former president Robert Mugabe's, tenure (Langa, 2018b).

### 4.3 Petty Corruption

Small scale, bureaucratic or petty corruption is the everyday corruption that takes place at the implementation end of politics, where the public officials meet the public. Petty corruption (or small corruption) is bribery committed in connection with the implementation of existing laws, rules and regulations, and thus different from grand or large-scale systematic corruption (Transparency International, TI, 2017). Petty corruption refers to the modest sums of money usually involved, and has also been regarded low-level and street-level to name the kind of corruption that people can experience more or less daily, in their encounter with public administration and services like hospitals, schools, local licensing authorities, police, tax authorities, and so on (Maharaj & Karodia, 2013). This kind of corruption makes it difficult for individuals to get normal or daily services without being forced into corruption activities. This type of corruption maybe be seen to be small-scale but it affects ultimately the manner of doing business in the country and in the public's confidence of public institutions, which in the end negatively impacts the economic development of the country. In Zimbabwe, this type of corruption is allegedly common in the Zimbabwe Revenue Authority (ZIMRA), where the country has lost millions of dollars through tax evasion and tax avoidance. As a consequence, the revenue authority suspended 80 senior managers, while two were sent home, in connection with an attempted $2, 3 million fraud case (Chidza, 2018).

### 4.4 Political Corruption

Political corruption is any transaction between private- and public-sector actors through which collective goods are illegitimately converted into private-regarding payoffs (Maharaj & Karodia, 2013). Political corruption is when the laws and regulations are abused by the rulers, side-stepped, ignored, or even tailored to fit their interests. It is when the legal bases, against which corrupt practices are usually evaluated and judged, are weak and furthermore subject to downright encroachment by the rulers (Byrne, 2007). Political corruption perpetuates the poor allocation and distribution of resources in return for political mirage and support. This type of corruption distorts the credibility of outcomes in events like public elections and this has a negative bearing on economic development.

## 5. LEGAL AND INSTITUTIONAL ARCHITECTURE UNDERPINNING CORRUPTION IN ZIMBABWE

The Constitution is the highest law of the country and forms the basis of the creation of most institutions that deal with corruption in Zimbabwe. The Zimbabwean Constitution empowers, among others, the Zimbabwean Anti-Corruption Commission to address corruption (Section 254 of the Zimbabwean Constitution). Bryan (2009) views the constitution as fundamental in running the state and the basis of everything. Section 298 of the Zimbabwean Constitution provides the principles that guide all aspects of public finance in Zimbabwe, such as transparency and accountability. This is pivotal in fighting corruption and its negative impact on economic development, as it shows the manner in which public funds are to be handled. Section 303 further states that funds withdrawn from the Consolidated Revenue Fund should only be used for the purpose they are meant for. This is key, as it ensures or tries to limit diversion of public funds. Section 299 and 300 limit the powers of the Minister of Finance and Economic Development and also make the minister accountable to the parliament. For instance, Section 305 of the Constitution states that the Minister of Finance and Economic Development presentation of revenue and expenditure of the government to the parliament. This ensures safeguarding of public resources which is critical in combating corruption.

### 5.1 Public Finance Management Act [Chapter 22:19]

Section 10 of the Public Finance Management Act [Chapter 22:19] provides for the control and management of public resources and expenditure of the government. The Act provides for and limits the number of people or offices that must be involved in the control and management of public resources and tries to ensure that the Treasury is accountable and responsible for the Consolidated Revenue Fund (Section 17). This ensures that public resources are safeguarded, thus minimising the level of corruption. Section 17 further stipulates the specific manner in which funds can be withdrawn from the Consolidated Revenue Fund and also who has the mandate to withdraw the funds. Furthermore, Section 15 ensures that parliament must be kept informed of the financial activities of every ministry and other public entities. All this is critical in dealing with corruption and ultimately achieving economic development.

### 5.2 Prevention of Corruption Act [Chapter 9:16]

The Prevention of Corruption Act [Chapter 9:16] provides for the prevention of corruption and the investigation of claims arising from dishonesty and any matter that is related to corruption. Section 3 of the Prevention of Corruption Act gives meaning to what is regarded as corruption and the strict punishment methods to those found guilty of corrupt activities. This aims to curb individuals and entities from promoting corruption in the country. Furthermore, the Act protects the government from being manipulated by public officials. Part 3 (Section 6 and 7) empowers the minister to investigate any dealing or any person who is suspected of abusing given power or of corrupt activities. Hence, this legal framework is critical in combating corruption and its negative impact on economic development.

### 5.3 Audit Office Act [Chapter 22:18]

The Audit Office Act [Chapter 22:18] seeks to strengthen the position of the Auditor General in the fight against corruption. Section 8 (a) of the Audit Office Act provides that the Auditor General can call upon any person of interest to provide information that may help accomplish his or her duties without delay. Furthermore, Section 9 empowers the Auditor General to outsource auditors for the examination of any books of accounts on his or her behalf in order to ensure transparency and accountability. The Auditor-General is required by Section 12 of the Act to submit his or her annual audit report to the Minister of Finance and Economic Development no later than 30 June annually. The same Act compels the minister to lay the same report before Parliament in any one of the first seven days that the Parliament sits next, after the Minister has received the report from the Auditor-General. Section 11 of the Audit Office Act states that the Auditor General can prepare a special report to draw attention the of the Public Accounts Committee of Parliament on any matter relating to public funds. This depicts the pivotal role of the Audit Office Act in curbing corruption in Zimbabwe.

### 5.4 The Zimbabwe Public Entities Corporate Governance Act [10:31]

The Zimbabwe Public Entities Corporate Governance Act [10:31] seeks to improve the internal management structure of public entities and to curb corruption. Section 17 of the Zimbabwe Public Entities Corporate Governance Act states that the chief executive officers of state enterprises and parastatals will serve for a maximum of ten years so as to allow a flow of new ideas and avoid the monopoly of state entities by a few individuals, which usually brews corruption. Section 37(d) of the Act obliges all senior officials in state enterprises and parastatals to declare assets and business interests exceeding $100 000, so as to aid the state during audits (lifestyle audit). According to the Act, permanent secretaries of ministries are no longer allowed to sit on public entities boards to avoid the use of public offices to push personal interests. Section 14 ensures that board members of public entities are not allowed to access loans or any credit facilities from public entities, so as to avoid abuse of public funds. The Act is pivotal in curbing corruption and in ensuring an increase in transparency and credibility in public entities.

## 6. INSTITUTIONAL FRAMEWORKS

Scully (1988) suggests that institutional frameworks are formally set organisations with a clear mandate and structure. In this instance institutional frameworks include the parliament of Zimbabwe, the Office of the Auditor-General and the Zimbabwe Anti-Corruption Commission. All these are formal organisations with a clear mandate and play a crucial role in curbing corruption and reducing its negative impact on economic development in Zimbabwe.

### 6.1 The Parliament of Zimbabwe

The parliament of Zimbabwe plays a pivotal role in trying to curb corruption (Moyo, 2014) and also reduce its impact on economic development. Zimbabwe's parliament (2018) states that Zimbabwean parliament is responsible for supervision by scrutinising public policies, programmes, and spending plans to ensure they are consistent with parliamentary purposes and regulated by documented policies and processes. For example, through the parliamentary portfolio committee and question and answer sessions, government authorities are made to answer for their actions. This ensures that all the state resources are accounted for and all abnormalities curbed, including corruption. Stapenhurst, Johnston and Pellizo (2006) purport that the parliament is at the apex of accountability instruments in the country as the ombudsmen and anti-corruption agencies report to the parliament and hold the government accountable for its actions. However, despite these important tasks in curbing corruption, the parliament has less enforcing powers, which renders this institution ineffective in curbing corruption in public enterprises. In 2018, the Zimbabwean parliament summoned the former president of the country, Robert Mugabe, in light of the missing US$15 billion and he refused to appear before the parliamentary portfolio committee on mines and nothing was done. In the same vein, when the former Minister of Mines, Obert Mpofu, was summoned by parliament to account for the same missing US$15 billion by the parliament, he refused to answer certain questions and nothing was done to him.

### 6.2 Auditor General

The Auditor-General is a key player in efforts to reduce corruption and its negative impact on economic development in Zimbabwe. Section 106 of the Zimbabwean Constitution in conjunction with the Audit Office Act (Chapter 22:18) states that the role of the Auditor-General in auditing the accounts and financial management of all public departments, agencies, parastatals, and all local authorities is to conduct special audits of the accounts of any legislative body or government-controlled entity at the request of the government; and to order steps to rectify the accounts of any statutory body or government-controlled entity.

### 6.3 Zimbabwe Anti-Corruption Commission

The Zimbabwe Anti-Corruption Commission (ZACC) is an independent commission created to combat corruption and crime in Zimbabwe. Section 255 of the Zimbabwean Constitution stipulates that ZACC has a mandate to investigate instances of corruption in the public and private sectors; to fight corruption, theft, misappropriation, abuse of power and other unsuitable conduct in the public and personal sectors; to promote honesty, economic discipline and transparency in the public and private sectors; and to receive and maintain in mind complaints from the general public. Heilbrunn (2004) states that strong anti-corruption commissions are the pillars in the fight against corruption in any country and reduce the negative impact of corruption on economic development.

## 6.4 Transparency International-Zimbabwe

Transparency International is a non-profit and non-partisan organisation aimed at curbing corruption (Galtung & Pope, 1999). Transparency International-Zimbabwe is the localised chapter of the international movement against corruption. Zimbabwe Human Rights NGO Forum (2018) alludes that Transparency International-Zimbabwe works with key stakeholders from the state, civil society, private sector and the media to promote openness in the conduct of elections, in public management and governance, in procurement and in business. Transparency International's global network of chapters and contacts also use advocacy campaigns to lobby governments to implement anti-corruption reforms. This shows that Transparency International is an important watchdog in the fight against corruption and reducing its negative impact on economic development.

## 6.5 Impact of Corruption on Economic Development

Corruption has a multi-faceted impact on a country's economic development, which includes diverting of resources from intended projects to private initiatives or, in other terms, misusing funds and resources, distorts the allocation of resources, decreases investment levels, increases the cost of doing businesses, reduces donor spending and commitments and decreases public confidence in the government's state enterprises. Corruption can have a negative impact on economic development by lowering the human capital of the nation. Jain (2001) purports that corruption causes lower human capital that could have contributed immensely to economic development, since funds are diverted from pivotal and essential initiatives or sectors like health, infrastructural development and education, to personal initiatives and this causes poor service delivery in these sectors and in the process affects or determines the kind of population the country has. A poorly educated and unhealthy population contributes less to the economic development endeavours of the country.

Shleifer and Vishny (1993) argue that corruption is distortionary and detrimental to economic development because resources diverted from intended projects and supports private initiatives at the expense of national development (Rose-Ackerman, 1999). Choruma (2017) purports that corruption is the main reason behind Zimbabwe's slow and poor economic growth. In essence, state enterprises are the most affected institutions with corruption rife in these institutions, costing the country millions of dollars. Jain (2001) put forward that corruption affects the pattern of resource allocation because resources are channelled to fund projects that are bound to profit the corrupt government officials to the detriment of the economic development of the country. Furthermore, the misdirection of resources causes a decline in the quality of infrastructure, goods and services produced (Tanzi & Davoodi, 1998). Corruption in public enterprises lowers the amount of profit the country was supposed to gain from the goods and services produced.

Rose (2018) postulates that corruption affects investment levels coming to the country as no investor is willing to invest in a highly corrupt state. Nyoni (2017) concurs, adding that corruption has a negative impact on Zimbabwe and has caused a decline in the number of investors in the country due to the difficulties and expenses corruption causes in setting up and running a business. Gelos and Wei (2002) argue that investors tend to favour the least corrupt nations. Corruption not only affects the potential investors negatively in the country but it also affects the existing industries and the industrial mechanisms already at play. Ades and Di Tella (1997) argue that industrial policies become less effective in the presence of cost-escalating corruption. Thus, corruption decreases the growth and the productiveness of the industries that are already in the country and this impacts negatively the country's economic development.

Corruption impacts negatively the economic development initiative of the country, as it decreases public confidence. Kraay and Zoido-Lobaton (1999) concur that corruption is a hindrance to economic development and diminishes the quality of governance. Economic development is dependent upon public support and confidence and a history of corruption diminishes the public's support and confidence in economic developmental initiatives. According to Olken and Pande (2012) corruption increases the cost of government goods and services while decreasing quality, this in turn affects the confidence of the public on the government.

## 7. RESULTS OF THE KEY INFORMANT INTERVIEWS (KIIS) AND FOCUS GROUP DISCUSSIONS (FGDS) ON THE EFFECTS OF CORRUPTION ON ECONOMIC DEVELOPMENT

This research was primarily based on a qualitative methodology and 14 KIIs were conducted with purposively and carefully sampled key individuals from the government, academia, civil society organisations, and the private sector. This was reinforced by four FGDs: one with government officials, a second with civil society, a third with academia and a fourth with the private sector. Responses from both the KIIs (96%) and the FGDs (98%) revealed that corruption is rife in most state enterprises in Zimbabwe. One key informant from civil society argued that corruption in Zimbabwe's public enterprises has reached alarming levels and has infiltrated several public institutions. He further highlighted that corruption in the country had become a cancerous scourge that left the economy crippled while leaving the majority in abject poverty. This was reinforced by a key informant from academia who echoed that public enterprises divert resources from the intended purpose and award high salaries and packages to their employees, thus resulting in very few funds reach their intended use. The salary gate scandal in 2014 at the Zimbabwe Broadcasting Corporation (ZBC) and the Premier Service Medical Aid Society (PSMAS), where executives awarded themselves excessive salaries and benefits, were cited as examples.

Key informant interviews with government official found that corruption affects the form of resource allocation, as resources are channelled to fund projects that are bound to profit the corrupt government officials to the detriment of the economic development of the country. She stated that misdirection of resources in public enterprises causes a decline in the quality of infrastructure and also goods and services produced, which lowers the amount of profit the country was supposed to gain. A focus group discussion with academia found that corruption in most of the country's state organisations reduces foreign direct investment and also cause domestic capital to leave the country. It was noted in this FDG that corruption is rampant at the Zimbabwe Investment Authority, where investment permits are processed making the ease of doing business difficult. It was repeatedly said in this FDG that corruption in public enterprises has made it impossible for the country to attract new foreign direct investment, as investors redirect their investments to other friendly destinations.

### 7.1 Lessons Learnt

The Zimbabwean case study offers a number of lessons into the understanding of the effects of corruption on economic development. KII and FDG responses revealed that corruption has devastating effects on economic development of any given nation, as public resources are diverted for private gain. The Zimbabwean government has shown a commitment to fight corruption by instituting both legal and institutional frameworks. However, there are challenges that are faced by the institutions that have the mandate to fight corruption, as they have difficulties in containing the corruption in the country. It is imperative to capacitate these institutions in order to improve transparency, accountability and openness in the use of public resources. For example, the Zimbabwe Anti-Corruption

Commission, which is the primary institution to fight corruption in the country, lacks both financial and human resources to fight corruption. There is also a need for a concerted effort by the different stakeholders to ensure the full implementation of the legal frameworks in order to fight corruption in public enterprises. In fact, it is vital to review the legislative frameworks in order to include elements of stiff penalties to the perpetrators of corruption in these state enterprises.

Moreover, there is a need to review the remuneration of employees in state enterprises in order to reduce the level of corruption. The level of remuneration is directly related to the level of corruption in state enterprises (African Capacity Building Foundation, ACBF, 2007). The less people are paid, the more corrupt they become, in order to compensate themselves for their meagre salaries. Policy makers should offer their employees high wages to reduce corruption, thus creating favourable conditions for economic development.

It is important on the part of the government to educate the general public on the negative impact of corruption, as this can play a crucial role in reducing corruption in state enterprises (Rose, 2018). Ensuring that the public is part of the grand machinery in the fight against corruption is proving to be helpful. In essence, multi-stakeholder partnerships in public education and awareness campaigns by government, civil society, the private sector, research organisations and the media serve as watchdogs against corruption in these state enterprises.

It is imperative for the government to invest in smart technology in revenue collection, border posts customs controls, monitoring of public entities financial spending, public procurement and tendering, as this might limit the occurrence of corruption on these state-owned organisations.

Finally, there is a need to cut down bureaucratic red tape in the public enterprises and government departments. In fact, enabling the ease of doing business in these state enterprises will plug the loopholes of corruption, thus fostering economic development. Doing away with unnecessary procedures in state enterprises proves to be a viable solution in ending corruption, thus achieving economic development (ACBF, 2007).

## 8. CONCLUSION

In this article, we use the case study of state enterprises in Zimbabwe to gain an appreciation of the effects of corruption on economic development. With the state enterprises as a context, we conduct key informant interviews and focus group discussions and the results indicate that confronting corruption in public enterprises is a complex and serious challenge that requires a cocktail of strategies and tools to address it. In fact, corruption negatively impacts economic development by depriving the nation of much-needed resources that could have been used to develop the nation. Findings further indicate corruption creates inequalities as the officials in strategic positions tend to benefit at the expense of the public. Policy makers should institute measures on issues that affect state enterprises, such as improving good governance, transparency, and accountability and enhance mechanisms for detecting and punishing corruption. Using Zimbabwe's state enterprises as a case study, we draw specific lessons for other developing countries to address the effects of corruption on economic development. Further research is needed Additional research is needed to understand how public enterprises can be capacitated and strengthened to overcome corruption.

## REFERENCE

Ades, A. & Tella, R.D. (1997). National champions and corruption: some unpleasant interventionist arithmetic. *The Economic Journal*, *107*(443), 1023-042.

Bonga, W.G., Chiminya, J. & Mudzingiri, C. (2015). An explanatory analysis of the economic and social impact of corruption in Zimbabwe.

Byrne, E. (2007). *The Moral and Legal Development of Corruption: Nineteenth and Twentieth Century Political Corruption in Ireland:" Straighten Harp (strings Should be Erect)"* (Doctoral dissertation, University of Limerick).

Candel, J.J. (2014). Food security governance: a systematic literature review. *Food Security*, *6*(4), 585-601.

Cheeseman, N. & Tendi, B.M. (2010). Power-sharing in comparative perspective: the dynamics of 'unity government'in Kenya and Zimbabwe. *The Journal of Modern African Studies*, *48*(2), 203-229.

Chidza, R. (2018). Zimra in corruption clean-out .*Zimbabwe Situation*. .https://www.zimbabwesituation.com/news/zimra-in-corruption-clean-out/

Choruma, A. (2017). Corruption stalls Zimbabwe's economic agenda. *Financial Gazette.* http://iffoadatabase.trustafrica.org/iff/Corruption%20stalls%20Zimbabwe%E2%80%99s%20economic%20agenda%20_%20The%20Financial%20Gazette.pdf

Dang, Q.V. (2016). The impact of corruption on provincial development performance in Vietnam. *Crime, Law and Social Change*, *65*(4-5), 325-350.

Galtung, F. & Pope, J. (1999). The global coalition against corruption: Evaluating Transparency International. *The self-restraining state: Power and accountability in new democracies*, pp. 257-282.

Gelos, R.G. & Wei, S.J. (2002). *Transparency and international investor behavior* (No. w9260). National Bureau of Economic Research.

Government of Zimbabwe. Audit Office Act Chapter 22: 18. Harare. Print Flow.

Government of Zimbabwe. Prevention of Corruption Act Chapter 9: 16. Harare: Print Flow.

Government of Zimbabwe. Public Finance Management Act Chapter 22:19. Harare: Print Flow.

Government of Zimbabwe. Zimbabwe Public Entities Corporate Governance Act Chapter 10:31. Harare: Print Flow.

Government of Zimbabwe. (2013). Constitution of Zimbabwe Section 106. Harare: Print Flow.

Gray, C.W. & Kaufmann, D. (1998). Corruption and Development. Finance and Development March: 7-10.

Jain, A.K. (2001). Corruption: A review. *Journal of economic surveys*, *15*(1), pp. 71-121.

Johnston, M. (1998). Fighting systemic corruption: Social foundations for institutional reform. *The European Journal of Development Research*, *10*(1), pp. 85-104.

Johnston, N., Pelizzo, R. & Stapenhurst, R. (2006). The role of Parliament in curbing corruption. *Washington, The World Bank Institute*, pp. 13-26.

Kraay, A., Zoido-Lobaton, P. & Kaufmann, D. (1999). *Governance matters*. The World Bank.

Langa, V. (2018a). Ex-ministers face probe over Chivayo deals. *Newsday.* https://www.newsday.co.zw/2018/03/4-ex-ministers-face-probe-over-chivayo-deals/

Langa, V. (2018b). Mpofu faces Parly grilling over missing $15 billion. *Newsday.*. https://www.newsday.co.zw/2018/02/mpofu-faces-parly-grilling-missing-15 billion

Madhekeni, A. & Zhou, G. (2012). Legal and institutional framework: The "Achilles Heel" of local authorities and Raison D'etre of ministerial intervention in Zimbabwe. *Journal of Public Administration and Governance*, *2*(3), 19-32.

Maharaj, T. & Karodia, A.M. (2013). Municipal corruption, an auditor's report and the killing of a fly: one easy way on how not to investigate corruption. *Kuwait Chapter of the Arabian Journal of Business and Management Review*, *3*(1), 71-87.

Mashaya, B. (2018). 62 VID Officers fired for Corruption. *Daily news.* https://www.dailynews.co.zw/articles/2018/06/26/62-vid-officers-fired-for-corruption

Nyoni, T. (2017). The Curse of Corruption in Zimbabwe. *International Journal of Advanced Research and Publications,* 1(5). https://ssrn.com/abstract.

Olken, B.A. & Pande, R. (2012). Corruption in developing countries. *Annu. Rev. Econ.*, *4*(1), 479-509.

Piplica, D. & Čovo, P. (2011). Corruption and economic growth in Croatia. *Oeconomica Jadertina*, *1*(2), 85-99.

Pulok, M.H. (2012). The impact of corruption on economic development of Bangladesh: evidence on the basis of an extended Solow model.

Resnick, D., Babu, S., Haggblade, S., Hendriks, S. & Mather, D. (2015). *Conceptualizing drivers of policy change in agriculture, nutrition, and food security: The kaleidoscope model* (January 30, 2015). IFPRI Discussion Paper 01414. https://ssrn.com/abstract=2564542

Resnick, D., Haggblade, S., Babu, S., Hendriks, S.L. & Mather, D. (2017). *The Kaleidoscope Model of Policy Change: Applications to Food Security Policy in Zambia* (No. 259531). Michigan State University, Feed the Future Innovation Lab for Food Security (FSP).

Rose, J. (2018). The meaning of corruption: testing the coherence and adequacy of corruption definitions. *Public Integrity*, *20*(3), 220-233.

Rose-Ackerman, S. & Palifka, B.J. (2016). *Corruption and government: Causes, consequences, and reform*. Cambridge university press.

Sandbrook, R. (1993). *The politics of Africa's economic recovery*. Cambridge University Press.

Scully, G.W. (1988). The institutional framework and economic development. *Journal of Political Economy*, *96*(3), 652-662.

Shleifer, A. & Vishny, R.W. (1993). Corruption. *The Quarterly Journal of Economics*, *108*(3), 599-617.

Tanzi, V. & Davoodi, H. (1998). Corruption, public investment, and growth. In *The welfare state, public investment, and growth* (pp. 41-60). Springer, Tokyo.

Tinarwo, J.; Babu, Suresh C.; & Iyappan, K. (2018). *Improving food system resilience through better governance: Lessons from multistakeholder partnerships in Zimbabwe*. IFPRI Discussion Paper 1734. Washington, DC: International Food Policy Research Institute (IFPRI). http://ebrary.ifpri.org/cdm/ref/collection/p15738coll2/id/132721

Transparency International (TI). (2017). *What is corruption?* https://www.transparency.org/what-iscorruption

Wagenaar, P. (2007). Emmanuel Kreike, William Chester Jordan (eds), Corrupt histories. Studies in comparative history. Rochester, NY, University of Rochester Press.