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The Nature and Potential of Corporate Governance in Developing Countries

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The Nature and Potential of Corporate Governance in Developing Countries: Zambian Perceptions

Purpose

This paper provides detailed findings regarding the perceived role of corporate governance in Zambia. There have been no detailed studies of opinions in a setting such as Zambia, i.e. a nation which has experienced relative political calm and which has an abundance of natural resources – but where corporate governance failures have been blamed directly for economic difficulties.

Design/Methodology/Approach

The study reports the results of a series of 24 in-depth interviews with Zambians, including politicians, regulators, senior business executives, trans-national organisation representatives, academics and governance consultants. The discussions were conducted face-to-face and recorded in all cases.

Findings

Understanding of corporate governance is at an embryonic stage in Zambia, but embedded corruption is likely to require addressing before any meaningful change is likely. A range of isomorphic forces appear to be prevalent and the study argues that root-and-branch change in structures and attitudes is a necessity if improvements are to be forthcoming. The paper concludes with a call for unity in purpose and recognition of current malignancies.

Originality/Value

Despite Zambia's idiosyncrasies, the evidence suggests a pan-African picture is emerging, with growing awareness of the potential benefits of improved corporate behaviour - but deep cynicism about the likelihood of these arising, given corruption in reward structures. Such is the extent of embeddedness in power amongst those who benefit from current arrangements that both mimetic and coercive forces are argued to be ranged against any shift in extant systems and processes.

Keywords:

Zambia, Corporate Governance, Corruption, Isomorphism

The Nature and Potential of Corporate Governance in Developing Countries: Zambian Perceptions

1. Overview

This paper provides detailed insights regarding perceptions of corporate governance in Zambia, a nation with a recent political history that differs from many of its continental neighbours, but which continues to experience the type of economic malaise often attributed to failures in governance mechanisms and standards. Corporate governance has emerged as a leading policy concern not only in the developed world, but also in many emerging nations (Solomon, 2013). However, most of the research in the area continues to be concentrated on the wealthiest economies, ignoring those in transition - like most in Africa - where the de-facto importance of strong governance is arguably greatest (Wanyama *et al.* 2009; Josiah *et al.*, 2010). Prior literature examining the potential role of improved corporate governance in developing countries has explored the theoretical possibilities of US/UK-style codes without engaging those individuals and groups most directly affected; in the absence of meaningful understanding of perceptions on the ground, the practical worth of such investigations is inevitably limited. Given this context, the present study provides empirical evidence about corporate governance in Zambia from the perspective of a wide range of stakeholders, with an emphasis on the issues most common to current debates, including definition, drivers, legal culture, international influences, compliance, benefits and challenges. Unlike most of the developing countries examined to date, Zambia has experienced considerable political stability since gaining independence and retains plentiful natural resources. However, the nation has failed to sustain significant levels of economic growth, and poor governance across the corporate sector has been suggested as a key factor in this regard (Donge, 2008).

Eden *et al.* (2001) point to the “role of unique political, cultural and social systems” (p. 3) at a continental level, suggesting that institutional influences may pervade across borders within large pan-national demographics. Whilst evidence has been published relating to corporate governance in various parts of developing Africa (e.g. Dabor and Abeyemi, 2009 for Nigeria; Wanyama *et al.* 2009 for Uganda) no study has yet examined the situation in a relatively stable, resource-rich nation such as Zambia, a task which is

necessary if findings generalisable to a broad set of the continent's emerging nations are to materialise. An increasing trend in the literature on governance structures in developing nations is the propensity to identify elements of institutional isomorphism as underpinning extant practices. For example, Wanyama *et al.* (2009) point to institutional forces in Uganda so "entrenched" (p. 173) that they represent powerful impediments to change in governance practices; the strength of these forces leads the authors to suggest that "root and branch change" (p. 173) in the early education of the nation's youth is needed. However, the precise way in which isomorphic forces manifest themselves in emerging African nations has itself been characterised as a function of national political economy, in particular democratic stability and structure (Krebat *et al.*, 2013). As the focus of much of the recent literature on corporate governance in Africa has been set in the context of recent conflicts, there is little substantive evidence regarding the manner in which embedded forces might reveal themselves in a more stable nation and addressing this gap in the literature is the key motivator for the study. To provide comparability with prior research we focus here on the five key issues emerging from earlier work on African corporate governance, in particular recent studies by Wanyama *et al.* (2009; 2013) in Uganda,[1] adjusted for Zambian contextualities. These are: (i) the extent of Zambians' experience and understanding of corporate governance, including its definition; (ii) drivers of corporate governance practices in Zambia, including the impact of external aid conditions and economic globalisation;[2] (iii) the role of legal and regulatory frameworks; (iv) issues relating to compliance; and (v) perceptions of the potential benefits of robust governance systems. Whilst the last area has typically only been addressed on an ad-hoc basis in prior studies, it was thought to be of fundamental practical importance for a considered investigation of extant views and was therefore examined explicitly here[3].

The study is based on a series of semi-structured interviews conducted in Zambia with a diverse group of individuals. The findings indicate that awareness of corporate governance in Zambia is at an embryonic stage, with most citizens still experiencing difficulties in understanding its key implications. Nonetheless, several participants cited corporate governance's propensity to attract finance, improve economic fortunes and minimise corruption as ranking highly in terms of potentialities, with institutional weaknesses and (resultant) stasis seen as the major challenges for the reform process. Overall, however, the evidence suggests that whilst

significant inertia continues to define the nation's regulatory system, some pervasion of the possibilities of "better" corporate governance is apparent in modern day Zambian thinking. The remainder of the paper is structured as follows. The next section outlines the motivation for the study, in the context of prior literature in the area. Section 3 describes extant governance arrangements in Zambia's corporate sector. The fourth section highlights the sample selection choices made before Section 5 presents and discusses the empirical evidence. The final section concludes with an overview and reflection of the results and their implications.

2. Motivation and Extant Literature

The debate relating to corporate governance has gained momentum in recent years (Allen, 2005; Gillan, 2006), not only in the world's richest nations but also in settings characterised by lower levels of economic development (Solomon *et al.*, 2003; Hussain and Mallin, 2003). As early as 2003, Solomon *et al.* detected an increase in the pace of change in both legal systems and market listing obligations that reflected renewed focus on best practice in governance. The present study explores the role of corporate governance in Zambia, a country located in the southern part of Africa that gained its independence from Britain in 1964. The attainment of economic performance befitting a peaceful and politically stable nation, well-endowed with rich natural resources, has been elusive (see Andersson *et al.*, 2000). Many of the issues relating to this state of affairs are now being viewed through a corporate governance lens, with commentators increasingly citing the (poor) quality of the nation's governance standards in general - and the absence of good corporate governance practices in particular - as causes of the malaise (Coldough, 1997; Donge, 2008).

The case for researching the issue in Zambia, despite attention having been paid to several other developing nations in Africa, also reflects a number of specificities that suggest continent-wide generalisation cannot yet be advanced. For example, Zambia has had numerous economic crises (Mwenda, 2001; Mwanawina and Mulungushi, 2002; Lungu, 2005) resulting in serious debt problems, problems that in theory might have been militated by its status as one of the richest African nations in terms of natural resources (Donge 2008; Mwenda, 2001). Inevitably, poor governance of the firms and businesses designed to invest these resources most efficiently has been questioned (Mwanawina and Mulungushi, 2002; Lungu, 2005) and the issue remains

highly topical. Despite many months of discussions - and following a delay caused by the national election in August 2016 – it was October 2016 before the IMF visited with an outcome whereby several conditions, including developing “measures to fight corruption”, must be put in place before any loan will be provided (Lusaka Times, 2016). Finally, although reports emanating from the office of the Auditor General of Zambia point to weak corporate governance, neither the government itself or other stakeholder groups (including the public) have shown any interest in addressing these gaps (Chulu, 2006). Given this context, Zambia appears to be an appropriate choice for a study of perceptions regarding corporate governance in practice and the many benefits it is purported to offer in a context where weaknesses clearly exist.

Since gaining independence Zambia has embarked upon a series of political and economic reforms aimed at improving the country’s economy, but meaningful improvements have not materialised (Donge, 2008). Possible explanations, both internal and external, have been advanced for this failure including the country’s colonial history, the economic shocks of the 1970s,[4] extractive imperialism and anaemic post-independence economic policies that left the country heavily indebted and largely dependent on external hand-outs (Coldough, 1997; Haglund, 2008). However, scholarly literature points to disorder in the corporate sector characterised by an absence of the governance standards and accountability systems that are generally thought to underpin strong economic performance (Visser *et al.*, 2006; Hansungule, 2008). While colonisation has been blamed for many of the continent’s development challenges (Ake, 1996),[5] Africa - Zambia in particular - has its own systemic financial difficulties that are unrelated to any pre-independence malignance (Kalley *et al.*, 1999). Notwithstanding colonial influence, there appears to be an increasing realisation that endogenous factors such as corporate governance failure have not been given adequate attention in conversations about economic problems across the continent (Hansungule, 2008).

The perceived deficiencies in organisational governance on the continent may partly be explained by the emergence at independence of African leaders who were widely regarded as heroic freedom fighters, thus insulating themselves from meaningful questioning or scrutiny on the part of the citizenry (Armah and Amoah, 2010). This propensity for torpor, coupled with Africa’s weak institutional arrangements allowed the ruling elites to continue abusing state resources with impunity (Rossouw, 2005; Cooper, 2007) and this underlying

governance issue has been held directly responsible for the continent's developmental stagnation[6] (World Bank, 1989; Hansungule, 2008). The New Partnership for Africa's Development (NEPAD), contends that Africa requires a robust system of governance if it is to achieve meaningful economic goals. NEPAD has cited corporate governance as a key factor in this context, but one that has been consistently ignored in reforms aimed at African (economic) emancipation (NEPAD, 2007). Despite extensive research in developed nations, most African countries, including Zambia, have yet to incorporate governance thinking into debates about corporate reforms (Donge, 2008; Haglund, 2009). For a nation that is looking to attract capital for growth, the omission defies (what is now) conventional theorising whereby "strong" corporate governance underpins global investment decisions (Siddiqui, 2010).

Poor economic performance in developing nations is now often attributed directly to failures in accountability (Shleifer and Vishny, 1997; Akokpari, 2004; NEPAD, 2007). Given the well-documented link between shortcomings in accountability and corporate governance in developing nations (Wanyama *et al.*, 2009; Wanyama *et al.*, 2013) it seems reasonable to suggest that governance practices in Zambia may have been a factor in the nation's plethora of accountability problems and broader economic stagnation. As noted above, it is becoming increasingly evident that isomorphic forces have played a major role in shaping governance systems in post-conflict Africa, particularly by fostering stasis. However, failure to identify the nature of any links between national environment and extant practices - an important limitation in the prior literature given Eden *et al.* (2001)'s contention that: "the actions of organizations are primarily defined by the local infrastructure of a particular region" (p. 3) - reduces the extent of generalisability to more stable environments such as Zambia. The institutionalised nature of forces ranged against improved accountability in developing nations is evident in the prior literature and thus provides an appropriate lens for examining perceptions about governance in research sites where the issue has not been examined empirically. The emphasis here, following practice in prior work such as the body of evidence on Uganda provided by Wanyama *et al.*, is on capturing perceptions across a diverse stakeholder base, whilst acknowledging epistemological subjectivity and openness to interpretation. Stakeholder views are likely to provide valuable insights into the current state of

understanding regarding corporate governance and whether attempts to improve matters will be taking place in the context of a population that comprehends the key ideas and their potential impact on Zambian lives.

The unique character of developing African nations provides both opportunities and challenges for research (Armstrong, 2003). Use of country-specific research sites, as in the present study, fits with the notion that: “to assume that all countries will adapt to the same corporate governance structures is unrealistic” (Clarke, 2007 p. 265) and contributes meaningfully to the debate regarding the applicability of international standards in individual nations. In 2001, Lu and Batten questioned the transnational approach to the study of corporate governance, criticising cultural mismatches and failures to recognise the varying levels of economic and legal development across jurisdictions. Similarly, Reed (2002) argues that heterogeneity in developing nations’ political and financial contexts calls for investigations in such environments that fully assimilate the way in which corporate governance interfaces with those responsible for overseeing economic development. In this regard, the current paper’s contribution is important because it focuses exclusively on Zambia, taking detailed account of the nation’s cultural, political and economic particularities. While some Zambian characteristics are common to the African nations investigated in prior studies, the relative political calm and abundance of natural resources - with success in large scale exportation of the latter - are atypical, not just in Africa, but in the developing world more generally.

As pointed out earlier, most modern analyses of corporate governance systems across the globe are founded on key elements of institutional theory and the focus of the present study on issues such as aid conditionality, compliance with extant rules and the role of regulation, reflect this theoretical underpinning. Recent examples of this paradigm choice include Tsamenyi *et al.*’s (2006) employment of Di Maggio and Powell’s isomorphism model as an explanatory tool in the context of large scale deregulation, evidencing in particular its role in legitimising aspects of the change process.[7] In the developing nation context of Fiji, Reddy and Sharma (2014) explore the broader issue of corporate governance compliance, but so do on the basis of institutional theorising that reflects a key role for (legitimising) isomorphism. Of particular relevance to studies of emerging nations, Reddy and Sharma cite Judge *et al.* (2008)’s contention that: “corporate

governance legitimacy is conceptualised as one of the means by which a nation constrains and directs corporate activity so that it efficiently creates economic value and equitably distributes economic wealth. Hence, the legitimacy of the corporate governance system is pivotal to Fiji's economic system" (p. 74). As a developing nation with clear evidence of economic malaise over the long-term, such logic is easily extended to the Zambian context.

3. Corporate Governance in Zambia

3.1 Overview

Anxiety regarding corporate conduct and functioning in the wake of various scandals in the developed world has provoked considerable interest in governance systems, but this debate has not been restricted to the nations where the problems have been most prominent (Wu, 2005). The focus of discussions has widened from (initially) being restricted to developed countries dominated by large firms to the emerging world where, in many cases, government ministries, trade unions, charities (including faith-based organisations) and local authorities play a more significant role in economic activity (Arun and Turner, 2009; Wanyama *et al.*, 2013). Firms in the US, Europe and elsewhere in the developed world responded to a series of high profile scandals with targeted reforms (Berglöf and Claessens, 2004); on the other hand, in many African countries corporate governance changes, like political reforms, have been embraced only reluctantly, often emphasising form over substance (Chulu, 2006; Josiah *et al.*, 2010). In most African nations, the principles espoused by theoretically robust corporate governance practices often run counter to the prerogatives of power-driven, authoritative politics that characterise the continent (Gruzd, 2008). This incongruity can foster and stimulate opaqueness, allowing key institutions to operationalise policies that, at worst, suggest contempt for (and intolerance of) conventional notions of transparency and accountability (Shkolnikov, 2002). The lack of checks and balances on public accountability lead in turn to the promotion of corruption, self-entrenchment and self-enrichment amongst the governing elite, at the expense of national prosperity (Shkolnikov, 2002; Gruzd, 2008).

This paper focuses on levels of understanding and perceptions regarding the potential of corporate governance in Zambia, with the emphasis on factors driving practical developments as well as the institutional and legislative arrangements and initiatives that have helped shaped contemporary debates. In relatively recent

history, Zambia can point to a buoyant economy - a legacy of the pre-independence era - in which copper accounted for over 70 per cent of export earnings (Ihonvbere, 1996; Coldough, 1997; Andersson *et al.*, 2000; Lungu and Kapena, 2010). This success allowed Zambia to operate with a balanced external trading account and supported significant investment in sectors (such as health and education) that were considered key to development. However, over-reliance on a sector where governance standards were as low as anywhere in the country became an issue when a sharp decrease in copper prices in the early 1970s dramatically changed the economic landscape, causing severe financial hardship for most Zambians (Haglund, 2008). This was seen by many as the starting point for what became a long slump in the economic fortunes of a once-prosperous country (Ihonvbere, 1996); copper revenues - which between 1965 and 1973 accounted for over 35 per cent of Zambia's GDP, over 70 per cent of all export earnings and 45 per cent of total Zambian government revenues - halved in value on the world market in less than two years (Zacher, 1993).

Zambia has experienced three major economic governance phases since independence: the open market economy that continued after British rule until 1969, followed by two decades of state control and planning and a subsequent return to free market principles in 1991; each of these involved particular governance challenges for the corporate sector (Lungu, 2005; Chulu, 2006). In the first phase, corporate governance principles were based on a well-established (colonial) market system driven by the private sector while the state provided a supportive environment for business (Mulwila, 1980; Chulu, 2006). During this period, the Zambian government acknowledged the important role that the private sector played in economic development, as manifested in the world's richest nations, including the UK, from where key elements of Zambian company law could trace their origin (Mulwila, 1980). In this phase, foreign companies with ownership structures and governance models reflecting Anglo-American norms dominated domestic economic activity (Turok, 1980). The 1970s and 1980s witnessed large scale nationalisation of major industries. Economic performance deteriorated, leading to IMF involvement and, ultimately, the end of Kenneth Kaunda's presidential reign in 1991; a programme of economic transition based on privatisation and liberalisation that pertains to this day was then set in train by incoming President Frederick Chiluba (Chulu, 2006).

3.2 Implications of the post-1991 Reforms for Corporate Governance in Zambia

Literature suggests that one of the main drivers of corporate governance change in Africa is its purported role in fostering economic growth (Charkham and Ploix, 2005; Tsamenyi and Uddin, 2008; Arun and Turner, 2009). In the development context, North *et al.* (2008) argue that governance should be viewed as part of the broad institutional arrangements that underpin economic performance, with robust systems requiring the underpinning that only strong institutional capacity can provide (La Porta *et al.*, 1997; Rossouw, 2005). Several studies on the African continent attribute deficiencies in corporate governance to failures in this regard (Haglund, 2009; Wanyama *et al.*, 2009), but the World Bank (2004) contends that Zambia is particularly weak in these terms.

An increasing body of literature (e.g. Dabor and Adeyemi, 2009) suggests that corporate governance reform goes hand-in-hand with public sector governance reform. The economic reforms that followed radical political change in 1991 saw the role of the Zambian state - which at one stage controlled more than 80 per cent of all economic activity (Kalinda and Floro, 1992) - reduce, paving the way for private ownership with the stated aim of improving the management of state-owned enterprises (SOEs). The consequent changes in ownership structures had major implications for corporate governance in Zambia, leading to heightened debate regarding the way in which companies should be controlled (Mwanawina and Mulungushi, 2002). As a major foreign aid destination nation, governance and accountability pressures were also mounting in Zambia by way of the detailed conditionalities imposed by major donors (Silwamba, 2009). However, the first direct consideration of corporate governance in the country began with the establishment of the Institute of Directors of Zambia (IODZ) in 2000. Although progress was slow, this development led in 2005 to the emergence of the nation's first corporate governance code, the Lusaka Stock Exchange (LuSE) Code, pertaining to all listed companies. The creation of the Lusaka exchange in 1994 had itself reflected a governmental economic reform programme designed to develop the nation's financial and capital market, supporting and enhancing private sector initiatives and facilitating the divestiture of state ownership by creating a broad shareholding base (Lusaka Stock Exchange, 2005). This initiative was followed by the publication of the Bank of Zambia (BoZ) corporate governance guidelines in 2006, developed in the wake of several systemic scandals in the financial sector^[8] (Bank of Zambia, 2006). Similarly, the 2008 report of the Parliamentary Committee on Legal Affairs,

Governance, Human Rights and Gender Matters cited the absence of “good” governance as the cause of extant corporate misconduct (Zambia National Assembly, 2008). The BOZ commitment was augmented by the publication of IODZ guidelines in 2009 and the establishment of a governance secretariat in the Ministry of Justice – as well as the nation’s accession to Africa’s Peer Review Mechanism[9] in 2006. These initiatives suggest a shift in attitudes amongst Zambian authorities towards improving governance standards, but the extent to which this has been felt in practice remains untested; this omission is one of the main motivations of the present study.

Notwithstanding these developments, the push for greater accountability and robust corporate governance practices in developing countries has been shown to be fraught with challenges that continue to impinge on the reform process; cultural barriers, a lack of appropriate legislation, weak institutional and regulatory frameworks, and rampant corruption are some of the most commonly-reported impediments (see, e.g. Dabor and Adeyemi, 2009; Wanyama, *et al.*, 2009, 2013). In Zambia, the desire for better corporate behaviour itself is often based on the assumption that strong governance has the propensity to infuse the values of fairness, accountability, responsibility and transparency into institutional systems at all levels (Obong’o, 2009).

4. Methodology and Methods

The present study appropriates ontological assumptions premised on the awareness that reality is created by one’s consciousness (Burrell and Morgan, 1979; Siau and Rossi, 2011). Interviews have increasingly been used as a research method in social sciences in this context (Kvale, 1996), including in enquiries related to corporate governance matters (Solomon, 2013). In the context of the current study, interviews were used to capture detailed views regarding corporate governance, as contextualised by individuals’ own experiences. Lofland and Lofland (1996) suggest that in order to acquire social knowledge (i.e. knowledge relating to human activities, concepts and ways of ‘being’ social) the inquirer must get as far inside the mind of other human beings as possible. In this sense, the research is not viewed as an abstract notion, but instead involves interactions with others and understanding of the way in which actors make the world meaningful in their own terms (see Krauss, 2005).

The choice of interview participants was based primarily on the participants' potential exposure to corporate governance debates and their willingness to participate in the research. Twenty-four individuals were identified on this basis, with the interviews taking place between 1st May and 19th July 2011. Contributors were drawn from various stakeholder groups and individuals representing: members of the IODZ; researchers and academics; government; Non-Governmental Organisations (NGOs); the LuSE; Chief Executive Officers from private and public sectors; regulators; governance consultants; international organisations and multinational companies operating in Zambia; the National Assembly; and other individuals. With permission from interviewees, all the interviews were taped[10] and later transcribed; Table 1 details the number of words per interviewee after transcription.[11] Interviews were conducted at times and locations favoured by interviewees, with the latter including both interviewees' places of work and private residences.[12] The average duration was one hour, with the shortest interview lasting just 30 minutes at a highly sensitive government office where both the interviewer and interviewee were watchful and conservative.[13]

[Table 1 about here]

The interviews were designed on a semi-structured basis in order to achieve a detailed understanding of opinions without constraining the direction of the discussions; the questions posed reflected the five themes outlined earlier in the paper. Several interviewees expressed their appreciation that a detailed study of this kind was being undertaken in Zambia. As such, participants appeared to find the topic interesting and relevant, particularly given the nation's on-going reform programme and debate about its implications for economic performance and development. In this context, interviews were only restricted by time and not ideas. For example one participant, a senior academician interviewed at his official residence, remarked that: "I wish we had the whole day to discuss corporate governance and development in Zambia."

To ensure a systematic review of the evidence, the interview recordings were transcribed and then subjected to an initial read-through focussing on the identification of common themes. Whilst the notion of researchers identifying themes in the viewpoints of multiple individuals inevitably introduces an element of subjectivity into any empirical analysis, Husserl (1970) contends that meaningful understandings of human motivation can

never be fully objective and so, from an ontological perspective, subjectivity in categorising responses is inevitable and not a major impediment to the research process. The transcribed data revealed several consistent arguments, and quotes capturing these as pervasively as possible were selected for inclusion in the text. In some cases, however, opinions differed across significant numbers of respondents. For example, Section 5.3 of the paper, which relates to the legal and regulatory aspects of governance, includes quotes from interviewees 9 and 14 that reflect the two broad schools of thought that emerged. More generally, themes were identified at different points in the research process, before, during and after data collection. Themes were also identified during the process of reviewing the literature, theoretical orientation and via the researchers' personal experiences with corporate governance matters in developing economies. The overall approach was based on a belief that themes thus identified represent transcribed texts' similarities with and differences from each other, in line with the "constant comparison" methodology described by Glaser and Strauss (1967). Flick (2009) in fact suggests that the process of coding responses on a thematic basis is appropriate in situations where "sampling is oriented to the groups whose perspectives seem to be most instructive for analysis" and data is gathered on the basis of "defining topics and at the same time remaining open to the views related to them" (p. 318) both of which were the case here.

Theme discovery first involved careful reading of larger blocks of transcribed texts, scanning for word repetitions. This in-depth, line-by-line scrutiny facilitated identification of the common terms participants used in order to describe both concrete and abstract notions. Words and phrases that were used frequently were identified as being salient in the minds of respondents, an approach that Spradley (1979) refers to as "interviewing" the text. Repeated use of particular words indicated that these ideas were important, recurring themes in respondents' lived experiences. All the unique words employed were also identified and the number of times each was used - and the number of respondents who used them - counted. This information provided a basis for theme description. A number of quotes that on first reading appeared rather sentimental, but representative of the transcribed text, were also identified. These quotes tied together several thematic elements to indicate a deeper appreciation of the significance of the subject matter. The identified quotes were then written down alongside a note of who said it and where it appeared in the text, with this new

documentation becoming the reference point for final analysis. The selected quotes were intended to highlight respondents' feelings, indicating awareness and understanding of the issues to hand.

5. Empirical Evidence

5.1 Experience and Definition

5.1.1 Awareness and Understanding

There was wide agreement amongst the participants that corporate governance is a relatively new phenomenon in Zambia; although most had some understanding of its key principles, this was generally very basic. For example, interviewee 3 – an IODZ executive – characterised corporate governance in Zambia as a “green field” adding that: “a lot needs to be done because there are people that are not even aware that there is such a thing.” Recent literature suggests that corporate governance has become an issue of worldwide importance (Wanyama *et al.*, 2009; Mallin, 2013; Solomon, 2013) yet it was clear from the discussions here that in Zambia the concept is embryonic at best, with no meaningful levels of awareness and understanding of the concept, or its potential implications for the economic well-being of the country. This evidence is consistent with the outcome of the Zambia Country Self-Assessment Report (2010), which indeed suggested that a lack of cognisance might make it difficult for most Zambians to appreciate the benefits of sound governance, both at corporate and state levels.

Understanding and awareness of corporate governance appears to have been effectively absent in Zambia until the IODZ's formation and their subsequent attempts to embed increased comprehension. However, a former president of the IODZ (interviewee 9) expressed concern here when asked about the pace of change, particularly in SOEs, arguing that although “much” has been achieved:

“... the government, being a key stakeholder, is an area where things are still in very bad shape. The government has ratified a number of international standards on corporate governance, but they do not seem to have use for them. Equally, corporate governance has not moved at a fast pace, particularly in government-controlled entities”

While there may be other factors playing a role here, the slow pace of pervasion of corporate governance familiarity is likely to reflect the country's experience of state capitalism, characterised by an aura of

secretiveness and patronage (Chulu, 2006). The evidence here suggests that some individuals still believe that the nation's SOEs represent little more than de-facto extensions of the ruling party with, as a consequence, resources effectively belonging to no-one. The perceived problems were further compounded by interviewees' concerns regarding high levels of political interference in Zambian SOEs which manifest themselves most obviously in terms of political appointments and subsequent board domination (Donge, 2008). The current president of the IODZ argued that engagement is key to overcoming the evident institutional malaise, suggesting that corporate governance is critical going forward as it will consolidate the stakeholder concept in national debates. In particular, he maintained that:

“Under state control we never took business seriously. People did not feel that personal touch or personal responsibility because whether they worked or not they were still paid a salary at the end of the month. But now people are beginning to realise that we need to work very hard to sustain our businesses, and this is where corporate governance becomes very important. Once we embed corporate governance in our structures and cultures everybody is a stakeholder and therefore must play a role in creating wealth.”

In such circumstances, the consequences are predictable: poor performance in SOEs and a failure to deliver on the commercial front as well (Josiah *et al.*, 2010). The implications of the evidence in this regard is that programmes designed for corporate governance sensitisation remain critical in Zambia and must not only focus on good practices, but on changing peoples' mind-sets as well because they are the architects of corporate culture (Wanyama *et al.*, 2009). However, Zambia's corporate governance advocates have been quick to point out that the landscape is changing and some gains have been achieved, especially in the private sector (Zambia Country Self-Assessment Report, 2010). Consistent with this viewpoint, the interview participants believed that the local corporate governance guidelines referred to earlier represent evidence that the issue is gaining some traction on the ground. In addition, there was wide recognition of the important role that Zambia's many small, family-held companies - if properly run - can play in the country's future development. Participants' recognition of small and medium enterprises' (SMEs') significance appeared to be premised on an assumption that the sector represents a collection of local resources that are critical to the development process in emerging economies. There were also signs that, albeit slowly, the significance of the manner in which corporations are governed is starting to be appreciated. For example, the establishment of a governance secretariat under the Ministry of Justice, augmented by the endorsement of Africa's Peer Review Mechanism (APMR), was seen as providing evidence of state commitment to improving governance practices

within its own circles and benefitting the country as a whole. These changes, and the perceptions evidenced above of stronger governance principles embedding themselves within the system, suggests (some) addressing of the need for institutionalised change identified by Yang and Modell (2012) in the context of “value rigidity,” where the latter represents “an inability of individuals to dis-embed their actions from their values and beliefs when confronted with negative feedback from the institutional environment” (p. 106). Assimilation of the APMR’s inherent positivity in this situation suggests awareness of the need to move beyond individual action to develop organisational legitimacy for attempts to improve entrenched practices.

5.1.2 Defining Corporate Governance

The inter-disciplinary nature of the corporate governance concept, coupled with business environment dynamisms and fluidity, has been advanced as an explanation of why attempts to generate a universally-accepted definition have failed (Aguilera and Jackson, 2003; Mallin, 2013; Solomon, 2013). Aguilera and Jackson suggest that emergence of a common definition is unlikely given heterogeneity in global practices that mitigate against universality, whilst Lee (2006) argues simply that: “Corporate governance appears to have as many meanings as it has its users” (p. 29). The lack of a common conceptualisation is of particular relevance to Africa according to Wanyama *et al.* (2009) who contend that meaningful improvements in practices are unlikely in the continent’s emerging nations without a consistent understanding establishing itself amongst stakeholder groups.[14] The multidimensional character of the modern corporation means that there are many competing interests involved (Mulherin, 2005), which in turn implies that a broad analysis of operations and processes is required rather than one which focusses exclusively on shareholders. Prior literature on Africa (e.g. Visser *et al.*, 2006; Wanyama *et al.*, 2009; Josiah *et al.*, 2010) claims that to have a significant impact on institutional behaviour, corporate governance needs to be widely understood as consistent with notions of tribe, family and clan, contextual factors absent by definition from a shareholder-centric paradigm. Nonetheless, despite the inherent difficulty in deriving a globally-relevant definition, a number of scholars have suggested that the issues of accountability, transparency, disclosure and fairness are universal in their normative applicability to the search for an over-arching framework (e.g. Oman, 2003; Solomon, 2013).

Correspondingly, the participants here proposed definitions ranging from one based exclusively on the interests of shareholders, to varieties reflecting social responsibility and multi-stakeholder inclusivity. The interviewees often mentioned issues such as stakeholder participation, transparency, accountability, checks and balances, disclosure, fairness, social responsibility, corruption, human rights, environmental concerns and the creation of wealth for all. The judgement of interviewee 15, a senior executive in the Economic Commission for Africa (ECA), was typical in this regard:

“Corporate governance is concerned with the ethical principles, values and practices that facilitate holding the balance between economic and social goals and between individual and communal goals. The aim is to align as nearly as possible the interests of individuals, corporations and society within a framework of sound governance and common good.”

Whilst the discussion above suggests a willingness to take a broad view regarding the purview of corporate governance, the findings here are consistent with prior emerging nation literature (e.g. Siddiqui, 2010) in evidencing a wide range of opinions, but with the dominance (in this case via the support of 75 per cent of interviewees) of formulations along the lines of “the system by which companies are directed and controlled,” i.e. the description in the original UK-based Cadbury Report of 1992.[15] This confirms earlier scholarly observations (e.g. Wanyama *et al.*, 2009 and Bondamakara, 2010 for Uganda and Zimbabwe respectively) that, despite being viewed as narrowly focused, the terminology of the 1992 report has established its own hegemony, even where cultural contexts – including those recognised and emphasised by research participants – emphasise broader societal links.[16] Given the Cadbury report (and its antecedents)’s Anglo-centric style and principal-agent core, it was thought likely here that Zambians would see its approach and attendant terminology as being of limited relevance precisely because it ignores the continent’s centuries’ old emphasis on community relations (Sheikh and Rees, 1995; Brennan and Solomon, 2008). However, the opposing evidence fits with findings reported elsewhere and suggests the continuing dominance of Western influence on the language of corporate governance debates. This apparently anomalous pattern in the results is likely to reflect the underlying gap in knowledge and comprehension depth identified here and in prior work on governance perceptions in Africa; the discussion of the broader issues which continues below suggests that a working appreciation would need to diffuse sufficiently in practice to allow community, societal and other traditional spheres of concern in Zambia to be addressed.

Indeed, contrary to the prevalence of support for the narrow Cadbury-originating definition, several participants raised issues concerning corporate governance mechanisms that only address the relationship between shareholders and their agents, suggesting that in Zambia - a country where the majority of companies are family-controlled SMEs and where dispersed ownership is uncommon - corporate governance mechanisms should venture beyond a shareholder-centric perspective to encompass wider stakeholder inclusivity and thus be fleshed out to capture reality in a meaningful way. The participants argued that if improved corporate governance is to make a lasting difference to people's lives it must lead to standard of living benefits for the population at large. In this context interviewee 23, a governance consultant, claimed that:

“Corporate governance goes beyond corporate affiliation to include government, trade unions, teachers' unions, local government, churches and any other organisation or institution that has resources at its disposal and has individuals or groups of individuals who decide how to apply these resources on behalf of others for the betterment of that particular organisation or institution and stakeholders.”

The viewpoints evidenced in this section suggest a multi-institutional, interactive perspective on and understanding of corporate governance in modern-day Zambia. This broad standpoint suggests some grounds for an optimistic outlook going forward, given Lounsbury (2008)'s contention that a: “more complete approach to practice that accounts for institutional processes requires attention to the broader cultural frameworks that are created and changed by field-level actors, as well as the lower-level activities of organizations and other actors that articulate with those frameworks” (p. 356). Whilst Meyer and Rowan (1977) note the propensity for mythical properties to rationalise and legitimise extant practices in the absence of effective rule enforcement – an issue returned to below – understanding about the impact of institutional links on governance practices was clearly evident amongst those taking part in the study.

5.2 Drivers of Corporate Governance in Zambia

5.2.1 Underlying Notions

A number of attempts have been made to identify the main drivers of observed corporate governance developments around the world (e.g. Charkham and Ploix, 2005; Mallin, 2013) with a common approach emerging based on the need to properly understand conflicts between owners and managers in the context of globalisation and high profile company malfunctions (Jensen and Meckling, 1976; Bushman and Smith, 2001;

Brennan and Solomon, 2008). However, the participants here argued that the shareholder-centric approach dominant in most western governance principles (and supported - on one level at least - in Zambia as per the discussion in the previous section) contrasts with the local community's values and beliefs. This evidence is consistent with earlier analyses of Africa which highlight governance debates similar in principle to those taking place in the developed world, but in practice coalescing around a broader set of issues (Jackson, 2004). In the interviews here, the catalysts for change identified most often included external influence/donor pressure, company failures (both local and international) and globalisation. These issues are all explored in further detail below.

The NEPAD framework of 2007 represents one of the few African-based attempts to set out the developmental potential of corporate governance, declaring the latter to be a fundamental requirement for economic advancement. The majority of participants in the present study expressed views consistent with this assertion; for example, interviewee 12, a government agency manager, suggested straight-forwardly that:

“In Zambia we view good corporate governance [in the context of] economic growth and development because it is about accountability, transparency, disclosure and fairness all of which we have been struggling to achieve as a nation. Because of these problems, we have failed to develop our country despite abundant natural resources. We experience high poverty levels in the midst of plenty as a result of bad governance.”

Similarly, one of the academic interviewees, interviewee 1, argued that although corporate governance can be viewed through a business-only lens, in the local context attention must also be paid to the broader stakeholder notion, including the national economy and the general well-being of the country. The essential nature of the governance concept and the extent of its universality represented one of the few areas where responses from interviewees differed in a systematic way, with two distinct viewpoints emerging.[17] One group argued that because of their global character, extant corporate governance principles would not be wholly applicable to Zambia. These individuals emphasised the need for Zambia to come up with its own corporate governance principles that are localised and designed to address the country's specific challenges. The argument was anchored on the understanding that Zambia's political, social, economic, cultural and historical backgrounds are unique, certainly very different to those pertaining in the countries from where the highest profile sets of

principles and rules emanate; these characteristics were argued to influence significantly extant governance structures.[18] In contrast, a second group believed that in a globalised world, specificities are not necessary. These interviewees believed that the most important principles of corporate governance do not require regional or cultural contextualising, supporting this view with the argument that Zambia has to compete with other countries in attracting the global capital needed to develop the nation and local standards may not be acceptable.[19]

5.2.2 External Pressure – Aid Conditionality

Zambia has long been a major donor aid destination (Burnside and Dollar, 1997) indeed as noted above, at the time of writing the nation is attempting to finalise a bail-out deal with the IMF. The opinions of interviewee 17, a senior executive, were typical in identifying a direct link between development aid and governance standards; he argued that:

“Well-run companies can source capital from international organisations such as the World Bank, the International Finance Corporation, the Africa Development Bank and others. Such companies with well-established corporate governance structures demonstrate capacity to pay back. Before accessing money from such lending financial institutions, firms must have passed the corporate governance test.”

The majority of the interviewees believed that foreign assistance targeted at development can play a significant role in the country’s economic transformation and improve the lives of Zambians through access to quality education, clean water/sanitation, quality healthcare and robust infrastructure. However interviewee 19, an academic, believed that these types of goals will only be achieved under a system of ‘good’ governance and accountability, which is precisely what the majority of interviewees argued is lacking in Zambia. In this regard, interviewee 1 suggested that the inclusion of governance conditionality in development assistance eligibility criteria is designed primarily to enhance accountability and corporate governance. This architecture represents a common basis that most aid providers consider essential for the development of good governance practice, particularly in emerging nations where accountability institutions are conventionally weak (Akokpari, 2004). Interviewee 18, the IODZ President, drew attention to one case in point thus:

“After the scandals in the Ministry of Health, the government of Zambia and the donor community have entered into a governance plan. One condition of this plan is that the government refund the misappropriated funds in the Ministry of Health. On the other hand, Sweden and the Netherlands have

also attached conditions of improved financial governance before they can resume funding the Ministry again.”

While the individuals behind the scandal have not been sanctioned, interviewees 7 and 19 both pointed out that reimbursements for the misappropriated funds will ultimately have to be paid for by Zambian tax payers. According to interviewees 6, 13 and 18, these events resulted in some donors cutting development aid sharply, leading to consequential losses of substantial foreign assistance. Several interviewees argued further that the events exacerbated donors’ push for good governance and accountability. In this context interviewee 12, a government agency manager, stressed that while there is a notion that donor assistance normally comes with ‘strings’ attached, the government never fully explains what these are and it is only now that Zambians are beginning to understand that these strings are actually governance and accountability-related. For interviewee 12, it is these conditions that cause an inherent tension between the government and donors. Interviewees 6, 9, 13, 17 and 22 all believed that, as a complement to private investment, development assistance works well in environments supported by effective governance practices; such efforts are, however, often resisted by the governing elite. This tendency suggests a reason for the failure of development aid to leave a significant mark on Zambia and most other African countries (Burnside and Dollar, 1997; Andersson *et al.*, 2000).

5.2.3 Governance Failures

Corporate failures in dubious circumstances in the developed world triggered and reinvigorated debates regarding the manner in which companies are directed and controlled (Allen, 2005). For Zambia and other developing nations, improving the economy, reducing corruption via higher standards of accountability and attracting foreign investment have been proposed as the most directly relevant issues, rather than scandal-driven collapses per se (Tsamenyi and Uddin, 2008). However, according to the interviewees taking part in the present study, failures of high profile companies abroad (as well as Zambia’s own experiences) have had a compelling influence on the domestic corporate governance agenda, suggesting that in the absence of robust practices, governance mistakes have been inevitable. In this regard, interviewee 12 pointed to his own experience of the problems in the banking sector in the 1990s:

“As one of the pioneers of the BOZ corporate governance guidelines, the code was an afterthought of the systematic bank collapses that we experienced in the 1990s. The failures were about, among other things, failure to recover loans, creative accounting, unethical conduct both by people working in the

banks and by banks themselves as corporate entities, management getting hefty loans from their own banks, incompetent boards of directors just to mention a few. Now when you critically look at all these irregularities, they clearly show that corporate governance was missing, so we had to bring in a corporate governance code.”

The failures in accounting cited by interviewee 12 can usefully be viewed in the context of his comments cited earlier connecting broader accountability failures to Zambia’s economic difficulties. The link between accountability weaknesses and both micro- and macro-level financial failure now pervades much of the literature on governance in sub-Saharan Africa (e.g. Josiah *et al.*, 2010; Wanyama, *et al.* 2009; 2013). Wanyama *et al.* (2009) in fact suggest that reduction in corruption is critical in Uganda, necessary before any of the putative benefits of sound corporate governance are likely to be felt. Most[20] of the Zambians interviewed here appeared to believe that corruption is pervasive in the nation and remains a major challenge to efforts aimed at improving practices. Weaknesses in the de-facto legal and regulatory framework - particularly in terms of the lack of penalties for non-compliance - were cited by respondents as being directly responsible for escalating corruption levels, with robust corporate governance practices seen as unlikely to emerge unless this fundamental issue is tackled. A very similar concern is reported in Wanyama *et al.* (2009) for Uganda and it is evident that the problem is not confined to any one nation on the African continent. The views of interviewee 7, an executive manager in the Zambian business forum, were typical here in acknowledging the theoretical potential of strong governance systems, but pointing to the absence of the strong legal underpinning required in practice:

“High levels of corruption are a sign of the absence of corporate governance therefore successful implementation of corporate governance is an effective way of fighting corruption. Abundant and articulate anti-corruption legal provisions do exist in this country but the problem has been with the complexity of corruption cases coupled with the weak legislative and regulatory frameworks.”

More generally, the view emerged that if systemic enforcement failures can be rooted out, a shift from a legalistic approach to a practical governance ideology in the fight against corruption would be a positive step, in turn suggestive of a more modern, holistic methodology that allows other stakeholders to participate in the change process. Thus, in so far as the interviewees’ opinions are typical, Zambians would like to think that the need to tackle corruption should be a major driver for change in the sense that the call for robust corporate

governance mechanisms are seen as responses to the need for a long-term oriented approach to addressing the problem.

5.2.4 Liberalisation, Globalisation and Privatisation

Globalisation has emerged as a hotly-debated topic in recent discussions of corporate behaviour in emerging markets because of its implications for the governance of national economies and political systems (Haque, 2001). The emergence of globalisation has witnessed shifts in the political economy of Africa whereby the role of the state in economic decision-making and planning has been significantly curtailed, replaced by market forces with the need for robust corporate governance a central part of the agenda (Haque, 2001; Josiah *et al.*, 2010). In the wake of global pressures, the governance issue has come under the microscope because of trade liberalisation and increased international competition for capital (Muma, 2008). Here, around half of the participants cited globalisation as one of the key drivers of corporate governance in Zambia and fully endorsed the notion that improvements therein can contribute to Zambia's ability to reap the full benefits of transnational influences.

Interview participants cited reforms in the management of the Zambian economy that focus on reducing the role of government in business as another catalyst for innovation in governance systems. A fundamental component of the economic reform programme was the large-scale privatisation of SOEs; Chulu (2006) argues that under the state-control model pertaining in Zambia prior to the 1990s the stakeholder notion was pursued to its extreme, leading to over-extraction of SOEs' resources in order to provide public goods (see also Lungu, 2005). Although the benefits were shared between economic and social goals, this resource depletion was blamed by several interviewees for the collapse of the country's SOE sector. Political intervention at board level was in fact seen as a more general problem, with interviewee 12 contending that:

“Under government control, SOEs were only accountable to the government and the party in power and not the institutions and the public at large. Privatisation has actually improved governance because people now have a personal touch to these companies.”

It was thus evident that renewed investment via privatisation is seen as a governance-related issue with (potential) benefits in situations where state-control extends well-beyond what might be seen as socially-

orientated support (see also Josiah *et al.*, 2010). However, cynicism was evident amongst the interviewees regarding the extent to which any such theoretical gains can be reaped in the absence of robust regulatory frameworks with meaningful enforcement powers. Consistent with this evidence of a lack of faith in internal pressure facilitating change in state bodies, Sutheewasinnon *et al.* (2016) note that in the context of the struggling public sector in the developing nation of Thailand: “Institutional theory argues that for changes to occur the existing institutions need to be shown as failing and there needs to be a strong external actor able to enforce the new institutions” (p. 15).

5.3 Legal / Regulatory Framework

The role of a nation’s legal system in underpinning its corporate governance framework is now widely recognised (Jensen, 1993; La Porta, *et al.*, 1997). Indeed, in recent years a large volume of literature has examined the interplay between corporate governance and legal regime quality (La Porta *et al.*, 2000; Berglöf and Claessens, 2004; OECD, 2004; Rossouw, 2005). Several of the Zambians taking part in the present study made this point explicitly but, consistent with the perspectives outlined earlier regarding corruption, it was also stressed that the lack of effective enforcement mechanisms generates a glass ceiling for de-facto corporate governance standards. For example, one of the academic interviewees (interviewee 1), suggested that:

“The governance situation in the country is simply not commensurate because even the minimum rules are not being enforced. Having rules is one thing and enforcing them is another. For instance, a law has been passed that the minimum wage is K419 000; this is the law but some employers do not apply it and no one seems to be concerned. In some cases the laws are weak, a company pollutes a river and gets a charge of K12 million. Meanwhile the destruction to nature, fish, the environment, the effect on the people who drink from the polluted rivers, is huge. Those who run public offices do not feel substantially responsible for their actions.”

Most of those taking part in the discussions suggested that full integration of corporate governance rules into company law provisions is required for effective enforcement, with legitimacy remaining a real issue in this context. Wanyama *et al.* (2009) propose that seamless fusion between the laws of a country and its corporate governance codes should be at the core of any proposed legal and regulatory framework. However, given the contextual complexities, private law imposition is often favoured over public enforcement, particularly in countries where institutional deficiencies abound (La Porta *et al.*, 2000) and participants’ views here were consistent with such a proposition.

As a former British protectorate, Zambia has retained the key traditions of English common law. The “Legal Origins Theory” proposed by La Porta *et al.* (1997) asserts that a country’s legal origin influences the quality of legal and regulatory frameworks with the English common law system believed to have a positive legacy. However, Zambia’s Ministry of Finance and National Planning (MFNPD) (2004) argued that the nation’s legal culture has not reformed in line with the political and economic changes that began in 1991; while the English common law system adapted in its original environment to reflect societal and economic shifts, the Zambian system has essentially remained unchanged (MFNPD, 2004). This rigidity has led to concern in Zambia over the system’s contemporary appropriateness, where notions of best practice in corporate governance remain under pressure from outdated reward and incentive schemes (Haglund, 2008). Interviewees here often characterised this lack of appropriate contextualisation, weak regulatory framework and inadequate enforcement regime as challenges that continue to impinge on Zambia’s corporate governance reform efforts.[21]

Consistent with the evidence found here regarding Zambian perceptions, several studies have highlighted the serious consequences that inadequate legal systems and regulatory frameworks have on governance standards (La Porta *et al.*, 1997; NEPAD, 2007; Dabor and Adeyemi, 2009). While this literature suggests a consensus whereby economic development requires substantive levels of accountability and transparency, more than two decades ago the World Bank (1992) pointed out that such changes would require the support of a sound legal framework. [22] The findings of the present study suggest that Zambians do not believe that this need has been met. Modern academic literature suggests that regulatory advancement in Africa has been strongly influenced by international pressure, especially from the US and the UK, but often in a way that does little to enhance societal well-being (Josiah *et al.*, 2010). Whilst the majority of participants here did acknowledge that the nation’s three current codes draw heavily on Anglo-Saxon precedents, the King Report of South Africa[23] was also regularly mentioned – in a positive vein – given cultural and environmental commonalities as well as the extent of business ties between Zambia and South Africa. The interviewees also applauded the OECD principles, supporting their claim of universal applicability, and referred to the UK’s Cadbury Report as the earliest systematic account of corporate governance. More generally, there was a range of views regarding the

fact that the three local codes all represent abstractions from documents originally developed elsewhere. Some interviewees clearly had concerns in this regard, including interviewee 14, a senior economist in the Africa Development Bank, who urged caution thus:

“Most of the codes in Africa, including the King Report, are strongly influenced by international codes; foreign structures will continue to influence things in Africa because of our historical backgrounds. But we should not throw away individual countries’ specific circumstances in preference for codes from countries at different levels of economic development.”

Others were less perturbed about the external origin of the rules and principles. For example interviewee 9, a past IODZ president, pointed out that:

“We did not start from ground zero, we had to start from somewhere, and we had the UK code, the South African King Report, the New Zealand and the OECD guidelines. Much has been drawn from these codes, in particular the King Report. There is no way we can ignore what is happening in the international arena on corporate governance. The King Report III is particularly relevant.”

In any case, the interviewees as a whole did acknowledge the on-going propensity for harmonisation in global standards, as per the earlier arguments of Solomon *et al.* (2003) who noted a trend of this type more than a decade ago. Although Powell and DiMaggio (1991) suggest that imported legal environments represent an example of coercive isomorphism in action, Jacobs and Jones (2009 p.17), note that where “goals are ambiguous” institutional forces are likely to have a mimetic dimension, whilst the existence of “common values” is associated with the presence of normative influences. Thus, the ambiguous responses documented here concerning the role of legal framework origin is not contrary to what might be expected, given that both the nature and the source of influence are relevant.

5.4 Corporate Governance Compliance in Zambia

The contention that the benefits of corporate governance are best achieved via compliance with bodies of rules and regulations is not new (see e.g. CACG, 1999; Shkolnikov, 2002; Oman, 2003). Consistent with the views on tackling corruption outlined earlier, participants in the study suggested that meaningful compliance can only take place in an environment where corporate governance guidelines have been established and enforcement is the visible responsibility of regulatory bodies with suitable expertise. For example, interviewee 1 argued that:

“Better corporate governance cannot be achieved without better robust regulation and enforcement mechanisms. So we need institutions to supervise and regulate corporate governance. Even where there are supervisory bodies a number of weaknesses have been detected [...] as a country we don't have the expertise to follow-up issues that relate to corporate governance because they are complicated so enforcement is minimal. In Zambia, the pressure for compliance is more strongly wielded by the civil society than by any other stakeholder group.”

The last sentence here suggests a view that it is, ultimately, only via societal pressure that institutional weaknesses in enforcement might be addressed. It is therefore highly relevant in this context that most of those who took part in the interviews argued that the absence in Zambia of laws and regulatory bodies that are specific to corporate governance means that compliance is not guaranteed. Again, however, the situation is not straight-forward as a parliamentary committee on governance placed the blame for non-compliance squarely on business entities' failure to appreciate the benefits of robust practices (Zambia National Assembly, 2008).

The three local governance codes all attempt to define the standards of conduct and integrity with which relevant companies must comply. Interviewee 17 postulated widespread observance of the LuSE code because the process of listing itself calls for the establishment of strong governance systems. Correspondingly interviewee 5, an LuSE employee, contended that compliance is now increasing because corporate governance awareness programmes have been set up by several quoted companies. Interviewees 5, 7 and 10 all argued that adherence to LuSE rules is not likely to represent a major problem for listed firms as most of them are multinational in nature and have been subject to similar requirements abroad. More generally, interviewees appeared to share the belief that multinational companies with reasonably strong corporate governance cultures and structures in their countries of origin do not view compliance as a subject of dispute because for them it is a norm. In fact, one of the interviewees (interviewee 10) was CEO of such a firm and he noted that his company had created the position of compliance officer, reporting directly to his office on matters such as adherence to corporate governance regulations. As regards the BOZ code, three interviewees (interviewees 7,8 and 12) asserted that compliance is likely to be pervasive on account of the BOZ occupying a commanding supervisory and regulatory position for entities in the financial sector. In any case, for both the LuSE and BOZ codes, the sponsoring organisation was seen as bearing the burden of monitoring and enforcing compliance.

It was pointed out by the interviewees that although SOEs and SMEs represent a large proportion of Zambian industrial activity, they fall outside the LuSE and BOZ catchment boundaries. Concerns were raised regarding whether, given their size, SMEs should always have a board, audit committee, separate chair and CEO, some of the key listing requirements in the LuSE code. Family-held enterprises were, however, seen as being reluctant to give up control for the simple reason that they often perceive no-one other than themselves (i.e. the owners and founder members) being able to run the firm effectively. The issues raised by the contributors in this context resonate with an earlier literature that continues to influence corporate governance debates more broadly (e.g. Jensen and Meckling, 1976) in which analysis of the costs and benefits of managerial arrangements of varying scales is part of the theoretical contextualisation. The IODZ has suggested that the development of governance guidelines specifically tailored for smaller, unlisted firms is appropriate, although mixed views emerged from the discussion here regarding the relevance of such a move. Two specific points relating to this issue were made by interviewee 23, a consultant who participated in drafting the IODZ code: First, as the IODZ is not a statutory body like other professional organisations in the country such as the Zambia Institute of Chartered Accountants (ZICA) or the Law Association of Zambia (LAZ), membership is voluntary; given business practices in the nation, widespread engagement would not appear to be likely. Second, the IODZ guidelines were drafted as a ‘sensitisation’ instrument rather than as a compliance code, i.e. as an awareness charter intended to re-orient approaches to doing business in a post-state capitalism and globalised environment. The document was therefore thought to face challenges regarding the extent of its impact on the ground. Arguably most fundamentally of all however - given the wider picture regarding the de-facto enforceability of law and regulation in Zambia - is the voluntary nature of IODZ membership, a fact referred to here by a Chair of the National Assembly’s Economic Committee (interviewee 20):

“The weakness with the IODZ corporate governance code is that the IODZ itself is run like an NGO such that their decisions are not binding because even membership is voluntary; people join when they want and leave as and when they want, so in most cases they are not taken seriously.”

In fact for most of those interviewed, the IODZ rules appeared to represent little more than a guide to educating SMEs’ affiliates on the benefits of corporate governance - more of a training manual than a binding behavioural code.

The “comply or explain” notion has underpinned the vast majority of governance codes published around the world over the last 25 years, but others (including the US via the Sarbanes-Oxley Act of 2002) have operationalised a more prescriptive “comply or else” approach, whereby failure to act in accordance with the rules exposes the company to judicial punishment. Reddy and Sharma (2014) explicitly link elements of isomorphic behaviour to the role of voluntary (i.e. “comply or explain”) corporate governance codes in the emerging nation of Fiji, suggesting that this type of institutional force drives firms to follow the rules simply to avoid being seen as out of step - and avoid any (perceived) tarnishing of legitimacy - rather than reflecting a fundamental desire to behave differently. However, the evidence here suggested a level of underlying cynicism regarding the appropriateness of such an approach in Zambia. For example, interviewee 1 argued that it makes no sense to embrace “comply or explain” in totality in a country such as Zambia that does not have a reputation for strong corporate governance practices. This individual contended further that while “enlightened” shareholders in developed countries have other options at their disposal, in Zambia dissatisfied shareholders may not have the courage (or propensity) to vote in ways that mitigate against “bad” executive behaviour. For interviewee 2, an NGO executive, the critical issue was that the comply or explain principle does not in itself indicate which stakeholder groups are entitled to any explanations. Several interviewees pointed to the example of South Africa, where the drafting of the King III Report was conceived as partly reflecting a desire to incorporate governance principles into the South African Companies Act. This development was thought by some to overcome weaknesses detected in the enforcement of standards of a non-binding legal nature. In this context, interviewee 1 noted that:

“In South Africa, disclosure is now mandatory and failure to comply will attract penalties because it is now law ... The “comply or explain” view means that you leave it up to the market to decide the appropriateness of these principles. We can’t leave it up to the market to decide because regulation and supervision in this country is very weak. However, for transnational companies listed in countries where shareholder activism is strong, this can perhaps work.”

Interviewee 2, an NGO executive went further, claiming that the codes will only be meaningful in Zambia if they are connected to specific laws, thus becoming binding and enforceable. His point of view, similar to those made by others who viewed mandating as critical for any governance regime, was unequivocal:

“All the codes in this country are voluntary therefore not relevant to this country because they do not provide remedies to the communities affected. [XX] Corporation breached the OECD guidelines in a number of areas and complaints were made using the complaints mechanism under OECD through the

UK contact point, but all we received was a wishy-washy response. [XX] argued that they cannot be punished on the basis of a voluntary code.”

Thus, the need for institutional enforcement of rules rather than simple reliance on isomorphic pressure to apply principles - which Reddy and Sharma (2014) suggest in the context of the developing nation of Fiji cannot generate “substantive action” (p. 74) – is evident.

5.5 Specific Benefits

The purported benefits of good corporate governance practices for modern economies have been set out on many occasions, in both academic and practical contexts (e.g. OECD, 2004; Solomon, 2013). Several interviewees argued that such behaviour is essential for the efficient running of business and overall economic well-being. Benefits were believed to accrue across a wide range of stakeholders and at different levels; for example interviewee 20, a parliamentarian, argued that:

“There is everything to gain in governing ourselves properly starting at individual, corporate and state levels. We slipped from being a middle-income country in the 1970s to a least developed country due to poor governance, especially corporate, because politically we have been relatively stable. There are countries that were with us at the same level in the Far East but have gone far ahead. To get rid of poverty we must govern ourselves properly politically, economically and in particular [in terms of] corporate governance. Good governance is at the heart of development.”[24]

At individual level, corporate governance was seen in an ethical context, potentially minimising personal temptation to abuse authority for private expediency. At organisational level, participants argued that robust corporate governance has the propensity to help boards align company objectives with shareholder interests, consistent with the rationale for the revival of interest in governance in dispersed ownership settings. The findings here were also supportive of the contention in Shleifer and Vishny (1997) that a lack of oversight will lead directors to ignore their fiduciary duties and pursue projects that benefit them as individuals at the expense of investors. At state level, it was evident that the government of Zambia is seen as the biggest company in the country and, as with any entity controlling resources on behalf of others, key generic principles were viewed as being applicable.

An extensive literature has explored the relationship between governance standards and capital flows for companies and nations, including in developing world contexts (e.g. La Porta *et al.*, 2000; Klapper and Love,

2004; Siddiqui, 2010). The current investigation detected widespread support for the idea that, in a global market for capital, countries and companies with sound corporate governance qualities are more likely to attract significant investment funds. This view was particularly prevalent amongst those close to industry. For example interviewee 10, a CEO, argued that:

“If you are a company looking for external funding, governance is a critical issue, whether you are looking for funding locally or internationally, be it equity or debt. Anyone putting money in your business needs assurance that the business is well-run; corporate governance in this context becomes core to investment discussions and decisions. African economies have been growing, and as economies grow, good corporate governance practices become critical.”

Interviewee 9, a consultant and past president of the IODZ simply stated in this context that: “sound corporate governance practices lead to investor confidence, resulting in increased flows of investment.”

Sustainable and long-established weaknesses in accountability have been detected in many African nations (Shkolnikov, 2002; Wanyama *et al.*, 2009). Several interviewees explained that in their view Zambia stands to benefit from improved corporate governance precisely because the concept emphasises high standards in accountability, transparency, ethical conduct and resource allocation - all perceived weaknesses in Zambia - (Donge, 2008; Haglund, 2009) that are essential for economic emancipation. Several participants contended that strong corporate governance practices lead directly to high levels of investor confidence, indeed it was recommended that best practice in this regard be embedded in the nation’s Investments Act and thereby become a requirement for those attempting to attract external capital to Zambia. While corporate governance brings with it extra costs, the benefits to Zambians are clearly seen as outweighing the latter; unless the focus of the debate shifts to potential (tangible) gains instead of expenditure implications, it seems likely that widespread scepticism and indifference will persist, prolonging the current inertia. The situation is further complicated by the contention made in Eden *et al.* (2001) that in practice “local” embeddedness provides both “constraint and opportunity” going forward; attempts to separate out these potentialities might therefore also be required.

6. Discussion and Conclusion

Corporate governance reform has become a major policy issue not only in the running of companies but also in the management of national economies. However, little is known about the extent of understanding or views

concerning the concept and its potential outside the world's richest countries. Without such awareness, it is unclear how relevant authorities in the nations concerned will be able to convince the public of the need for reform. This becomes a critical issue given earlier contentions that without pervasive comprehension developing, de-facto change is extremely unlikely, particularly in Africa. While the hallmark of the modern corporation and the separation of ownership and control rights marked the genesis of corporate governance reform in most developed nations, in Zambia - where ownership structures, cultural, political and economic environments are very different to those in the world's richest countries - good governance appears to be viewed as an economic advancement mechanism. However, the evidence presented here suggests that in the Zambian context corporate governance's propensity to minimise corruption is seen as equally important, provided that extant levels of the latter do not themselves prevent the emergence of meaningful enforcement mechanisms.

The results indicate Zambians' belief that corporate governance has the potential to quicken the pace of economic development. The participants in the research appear to believe that concerns regarding governance standards will encourage transparency and accountability in business activities, factors seen in turn as necessary for the achievement of significant levels of inward investment and growth. The advocacy of greater accountability and transparency across all commercial entities, government and society at large provides evidence that Zambians fully acknowledge corporate governance's role as a potential force for positive change. The specific reference made to the government's status as the biggest public entity in the nation implies that the way state resources are controlled and directed requires public scrutiny, with enforceable corporate governance principles absolutely vital. Whilst the emergence of the BOZ, the IODZ and the LuSE codes (along with the establishment of the governance secretariat and the nation's accession to APRM) were cited as *potentially* representing moves in the right direction, evident cynicism was such that improvements in corporate governance standards in Zambia are not seen as being likely anytime soon. Thus, despite the country having avoided much of the political instability often cited as frustrating attempts to improve accountability and governance (and more general development efforts) across Africa, the institutional weaknesses evidenced in studies elsewhere in the continent are perceived to be just as significant in Zambia.

Reflecting this perspective, the lack of accountability discharge was referred to in many contexts, indeed institutional failure of this type was arguably the most critical issue identified by the interviewees. Its fundamental nature was evident in the widely-held perception that good governance and accountability go hand-in-hand, with the latter both representing the cause of economic failures in Zambia and a critical element in any long-term improvement in development prospects. However, as in prior studies – and despite Zambia’s relative stability – the problems appear to be entrenched at an institutional level. The pervasive difficulties identified here therefore suggest a role for the “institutional entrepreneur” suggested by DiMaggio (1988), i.e. agents of change who act as catalysts for new institutional relationships. As Sutheewasinnon *et al.* (2016) note, the entrepreneur in this context could be a single organisation or multi-party and so the logic extends to situations where most groups in society stand to benefit from any transformation - provided organisation-level action can be instigated.

The findings also provide insights regarding the complex evolutionary pattern in pervasion of the term “corporate governance” in Zambia, with awareness - whilst growing - still very much embryonic. Its modernity perhaps explains why the majority of Zambians lack meaningful awareness of its implications for corporations and societal well-being. Perhaps reflecting this knowledge gap, support for a narrow “Cadbury-style” definition of corporate governance was pervasive despite more detailed discussions revealing the widespread view that a working model should be broad enough to allow community, societal and other traditional Zambian concerns to be incorporated. Notwithstanding the role of a lack of full comprehension in explaining this result, the finding points to the (continuing) dominance of such terminology and conceptualisation, confirming the hegemony of western perspectives in global corporate governance debates predicted by modern postcolonial theorising (Gallhofer *et al.*, 2011). The study thus provides further support (as per Josiah *et al.*, 2010; Sharma *et al.*, 2010; Wanyama *et al.*, 2009, 2013) for the contention that meaningful explorations of corporate governance in developing countries like Zambia - where cultural traditions and, perhaps more importantly, extant power structures differ markedly from western norms - require direct engagement with stakeholders who can voice concerns on the basis of lived experience of institutional systems that operate in a different way to that envisaged in the (typically) Anglo-Saxon codes that underpin practice.

The need for fundamental institutional reform in Zambia's regulatory institutions evident here is similar to that suggested for Uganda in Wanyama *et al.* (2009), despite the differences in contexts, notably the more significant political upheaval in post-colonial Uganda and the country's relative lack of natural resources. Wanyama *et al.* go as far as to call for dedicated education in ethics in primary schools if any meaningful change is to take place. Given the perceived strength of embedded inertia in Zambia, it is possible that any improvement might also require radicalism of this type. What is clear from the emerging literature on governance in the African corporate sector - which, based on the evidence presented here, extends to the relatively stable nation of Zambia - is that whilst all three types of institutional isomorphism suggested by DiMaggio and Powell (1983) are evident, the forces are not all ranged in the same direction. Whilst normative influence might help in a push to see best practice codes develop traction and critical mass, the propensity for stasis - underpinned by endemic (perceived) corruption is likely to be reflective of coercive pressure. In particular, established Zambian actors in the corporate field who might be minded to push for best practice in their own organisations would likely face strong resistance from others for whom established power relations and incentive schemes have established favourable outcomes on the basis of long-standing business practices. Equally, the notion of a mimetic force appears to be manifest, where senior managers in firms and regulators witness the individual benefit of weak corporate governance and choose to adapt their internal structure so as to maximise their legitimacy and well-being. Notwithstanding these barriers to progress, recognition of the existence of these pressures - certainly in so far as wide perception is testament to them - should represent an important first step on the road to change. Particularly important in this regard is the evidence presented here whereby the mere existence of (in Zambia's case several) best practice codes is far from sufficient to make a difference.

Nothing in these conclusions runs contra to the finding in Wanyama *et al.* (2009) of strong isomorphic forces existing in Uganda; evidence of substantive resistance to change in two very different political contexts suggests that the institutional forces concerned might pervade across Africa. Their existence might sensibly be considered an important contextualising factor in any attempts to bring about improvements in continent-

wide governance going forward, irrespective of whether or not these are targeted specifically at encouraging foreign aid, or simply as a (morally-driven) end in themselves as implied in Wanyama *et al.*'s call for better pre-teen education on ethics. The evidence presented here suggests commonality across developing nations regarding embedded forces that might indeed require the sort of early educational intervention called for by Wanyama *et al.* Whilst Eden *et al.* (2001) argue that: "... any improvements in teaching of morality might flow from cross-border pressures to conform, institutional pressures on the ground mean that all-bracing notions of ethics are not appropriate, with local contextualities requiring explicit consideration" (p. 2), the underlying – institutionalised – failings might be sufficiently pervasive to broaden the call for ethical education across national boundaries.

Ultimately, if the developmental benefits of reliable governance systems - viewed by Zambians taking part in the present study to be non-trivial - are to be reaped in emerging country settings, concerted effort will be required to overcome the structural forces that create the vested interests driving opposition to increased accountability and openness. The view of Zambians reflected here does not suggest much room for optimism. When these findings are considered together with the contention in Wanyama *et al.* (2009, p. 73) that "entrenched structure(s)" affect institutional potential to the extent that "root and branch" change is needed in Uganda, as well as Reddy and Sharma (2014)'s evidence of an institutionally-driven need for legitimacy in the context of regulatory compliance in Fiji, it is evident that explicit recognition of extant institutional forces is required if any deeper understanding of governance practices in developing nations is to emerge and guide practical improvement. This need is not just relevant to future academic attempts to suggest normative ways forward but also, crucially, for policy makers, standard-setters and regulators charged with economic development and social welfare advancement. Without full appreciation of the forces at work in a setting such as Zambia, the appropriate processes required to remedy deficiencies are unlikely to be manifest in the short/medium term. Of particular note here is that Zambia has no shortage of bodies, organisations and sets of rules with theoretical oversight of governance related issues in the nation's corporate sector; how these various entities are reconciled to produce a single unambiguous cross-institutional approach is likely to be critical.

The study's limitations require acknowledgement, most notably the experience of the research team (shared by others, e.g. World Bank, 1989; Rossouw, 2005; Wanyama *et al.*, 2009) that attaining interview access can be highly problematic in developing African nations; in particular, researchers can be treated with suspicion, caution and in some cases outright hostility. As set out in the paper, these experiences were consistent with this documented pattern and so those who choose to take part in such studies may not necessarily be those with the most insightful narratives. Whilst this difficulty represents a potential limitation for investigations of perceptions across much of the developing world (Josiah *et al.*, 2010), in all cases the interviewees here were given detailed reassurances about the academic purpose of the study and confidences were built up prior to and during the early part of the discussions. In so far as the research team could tell, contributions were offered freely, honestly and openly, usually in substantial detail, suggesting that the issues at hand related to matters that were seen as relevant to current *Zambian* circumstances. Ultimately, those taking part reflected a very wide range of experiential settings and the opinions offered appeared to be thoughtful and relevant in all cases. Whilst these difficulties persist, it is now evident that investigation into progress in governance across institutions in developing nation settings proceeds most meaningfully with the type of qualitative engagement reported on here, and it is critical that this type of endeavour continues to find a place in contemporary debates on corporate conduct.

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NOTES

¹ For example, Wanyama *et al.* (2013) begin by exploring understanding of the term corporate governance, whilst in Wanyama *et al.* (2009) the analysis separately identifies issues such as corruption and regulatory frameworks. The latter study points to the pervasive importance of certain other factors, in particular the role of culture and corruption; here respondents were encouraged to talk about these issues as they felt appropriate in the interviews, rather than limiting their importance by treating them as discrete topics to be discussed only at pre-defined points.

² Donor conditionality has only been explored tangentially in prior literature, but was considered likely to be important for Zambia given on-going debate in the nation regarding an IMF bail-out and the emphasis the latter institution places on good governance. See Lusaka Times (2016); IMF (2016) and the associated discussion in Section 2 of the present study.

³ Whilst there is an inherent potential bias in the use of this category, it is clear from earlier studies of developing nations that whilst sound understanding of the potential benefits of robust governance practice exists, it can get lost in the presence of broader negativity. For example, in Wanyama *et al.* (2009), various tangible benefits are attested to by participants in the study - as well as belief in a legal system that could support meaningful change - yet the study's overall conclusion suggests an overwhelmingly bleak outlook for Uganda without major systemic developments.

⁴ During the 1970s, most Africa nations experienced deteriorating output levels, massive budget deficits, chronic balance-of-payments figures and heavy indebtedness, with the economic growth rate failing far below the population growth rate. Arguably the most significant impact of these difficulties was dropping of the continent's economic situation from developed world conversations that increasingly focussed on dealing with the consequences of widespread demands for an end to colonisation (Bratton and van de Walle, 1997).

⁵ In addition, Kayatekin (2009, p. 1115) identifies "ongoing material and ideological legacies of colonialism" in many developing nations, irrespective of any need for structural changes reflecting indigenous culture(s).

⁶ The World Bank (1989) argued simply that: "Underlying the litany of Africa's development problems is a crisis of governance" (p.60).

⁷ Whilst Tsamenyi *et al.* provide evidence from the developed world, Josiah *et al.* (2010) point to an element of universality in (de)regulatory-driven changes in corporate governance. Equally, Sharma *et al.* (2010) note that whilst institutional theory has often been employed as an exposition of observed outcomes, it is equally appropriate for use in dynamic contexts such as modern corporate governance research.

⁸ Between 1995 and 1998 twelve prominent Zambian banks collapsed: The Meridian BIAO bank; The African Commercial Bank; The Commerce Bank; The Lima Bank; The Prudence Bank; The Credit Africa Bank; The Manifold Investment Bank; The First Merchant Bank; The Zambia Export and Import Bank Limited (EXIM); The Co-operative Bank; The Union Bank; and The United Bank of Zambia. In each case, governance failures were a key factor (Maimbo, 2002).

⁹ Africa's Peer Review Mechanism is a voluntary self-monitoring initiative. Its stated aims include, inter alia, promoting economic growth through the implementation of codes and standards of corporate governance.

¹⁰ Four of the interviewees did not want certain parts of the interview to be taped because of security concerns.

¹¹ As can be seen from Table 1, the number of words transcribed ranged from 476 to close to 2949. The mean was 1346.

¹² Although one interview was conducted in a garage while mechanics were repairing the interviewee's vehicle.

¹³ Two interviewees preferred to be interviewed in the early morning, before people started reporting for work.

¹⁴ The lack of a common definition of corporate governance in prior analyses, including in the developed world where most attention has been paid to the concept, underpins the decision made here not to set out any a-priori formulation.

¹⁵ Formally: "The Report of the Committee on the Financial Aspects of Corporate Governance."

¹⁶ Extant Zambian codes of corporate governance (i.e. the LuSE, BOZ and IODZ documents) draw extensively on the Cadbury Report and its definition continues to be employed by the African Peer Review Mechanism and the Zambia Country Self-Assessment Report.

¹⁷ Such a coincidence of perception, whilst on the surface surprising, is not uncommon in studies of governance in post-colonial Africa, where overarching cynicism appears to lead to homogeneity in the opinions solicited about key governance issues. For example, Wanyama *et al.* (2009) report that concern about enforcement and ethical standards underpin consistently negative perceptions regarding the influence of many factors (including those of a legal, economic, cultural, accounting and political nature) on corporate practices in Uganda.

¹⁸ Zambia's colonial history was pointed out in this regard, in particular the fact that most governance structures were simply imposed by colonial authorities without any meaningful contribution by the locals. Adopting the principles initiated by colonial rulers was believed by the interviewees to represent another form of colonisation. This perception ties in with the broad notion of pervasive - but not always directly identifiable - post-colonial influence in modern developing nations (Gallhofer *et al.*, 2011).

¹⁹ This perspective appeared to reflect a belief that in today's globalised economy it is those with money who dictate the pace and direction of investment in developing nations and this reality had to be recognised.

²⁰ Concerns regarding extant levels of corruption were made explicit by interviewees 1,2,3,4,6,7,8,13,14,15,17,20,22,23 and 24.

²¹ The following quotes are typical of those put forward by the interviewees in this context: "Institutions are there but they are weak" (interviewee 3); "The forms of institutions are there but the substance is not" (4); "They lack adequate laws to back them" (6); "Zambia lacks institutional capacity" (7); "We have the institutions, they are just weak" (8); "Institutions are there but they lack the capacity to implement and enforce" (12); "We have institutions but they need strengthening" (13); "Institutions are there but they are very weak" (14); "Institutions are there but they need strengthening" (19); "Accountability institutions are weak" (18); and "Governance institutions are weak" (17).

²² In addition, the OECD's corporate governance principles of 2004 recognise the centrality of robust law thus: "Corporate governance is only part of the larger economic context in which firms operate that includes, for example, macroeconomic policies

and the degree of competition in product and factor markets. The corporate governance framework also depends on the legal, regulatory, and institutional environment” (p. 12).

²³The influence of the three King Reports (I, II and III; 1994, 2002 and 2009 respectively) seems to be permeating to other countries via links that individual stock exchanges are developing with the Johannesburg market. This trend has been suggested as being positive in supporting robust corporate governance practices (United Nations Economic Commission for Africa, 2005).

²⁴ Thus supporting the call for Uganda in Wanyama *et al.* (2013).

Table 1: List of Interview Participants

	<i>Interviewee</i>	<i>Sector</i>	<i>Interviewee code</i>	<i>Experience</i>	<i>Transcription (Number of Words)</i>	<i>Location</i>
1	Researcher/ Lecturer	Academician	C01	25 years	2,949	Residence
2	Executive Director	NGO	C02	12 years	2,014	Residence
3	Executive Management	IODZ	C03	8 years	1,115	IODZ Office
4	World Bank	World Bank	C04	15 years	1,816	World Bank Office
5	CEO	Lusaka Stock Exchange	C05	4 years	1,090	LuSE Office
6	Executive Director	NGO	C06	21 years	783	NGO Office
7	Executive Management	Zambia Business Forum	C07	20 years	1,123	Lusaka Show Grounds
8	Executive Director	Parastatal Organisation	C08	16 years	1,417	C.E.O Official Office
9	Past IODZ President	Governance Consultant	C09	30 years	1,695	Consultancy Office
10	CEO	Multinational	C10	18 years	1,256	C.E.O Official Office
11	IODZ	IODZ	C11	20 years	1,916	IODZ Office
12	Management	Government Agency	C12	15 years	972	Central Bank Office
13	Executive Director	Regulator	C13	23 years	1,083	Government Office
14	Senior Economist	Africa Development Bank	C14	7 years	1,018	ADB Office
15	Executive Management	Economic Commission for Africa	C15	30 years	1,002	ECA Office
16	Senior Auditor	Office of the Auditor General	C16	6 years	476	OAG Office
17	Executive Management	Private Sector	C17	20 years	1,237	Company Office
18	President	IODZ	C18	29 years	1,093	IODZ Office
19	Researcher/ Lecturer	Academician	C19	35 years	975	University of Zambia
20	Economic Committee - Chair	National Assembly	C20	24 years	1,904	Motor Repairs Garage
21	Chairperson - PSDA	Consultant, Businessman	C21	22 years	1,284	Mulungushi Conference Centre Office
22	Consultant	Research and consultancy	C22	43 years	1,093	Consultancy Office
23	Consultant	Governance Consultant	C23	39 years	2,012	Residence
24	Researcher/ Lecturer	Academician	C24	20 years	976	ZICA Office
Total number of words after transcription					32,299	

Note: The table provides details regarding the interviewees taking part in the study. The table does not disclose the names of individual participants as they were guaranteed anonymity. * PSDA = Private Sector Development Agency.