

# ANALYSING THE PERFORMANCE OF PUBLIC ENTERPRISES IN NAMIBIA: A CHALLENGE FOR THE PRACTICE OF PUBLIC ADMINISTRATION?

Ralph Marenga \*

\* Department of Political and Administrative Studies, University of Namibia, Windhoek, Namibia  
Contact details: University of Namibia, 340 Mandume Ndemufayo Ave, Pioneerspark, Windhoek, Namibia



## Abstract

**How to cite this paper:** Marenga, R. (2020). Analysing the performance of public enterprises in Namibia: A challenge for the practice of public administration? *Journal of Governance & Regulation*, 9(3), 96-109. <http://doi.org/10.22495/jgrv9i3art7>

Copyright © 2020 The Author

This work is licensed under a Creative Commons Attribution 4.0 International License (CC BY 4.0). <https://creativecommons.org/licenses/by/4.0/>

**ISSN Print:** 2220-9352  
**ISSN Online:** 2306-6784

**Received:** 10.05.2020  
**Accepted:** 11.09.2020

**JEL Classification:** G38, H11, L88, L98, M48  
**DOI:** 10.22495/jgrv9i3art7

Public enterprises (PEs) are important instruments through which governments implement various national development objectives. A majority of PEs in Namibia face criticism on their inability to meet performance targets. These PEs are poorly managed and are a constant financial burden to the state. The degree of state acceptability through its public administrative processes as influenced by PE performance has been problematised as having a bearing on the trust and confidence of the public in the government. A qualitative paradigm was followed in analysing PE performance and its challenges for public administration in Namibia. The current text finds that poor accountability measures, financial burden on the state, procurement anomalies and the proliferation of corruption as some of the underlying causes for the poor performance of a majority of PEs in Namibia. This status quo erodes the public's trust in the ability of the government to manage PEs. The study found a great contradiction in the relationship that exists between the government as a shareholder with the leadership of most PEs as relating to the crux of the agency theory. This study centrally recommends the robust implementation of existing legislation to redress the poor performance of PEs and its challenges for public administration.

**Keywords:** Public Enterprise, Public Administration, Performance, Namibia

**Authors' individual contribution:** The Author is responsible for all the contributions to the paper according to CRediT (Contributor Roles Taxonomy) standards.

**Declaration of conflicting interests:** The Author declares that there is no conflict of interest.

## 1. INTRODUCTION

The role of public enterprises in aiding governments to achieve their developmental goals and objectives has received increased attention across several disciplines in recent years. As Limbo (2019) submits, the role of PEs is most relevant in the context of a developing country that is often confronted with an array of challenges hindering efforts at further development. As an instrument of public administration, PEs have been established with the purpose of implementing government policies in specific sectors, i.e., transport, housing and mining.

In this regard, pioneer American Professor of Economics, Ralph Bradburd, illustratively explains that PEs often find themselves naturally operating a monopoly by capturing of the economies of scale (Bradburd, 1995). These monopolies are then used to accomplish public sanctioned objectives. For purposes of meeting public objectives as expressed in national, regional and local government goals, PEs often operate in sectors considered to be 'strategic', such as railway services, postal services, arms manufacturing and procurement, natural resources and energy (e.g., nuclear facilities, alternative energy delivery), politically sensitive businesses,

broadcasting, banking, merit and demerit goods (Alford & Greve, 2017). As a source of revenue generation and public policy implementation, PEs are established in sectors that allow for the levying of user fees and taxes (such as water and electricity supply) that implement specific government objectives and policies. This resonates with the Organisation for Economic Co-operation and Development (OECD) (2016) which fittingly states that PEs are used by governments as an instrument of effective plan implementation and service delivery.

PEs have been established with the view to improve the delivery of public service by applying “business-like” principles and objectives that would result in improved efficiency. By applying these business-like principles and objectives, Weylandt (2017) laments that commercial PEs are conventionally expected to be self-sustainable without relying on government funding or financial bailouts, while in some cases, non-commercial PEs are expected to at least break-even or fully meet their mandate. As an instrument of government policy implementation, PEs are generally held to be a company in which the government has a controlling shareholding of more than 50% or significant minority shares. The government controls the composition of the board of directors (BODs) (Menozzi, Urriaga, & Vannoni, 2012). Indeed, an arrangement that conforms to the agency theory that generally defines the relationship between the government, as a shareholder, and the specific agents, for instance, BODs and chief executive officer (CEO) or managing director (MD) within a PE. As Borad (2019) submits, these agents are expected to ensure that the operational interests and objectives of the shareholder(s) are met. In Namibia and many other Sub-Saharan African (SSA) states, the term PE applies to a confusing array of commercial companies, institutions, education and arts establishments, state-owned media, regulatory authorities, banks, and others. Despite operating on principles resembling those of private sector companies, what sets them apart is that they remain within the realm of the public sector and under the administration and ownership of government. In further buttressing and locating these organisations within the scope of public administration, Kim and Ali (2017) define PEs as “...enterprises in which the state (central or federal government, regional and local governments) exerts significant control through full, majority, or significant ownership shares” (p. 1).

It becomes clear that PEs are indeed part of public administration, in that they operate in the public sector and account to a higher authority in national, regional or local government. Recent trends in the management and performance of PEs have led to a proliferation of studies that have explored these institutions in terms of their mandate, as well as the actual delivery on this mandate. For example, Nhema (2015) and Nellis (2005) report that most PEs particularly in SSA have not been performing normatively and have become instruments through which the elite enrich themselves. Evidence (Wendy Ovens and Associates, 2013) suggests that PEs serve as an important cornerstone for government performance, particularly in the commercial space that would to a certain extent guarantee, among others, profits, employment creation, effective and

efficient service delivery. However, these outputs have not been fully realised. As instruments of public policy implementation, PEs have often been subjected to performance targets by government ministries, offices and agencies who also have oversight powers and responsibilities. A recent study by Quartey and Quartey (2019) illustrates that PEs in SSA have become a huge financial burden for governments due to poor performance and inability to break-even. As illustrated elsewhere, this is reflective of the Namibian case. Limbo (2019) submits that since the attainment of Namibia’s independence, PEs in the country have been subjected to constant criticism, particularly on their inability to meet performance targets. At the advent of Namibia’s political independence in 1990, the country has inherited PEs from the South African colonial government and has established a few others in numerous sectors to further the development agenda of the country and accelerate development (Limbo, 2019). However, a majority of these PEs have been marred by maladministration and corruption that has created a constant financial burden to the government, while simultaneously failing to meet their mandates (Mubwandarikwa, 2013). In a report by Ngatjiheue (2018a), Namibia’s former Deputy Minister of Finance, Mr. Natangwe Ithete, buttresses this and illustratively explains: “Most public enterprises have been in existence for 25 to 28 years, yet they have never paid dividends to government. This is unacceptable for public enterprises in the commercial and economic sectors... some of these enterprises are failing the nation and beneficiaries of their mandates, urging line ministries to use their powers as shareholders of these parastatals to demand returns” (p. 15).

Considering that governments rely on PEs for policy implementation, the above report by Ngatjiheue (2018a) demonstrates that the continuous poor performance of PEs pose a serious challenge for and delegitimises the aura of public administration in Namibia. Clausen, Kraay, and Nyiri (2011) have problematised the degree of state acceptability through its public administrative processes as influenced by PE performance. They state that continuous poor-performing public institutions result in the loss of confidence and trust in the government by the general public (Clausen et al., 2011). As supported by the agency theory (Borad, 2019), the loss of confidence and trust in the government by the public arises because the government and its administration have oversight responsibilities over the same PEs that continuously fail to meet their mandates. To simplify the sustenance of the agency theory and its application to the context of this study, the following explanation by Borad (2019) is essential. The agency theory in corporate governance refers to the inherent relationship between the shareholders (government) and senior management/executives of a PE (Borad, 2019). It further highlights that shareholders appoint BODs to make decisions and oversee the operations of a PE on their behalf (Borad, 2019), hence the symbiotic and mutual interest over PE management that exists between the two. What this translates to is that essentially, BODs are expected to represent the views of the shareholders by guiding the operations of a PE in a manner that corresponds with the interests of the shareholders.

This is the context in which the agency theory is applied in the current study – that the performance of PEs in Namibia is reflective of the primary shareholder's (government) approach to governance of such PEs.

The earlier argument by Clausen et al. (2011) above is further supported by Links and Haimbodi (2011) and Kuhanga (2018) who assert that Namibians have lost confidence in PEs due to poor corporate governance and unethical behaviour which often result in poor performance in some PEs. From the above, it becomes clear that the poor performance of PEs erodes the trust of the citizenry in government. Although studies by authors such as Kabuku and Nyambe (2018), Mubwandarikwa (2013) and Limbo (2019) have recognised the role of PEs in accelerating the development process in Namibia, research has yet to assess the effect of continuous poor-performing PEs on state/government acceptability and how this poses a challenge for public administration. It is within this context that this text locates itself. It raises questions about how PEs in Namibia have continuously provided a challenge for public administration in terms of policy implementation, service delivery and development in general as well as the factors that have fostered this status quo. It further points to the urgent need to appraise how poor PE performance diminishes the legitimacy of government and its acceptability by the populace. In summary, the current study aims to address the following research question: How has the performance of PEs in Namibia created a challenge for the practice of public administration?

To address the above-lamented issues and guiding research question, the study is structured as follows here forth: a review of the literature and theoretical background on the current status quo of PE performance in Namibia and its effects on public administration as well as an overview of the newly promulgated PE Governance Act (Act No. 1 of 2019) is illustrated in Section 2, Section 3 is devoted to a research methodology guiding the collection and analysis of data, Section 4 provides the results and discussion, and Section 5 presents a conclusion to this study.

## 2. LITERATURE REVIEW

### 2.1. PE performance and its effects on public administration: What is the current status quo in Namibia?

#### 2.1.1. The performance challenge

In Namibia, the inability of PEs to meet their mandates has been highlighted by Links and Haimbodi (2011) as posing a detrimental challenge for public administration. They state that "...state-owned enterprises (SOEs) play a significant role in service delivery, procurement, infrastructure development and employment in Namibia" (Links & Haimbodi, 2011, p.1). From this, it becomes inherently obvious that the performance of PEs in various sectors has a bearing on the broader practice of public administration in Namibia. The ability of PEs to perform and meet their core mandates is reliant on several independent variables. The conglomerate and extent of these independent

variables similarly determine the ability of PEs to align its activities towards its vision and mission. As an independent variable, Weaver (2018) illustratively demonstrates that the proliferation of corruption in recruitment processes may see PEs not acquiring the required personnel to execute pertinent tasks, thereby forging and preventing PEs from being sustainable and performing to meet its core objectives. Buttressing this, a report by Nyaungwa (2019) suggests nepotism claims with the recruitment of personnel to key positions within TransNamib Holdings Limited, a PE that operates the national rail services in Namibia. Fortifying the view by Weaver (2018) that unqualified personnel prevents PEs from meeting their core mandate, a letter written to a local daily newspaper by the employees of TransNamib indicates that the CEO "...is increasingly becoming a frustrated man as his friends and associates cannot deliver because they do not have the necessary skills and experience..." (Nyaungwa, 2019).

Supporting the view by Weaver (2018), the above coincides with assertions that suggest TransNamib, a commercial PE, has not been meeting its mandate as prescribed in its founding Act, the National Transport Services Holding Company Act (Act No. 28 of 1998) (Maurihungirire, 2016; TransNamib Holdings Limited, 2018). Interestingly, the National Development Plan (NDP) 5 lists inadequate skills as one of the challenges inhibiting the attraction of investment in railway infrastructure (Republic of Namibia, National Planning Commission, 2017). Further corroborating this, Dempsey (2016) submits that Namibia's rail network is weak and insufficient for propelling the country into a logistics hub as envisaged in the Harambee Prosperity Plan and the NDP5. Notably, the recruitment of personnel based on nepotism and favouritism resulted in poor performance in this case. This is a situation that contradicts the stance of the agency theory as contemplated by Borad (2019), in that an agent, the TransNamib leadership, recruited persons on behalf of the government who are not qualified, hence their inability to positively contribute to the broader TransNamib mandate. It is within this context that nepotism and favouritism in the recruitment of individuals prevent the meeting of specific development goals, as institutions are not equipped with adequately qualified personnel, thus creating a challenge for public administration by rendering its processes ineffective. Notably, PEs are instrumental in implementing government developmental policies, hence the need for qualified personnel in such institutions. Be it as it may, Iyambo (2016) reports that key PEs have been operating without a substantive CEO/MD for some years. Such PEs includes the National Housing Enterprise, NamPower, Social Security Commission, TransNamib Holdings, Air Namibia, Namibia Financial Institutions Supervisory Authority and Telecom Namibia. Evidence (Iyambo, 2016) suggests that these vacancies often arise because of resignations, suspensions, non-renewal of contracts and death, as observed in the case of the late Phillip Shiimi, former CEO of the Namibia Financial Institutions Supervisory Authority. Nonetheless, the particular challenge for performance concerns governance and accountability within these PEs that do not have substantive administrative principals.

Ensuring good corporate governance and accountability becomes inherently difficult from a shareholders' and BODs perspective as there is no substantive administrative principal; a phenomenon in which PEs have been described as 'headless' (Joshi, 2017). An even more dire challenge arises if these PEs are not able to meet national, regional and local developmental goals within their various sectors such as housing, electricity, telecommunications, aviation and rail transport, as reflected in Vision 2030. Indeed, a situation that does not preserve the interests of government (shareholder) as promoted by the agency theory (Borad, 2019). Performance-related challenges reflect the demeanour of leadership within PEs, i.e., BODs and senior management/executives (Limbo, 2019), and the broader public administration of government in general.

Another issue of great significance is the need to ensure that responsibilities accorded to those in the leadership of PEs are unambiguous. Strengthening this, the OECD (2018a) asserts that the clear definition of roles by BODs and those of senior management/executives within PEs is instrumental to ensuring that functions do not overlap, and either party does not overstep bounds. Contrary to this, Ngwangwama (2017) opines that most BODs and senior management/executives of PEs in Namibia often overlap in their roles. It is for this reason that you find conflicts often arise between BODs and senior management/executives. For instance, Weylandt (2016) states that the Social Security Commission's Board of Commissioners (BOCs) was at loggerheads with its CEO who refused to approve the purchase of iPad devices for the BOCs due to the cost implications which the CEO found to be unfeasible at the time. The CEO was subsequently suspended for insubordination amongst others, for a year, costing the Commission N\$ 3 million (Weylandt, 2016). Over the years, the ambiguity around the functions of senior management/executives vis-à-vis that of the BODs has led to increased lack of accountability, inefficient and ineffective management of PEs. This begs the clear and explicit demarcation of functions, an approach which Thompson, Alleyne, and Charles-Soverall (2019) find most befitting for improved performance and accountability. Most important is the accountability of BODs to the government as required by the agency theory (Borad, 2019). In addition, the performance management system (PMS) within PEs has been singled out as being ineffective in Namibia. In a report by Halwoodi and Masawi (2014), the former chairperson of the now disbanded SOE Governance Council (SOEGC), Frans Tsheehama, was quoted as saying: "...the performance management system which has been put in place in all the PEs cannot detect and determine who to hold accountable for poor performance if the margins of responsibilities have not been defined".

As Cloete (2018) suggests, particular reference could be drawn to the power struggles between the BOD and senior management/executives of a PE such as the National Petroleum Corporation of Namibia and the Namibia Students Financial Assistance Fund. Simply put, without the clear demarcation of functions and roles between the BODs and senior management/executives, there will

not be a direct synchronised link between functions and the PE contribution thereof to broader development goals and objectives as per the expectation of the shareholder - government. To remedy this, there is a need for a robust PMS system that should be consistently and constantly implemented. The PMS in place indicates that below-expected work performance by an employee is harmful to the overall public service, hence the need for PE managers and supervisors to intervene through effective monitoring and feedback (Office of the Prime Minister, Government of Namibia, 2005). This, a process Halwoodi and Masawi (2014) finds to be absent for a majority of PEs in Namibia. Concerning the absence of adequate monitoring and feedback, Hearn (2018) states that the PMS would be pointless as continuous poor performance by PEs would go unabated without any prospects for remedial action. Without an effective PMS in place, there simply would not be any mechanism to measure the performance of PEs and contribution to national development goals and objectives. The performance of PEs creates a challenge for public administration accountability to the populace in this context. In terms of performance management, Halwoodi and Masawi (2014) report that the former Motor Vehicle Accident Fund (MVA) CEO Jerry Muadinohamba is of the view that "...the accountability models in PEs need to be revisited and structured in a way that detects the inability of either board members or management".

The above resonates with Kikeri (2018) who submits that, for performance accountability to be improved, it is pertinent that the functions and relationship between senior management/executives and BODs be reviewed. Focal to the performance of PEs, the overall performance and accountability of BODs may be improved through the inclusion of private-sector shareholders (Kikeri, 2018). Despite the proliferation of poor performing PEs, Ngatjiheue (2018a) and Shikwambi (2019) single out the Namibia National Reinsurance Corporation as a beacon of good performance. This PE has been profitable and consistently returns dividends to the government while simultaneously meeting numerous other corporate governance requirements. It should be noted that poor performance is often an end product of poor accountability measures that prevent PEs from meeting goals, and simultaneously not holding anyone accountable within PEs. This is covered in more detail in the section below.

### 2.1.2. Poor accountability measures

A major concern surrounding the continuous poor performance of PEs appears to be centred on the various accountability measures in place. Poor performing PEs in Namibia have undoubtedly created a perception of the ability of the government as shareholders to hold these institutions accountable. Shifidi (2017) indicates that, in Namibia, holding PEs accountable for poor performance has been a serious challenge for the government. The natural inclination towards improved accountability should be that poor-performing PEs should be punished, the BODs and senior management/executives should not be allowed to claim bonuses and implement salary increases when PEs do not meet their mandates.

Contrary to this ideal, the TransNamib BODs and senior management/executives in 2017 demanded bonuses despite the PE being in a financially ailing state (Immanuel, 2017). The problem of poor accountability among Namibian PEs could hitherto be attributed to the now disbanded dual governance model over PEs. Here, shared oversight powers and ownership responsibilities were accorded to line ministries as well as the SOEGC, a cabinet committee chaired by the Prime Minister. Furthermore, the provisions of the SOE Governance Act (Act No. 2 of 2006) provided oversight powers to the SOEGC as reflected in section 4 (1), as well as for the involvement of line ministries, through consultation, on the management and affairs of a PE (Government of the Republic of Namibia, 2006). For instance, a single PE would be required to report to the line ministry in terms of its fiduciary roles, while following the governance guidelines set out by another entity, the SOEGC and ambiguously reporting to it as well (Government of the Republic of Namibia, 2006). Additionally, parliament also has a Public Accounts Committee which periodically reviews the performance of PEs and reports to parliament. However, the SOEGC was disbanded in 2015 through the PE Governance Amendment Act (Act No. 8 of 2015) (Government of the Republic of Namibia, 2015a), after its functions were found to be redundant (Limbo, 2019). This is the context in which accountability problems have brewed in Namibian PEs for over a decade. In 2015, the SOEGC was replaced by the Ministry of PEs.

The above provides a sketch for which the current status quo and challenges associated with PE performance accountability in Namibia have emerged. In the same vein, it should be noted that the oversight roles of government institutions should not be ambiguous and overarching, as this would defeat the purpose of accountability through distortion. Strengthening this, Mutegei and Ombui (2016) and Limbo (2019) in their studies unilaterally support that an ambiguous channel of accountability creates an environment where PE managers become comfortable in not meeting performance targets since no proper accountability measures exist. The underlying factor here is that improved performance cannot be expected if there is no retribution or punishment for poor performance. Weylandt (2017) further stresses this issue as being a major problem under the dual governance model. The multiple owners (e.g., SOEGC - before it was disbanded, various portfolio Ministers, BODs and senior management/executives of SOEs) of PEs under the dual governance model provided layers of authority and communication that essentially created challenges for the SOEGC to execute its oversight functions as indicated in section 4 (1) of the SOE Governance Act (Act No. 2 of 2006). This created ambiguity in reporting and accountability to the vast array of role players that resulted in bureaucratic challenges, thus thwarting business processes and heightening poor performance.

Furthermore, the dual governance model created an environment in which PEs were not being held accountable for poor performance. There should be punishment for poor-performing PEs and noncompliance to serve as a deterrent. In a report by Likela (2018), he suggests that managers/directors in Namibian PEs are not accounting for poor

performance. For instance, the continuous poor performance by PEs such as Air Namibia over the years has not seen the airline managers or BODs being directly held responsible, despite continuous public outcry on the poor performance of this PE (The Patriot, 2018). Indeed the performance of PEs has a bearing on the public outlook of the government. The performance of PEs reflects on the ability and commitment of the government to service delivery as aligned to the electorates' needs. Buttressing this, Links and Haimbodi (2011) appropriately explain: "*Government legitimacy due to poor PE performance plays a significant role in service delivery, procurement, infrastructure development and employment in Namibia and as such the performance of the sector can be regarded as an important indicator when assessing the overall health of the country's economy*" (p. 1).

The performance of PEs serves as an important epitome and bearing on the overall normative sustenance and policy direction of government. This arises because of the majority shareholding of government in most PEs. However, as earlier problematised by Clausen et al. (2011) and Links and Haimbodi (2011), the current performance status of PEs in Namibia denotes a negative outlook on government as most PEs often underperform and remain a financial burden for the state. Considering that PEs are used as instruments of public policy implementation, the implication of poor PE performance bears an effect on the overall performance of government in providing goods and services to the public. More on the financial burden of PEs on the state is provided in the section that follows.

### 2.1.3. The financial burden on the state

Year after year, since the attainment of Namibia's independence, a vast majority of PEs have been dependent on the state for financial bailouts. This is due to their inability to break-even, particularly the commercial PEs. One such PE that has famously relied on bailouts the most since its inception is Air Namibia. Furthermore, as will be illustrated later, Tjitemisa (2019) explains that PEs total debt equals 25 per cent of the gross domestic product. What Limbo (2019) finds particularly worrisome in the case of Namibia is that commercial PEs, from which the government expects to receive dividends, collectively received N\$ 1.2 billion from treasury in bailouts for the 2017/18 financial year as reported by Tjitemisa (2019). A situation that Limbo (2019) further attributes to poor financial management and accountability within PEs, and poor monitoring measures from key stakeholders/shareholders such as the government. Of further concern is the total debt accumulated by PEs. Namibia's Minister of PEs, Leon Jooste, was quoted as stating "*...the total debt of the country's PEs is already about N\$ 43 billion... the total return on the assets of the PEs portfolio is negative... with a total loss now exceeding an unsustainable N\$ 150 million per annum*" (Tjitemisa, 2019).

This indicates that the general performance of PEs is worryingly low and unsustainable for the government, particularly considering that there is great reliance on it for financial bailouts. Since its inception in 2015, the Ministry of PEs set out to

position PEs meaningfully to contribute to the country's development goals and ensure their sustainable management to lessen the financial burden on state treasury (Republic of Namibia, Ministry of Public Enterprises, 2016). The implications of PE continued financial dependency on the state are two-fold. Firstly, the dependency of PEs on the state for bailouts means the government will have less capital available to fund equally important development interventions, such as reducing poverty and unemployment in the country. Secondly, the continued dependence on the state has seen fewer funds being allocated to non-commercial PEs, and as a result, set these PEs off to operate with a limited budget that does not allow them to fully meet their financial and performance targets. This is how the broader public administration and acceptability by the public are affected by poor PE performance. However, as Tjitemisa (2019) indicated in 2019 that the mandate of the PE Ministry has not been realised over the 5 preceding years since its inception. However, as will be later demonstrated, the adoption of the PE Governance Bill in May 2019 adequately accords powers to the Ministry of PE. This bill is now operational under the name PE Governance Act (Act No. 1 of 2019). Notwithstanding the above institutional and legislative challenges, various authors and reporters (Iyambo, 2016; Ngutjinazo, 2018; Links, 2019) have referred to the PE procurement sector as being plagued by numerous challenges. These are discussed in more detail in the sub-section that follows below.

#### 2.1.4. The procurement challenge

In terms of procurement in the PE sector, there exist serious accountability and transparency anomalies. This is supported by the Institute for Public Policy Research's (IPPR) (2018) procurement tracker which highlights fundamental three-fold shortcomings of the procurement process within Namibian PEs. These are 1) lack of transparency, 2) lack of capacity, and 3) the use of exemptions. As Mutegei and Ombui (2016) submit, it should be noted that the absence of transparency breeds poor accountability within PEs. This is true for the Namibian case wherein most annual procurement plans for the various PEs have not been produced/availed as prescribed in the legislation (IPPR, 2018). Simply put, if there are no procurement plans available to the public, key stakeholders will not have anything against which PE procurement practices will be gauged. Most importantly, the government will not be able to see whether the procurement activities of PEs reflect its interests as per the expectations of the agency theory (Borad, 2019). For the 2018/19 financial year, it has been reported that only 21 out of 70 PEs' annual procurement plans could be obtained on public platforms (Ngatjiheue, 2018c). This translates into a 30% compliance rate. Further explaining the depth of the procurement challenges within the PE sector, it has been stated that "*the manner in which state entities are handling procurement plans suggests that transparency and accountability are still missing in the local procurement sector*" (Chiringa, 2018).

The above-lamented situation goes unabated despite the Public Procurement Regulations (Government Notice 47 of 2017). These regulations,

as nuanced in section 79 of the Public Procurement Act (Act No. 15 of 2015) brought with it high hopes in terms of transparency and accountability within the PE sector. Not surprisingly, various narratives attribute Namibia's broader governance challenges to the lack of enforcement of existing laws (The Villager, 2016, 2017). The Public Procurement Act (Act No. 15 of 2015) is apt for ensuring transparency and accountability in the procurement sector, however, a lack of adherence to it voids its relevance. This permeates through procurement processes being executed under a veil of secrecy (Links, 2019). For instance, a PE tasked with the construction and maintenance of Namibia's road sector, the Roads Authority, in 2018 intended to extend numerous road construction contracts to the overpriced value of N\$ 1.6 billion without having placed public advertisements for such tenders, and similarly without having consulted the Ministry of Works and Transport (shareholder) (Ngutjinazo, 2018). Indeed, this process did not follow good corporate governance principles that would have seen the thorough and transparent consultation of shareholders. Regarding PEs in Namibia, President Geingob was quoted explaining that "*sometimes we are efficient but not effective, we have good plans that are efficiently planned but they are not implemented, therefore we are deemed ineffective*" (Iyambo, 2016).

It is within this context that the need arises to review the implementation of laws for a normative development impact by PEs to conform to the shareholder vis-à-vis senior management/executives relationship expectations of the agency theory as earlier submitted. Failure to avail procurement plans in the public domain casts a shadow of doubt among the populace by questioning the ability of the government through public administration to hold PEs accountable and ensuring they positively impact on development (Links, 2019). This normative impact will see PEs becoming more sustainable and contributing to development goals. Undoubtedly, the lack of remedial action will see the government lose its support from the masses due to its ineffective and inefficient public administration through PEs. Party to the challenges associated with PE performance is the proliferation of corruption. This is covered in the foregoing section.

#### 2.1.5. The proliferation of corruption

Although various PEs such as Mobile Telecommunications and Namib Reinsurance appear to conform to the principles of good corporate governance in general, there exists a vast array of PEs that have been beset with poor corporate governance practices (Links & Haimbodi, 2011). Considering this from an anti-corruption perspective, a poor corporate governance culture within PEs often stems to create a breeding ground for corruption. Although inundated with numerous definitions, corruption has been defined by Transparency International (TI) (n.d.) - a leading international anti-corruption NGO as "*...the abuse of entrusted power for private gain. It can be classified as grand, petty and political, depending on the amounts of money lost and the sector where it occurs*".

For purposes of the current study, the above definition by TI (n.d.) prompts many issues, particularly as a point of departure in the PE sector. These issues frame the scope in which the various anti-corruption challenges experienced by PEs arise. While these issues are multi-dimensional, the current study highlights three. These are a moral hazard; culture of secrecy and inadequate record keeping as further supported in an article by Links and Haimbodi (2011). These issues need to be critically considered if the discourse on PE performance is to be rendered meaningful. Various reports (Weylandt, 2016; Limbo, 2019) suggest that the above-lamented issues by Links and Haimbodi (2011) permeate within the Namibian PE sector and serve to constrict the performance of PEs in numerous ways.

Sultania (2018) suggests that moral hazard is a risk or decision-based act of an individual or institution for which consequences are born by a 3<sup>rd</sup> party. This is often the mode through which corruption permeates through PEs in Namibia. A case in point is that of a financial institution PE, the Government Institutions Pension Fund (GIPF). The GIPF took a decision to invest N\$ 660 million into various business entities as a loan between the years 1995 to 2005, for which they currently cannot account for (Iikela & Immanuel, 2019). Furthermore, a report by Pienaar (2017) finds that in Namibia, the continuous plundering of state resources through PEs has become a norm through corruption that bad decision-making, weak management, poor planning and lax financial controls breeds. PEs such as the Namibian Broadcasting Corporation (NBC), TransNamib Holdings, Air Namibia, Namibia Wildlife Resorts (NWR), the National Petroleum Corporation of Namibia (Namcor), among others have been subjected to the phenomenon of moral hazard (Links & Haimbodi, 2011). This came to the fore as management teams have since the inception of these PEs steered these entities into excessive financial losses over time, for which the government had to continuously intervene through financial bailouts.

Considering the basis for moral hazard, here, the ordinary taxpayer through government would eventually bear this cost through a bailout to financially failing PEs. As Links and Haimbodi (2011) submit, the poor management and performance at PEs such as Namibia Wildlife Resorts and Namcor have been largely attributed to moral hazard. The former managing directors of these PEs were implicated in irregular practices that saw these PEs becoming financially insolvent (Links & Haimbodi, 2011). This is despite a report (Immanuel, 2017) suggesting that these managing directors often received bonuses despite the PEs ailing financially and continuously relying on bailouts from the government. The concept of moral hazard is framed in anti-corruption studies in this context. The daring question to ask is: How does a senior/executive manager claim a special bonus from a PE they manage that is insolvent? An answer to this probably requires a re-calibration of one's moral compass. Moreover, as a mode of supplementing the moral hazard phenomenon, there exists a culture of secrecy on the business conduct of most PEs in Namibia. This has created numerous bottlenecks for transparency. It is within this context that the culture of secrecy within PEs breeds.

The culture of secrecy as brought forth by political patronage has to a certain extent contributed to poor record-keeping and financial reporting among PEs. Limbo (2019) laments that political patronage in some instances arises due to the political affiliation of senior managers in PEs who purportedly enjoy an environment characterised by *laissez-faire*. Limbo (2019) further suggests that such managers are often not pressured by the shareholders (government) to follow the financial reporting standards private enterprises are subjected to by the Companies Act (Act No. 28 of 2004) (Government of the Republic of Namibia, 2004). Notwithstanding the above, not all PEs have been subscribed to the above environments plastered with poor performance. Part of the biggest challenge in ensuring transparency within PEs has been the publication of annual reports. Buttressing this, Weylandt (2016) indicates that there appears to be a lack of adherence when it comes to the publication of PE annual reports. This is despite the requirements of the SOEs Governance Act (Act No. 2 of 2006) that prescribes the publication of annual reports within six months after the end of the financial year (Government of the Republic of Namibia, 2006). For instance, the national airline operator, Air Namibia, has not published annual reports for over a decade now. It is reported that the last annual report published by Air Namibia was for the 2003/4 financial year (Kahiurika, 2018).

It should be noted that the trust and confidence of the public in PEs are reliant on the production of these annual reports. This is true in what Links and Haimbodi (2011) and Weylandt (2016) found that the Namibian public is increasingly losing trust in PEs due to this purported veil of secrecy because of the lack of adherence in producing annual reports. Annual reports are the one single document that informs stakeholders and shareholders on the performance of PEs. Simply put, if there are no annual reports, PEs are not able to be held accountable, because shareholders and stakeholders are not aware of the performance dynamics. This is the context in which the challenge for the government (shareholder) and its administration arises, as it appears they do not adequately enforce measures to hold PEs accountable on behalf of the populace. Furthermore, without annual reports, there will not be a clear indication of how the activities of PEs are contributing to specific developmental aspirations as determined by the electorate. In an effort to remedy the various governance challenges experienced in the PE sector, the Namibian government in 2019 passed the PE Governance Act (Act No. 1 of 2019) which replaces the SOE Governance Act (Act No. 2 of 2006). However, numerous dynamics exist that may foster and similarly thwart efforts at improved PE performance. The section below unpacks the key issues arising out of this act, as a legal framework that provides a new playing field for PEs in Namibia.

## 2.2. The Public Enterprises Governance Act (Act No. 1 of 2019): The beginning of a new dawn?

In 2019, the Namibian parliament passed the PEs Governance Act (Act No. 1 of 2019). This act repeals and replaces the SOE Governance Act (Act No. 2 of 2006). The PE Governance Act (Act No. 1 of 2019)

provides great prospects for improved accountability measures in PEs (Government of the Republic of Namibia, 2019). The new act makes use of a hybrid governance model for governing PEs in the country. As opposed to the previous arrangement where PEs were placed under the shared ownership and responsibility of line ministries and the SOEGC (until it was disbanded in 2014 and replaced with the Ministry of PEs) as shareholders on behalf of the government. The PE Governance Act (Act No.1 of 2019) places all commercial PEs under the Ministry of PEs, non-commercial PEs under the line ministries, and financial institutions under the Ministry of Finance (Weylandt, 2017; Government of the Republic of Namibia, 2019). Here, powers are accorded to the Ministry of PEs to monitor performance and the restructuring of all PEs for improved performance. This new governance arrangement possesses greater prospects for improved PE performance accountability. This is against the current/previous dispensation where line ministries monitor and evaluate PEs and hold them accountable differently, hence the lack of uniformity in this process and performance requirements. Buttressing this in terms of the oversight functions of numerous ministries over a single PE, the Minister of PEs was quoted as saying: *“Consolidating these functions into a single entity is the only way to ensure that uniform oversight, accountability, compliance and performance monitoring takes place while the critical commercial public enterprises will no longer be confronted with the challenge of dealing with more than one shareholder representative”* (The Patriot, 2019).

As illustrated elsewhere, the SOE Governance Act (Act No. 2 of 2006) provides for a dual governance model in which PEs reported to line ministries, on the implementation of guidelines set out by the SOEGC. This created overlap in functions as some oversight powers were ambiguously accorded to the SOEGC. Furthermore, government ministries monitored and evaluated PEs differently, hence the non-uniform approach that had arisen (Weylandt, 2017). This created serious performance requirement ambiguities. It is against this background that in 2014, the creation of the Ministry of PEs was deemed necessary to streamline performance governance against established national developmental priorities wherein PEs can contribute positively (Government of the Republic of Namibia, 2019). Indeed, the performance challenges in PEs could be attributed to the dual governance model as observed in the case of Brazil, Germany and Italy (OECD, 2018b). Perhaps, the hybrid governance model, a more centralised model will provide for improved transparency and performance accountability and standards as seen in the case of Chile, Denmark and Latvia (OECD, 2018b). This act makes provision for limiting the number of PE BODs an individual can serve on as well as individual performance agreements. The PE Governance Act (Act No. 1 of 2019) states: *“...a person must not simultaneously serve as a board member on more than two boards of public enterprises, unless the Minister specifically authorises the appointment of a person on more than two boards because a shortage of skills makes the appointment of that person on a further board necessary”* (Government of the Republic of Namibia, 2019, p. 9).

However, it should be noted that this provision is included in the phasing out SOE Governance Act (Act No. 2 of 2006), particularly in section 15 (6).

Seemingly, adherence to this clause was not enforced, hence a different implementation strategy should be followed in the new PE Governance Act (Act No. 1 of 2019). In terms of the individual performance agreements with board members, the PE Governance Act (Act No. 1 of 2019) explicitly states that: *“...within ninety days of appointing a person as a member of a board, enter into a performance agreement with that member, with due regard to any directives laid down by the Minister under section 4 (1) (e)”* (Government of the Republic of Namibia, 2019, p. 14).

Indeed, this will enable the relevant Minister to unilaterally hold PE BODs accountable for poor PE performance. However, the performance agreements referred to above are not a new phenomenon, the outgoing SOE Governance Act (Act No. 2 of 2006) makes provision for the same agreement. What the PE Governance Act (Act No. 1 of 2019) failed to outline is the consequences for a lack of performance. As Maurihungirire (2016) and Limbo (2019) support, the need for improved accountability and performance comes at a time when PEs need to meet their financial and fiduciary responsibilities to aid with reviving the economy and overall government performance. This is particularly important now as the Namibian economy is not able to sustain itself, with blame being placed on the government. Reports (Ngatjiheue, 2018b; Hartman, 2019) suggest that Namibia's economic woes are linked to financial mismanagement within capital intensive PEs that require financial bailouts from the government. For instance, Weylandt (2016) further suggests that: *“TransNamib received a bailout to the tune of more than N\$300 million. NWR has been another candidate for regular bailouts, asking government to step in several times and still costing the taxpayer N\$ 66 million between 2016 and 2019”* (p. 7).

Indeed, the passing of the PE Governance Act (Act No. 1 of 2019) serves as a germane piece of legislation that paves the way for the PEs Ministry to carry out various reform measures. This is particularly in light of studies (Links & Haimbodi, 2011; Maurihungirire, 2016) that found PEs in Namibia to have high debt ratios, bloated wage bills and often do not meet performance and fiduciary responsibilities. The various reform measures that are provided for in the PE Governance Act (Act No. 1 of 2019) will enable the PEs Ministry to root out mismanagement, corruption and poor performance to increase shareholder value while ensuring PEs meet their core fiduciary roles. However, the success of the PE Governance Act (Act No. 1 of 2019), as with any other law, largely relies on compliance and robust implementation. To eliminate the challenges of PEs for the practice public administration in Namibia, the existing policy implementation gaps need to be closed to ensure the well-developed PE Governance Act (Act No. 1 of 2019) comes to life and fully serves its purpose and stimulate effective and efficient PE governance. As mentioned elsewhere and considering the various performance challenges of PEs raised in this article, it remains important to fill the scholarly gap on how the poor performance of PEs have created a challenge for public administration in Namibia. The foregoing section provides the methodical approach that sets the parameters in which the above research gap has been filled.



### **3. RESEARCH METHODOLOGY**

As a research design, this study follows a single case study analysis on Namibia - by analysing PE performance and the resultant public administration challenges. A desktop qualitative research method paradigm using secondary data sources was also used to synthesise PE performance vis-à-vis public administration challenges in Namibia. Secondary qualitative data allowed for an analysis of literature and official documents to comprehensively conceptualise and triangulate the performance of PEs and how this creates a challenge for public administration (Duriu, Reger, & Pfarrer, 2007). A desktop analysis of literature was critically done with a focus on establishing the current status quo of PE performance in Namibia, to institute whether the current status quo creates a challenge for the practice of public administration of government, as well as the resultant effect on the trust and confidence of the public in the ability of the government to manage state resources through PEs - culminating into the central theme on how the current performance of PEs create a challenge for the practice of public administration in the Namibian government. Systematic categorisation of literature through the above-mentioned key focus areas/themes was carried out to establish the current state of scholarship as relating to the performance of PEs and its effects on public administration within the Namibian context. The section below provides the results and a discussion on how the performance of PEs in Namibia creates a challenge for public administration.

### **4. RESULTS AND DISCUSSION**

The current study set out to analyse the performance of PEs in Namibia. Secondly, it raised questions about how PE performance in Namibia has provided a challenge for public administration in terms of policy implementation, service delivery and development in general as well as the factors that have fostered this status quo. This is in an effort to answer the earlier identified research question: How has the performance of PEs in Namibia created a challenge for the practice of public administration? The review of literature established the current status quo of PE performance in Namibia. Literature has indeed indicated that the performance of PEs is below expectations and a majority have failed to meet their core mandates and provide dividends to the shareholder - government, as nuanced in the agency theory. Establishing this performance was essential for gauging its resultant challenge for the practice of public administration in Namibia. From the above and as similarly guided by the crux, literature review and research methodology of this study, there emerge two central themes that inform the results and discussion of this study. These are: 1) PE performance; 2) PE performance as a public administration challenge in Namibia.

As part of the results of this study, it became centrally apparent that most PEs in Namibia are not performing as per the expectations of the shareholders' and various legislations in place. In terms of the first theme on PE performance in Namibia, this study finds that PEs have been confronted with numerous performance challenges

that have prevented them from meeting their financial and fiduciary roles. The most striking observation to emerge in this study was that most of the performance challenges of PEs permeate owing to poor accountability measures, the financial burden on the state, procurement anomalies and the proliferation of corruption. This is a rather unsatisfactory finding considering the host of institutions and legislation in place to safeguard against maladministration. Again, this points to the implementation gap earlier referred to. As supported by Ngatjiheue (2018a), it can be assumed that this state of affairs has seen most PEs not paying any dividends to the government as a shareholder for over 25 years since Namibia's independence. Indeed, the most critically relevant finding in this study. It can be deduced that the inability of PEs to break-even and pay dividends to the government is due to the above-mentioned challenges linked to mismanagement that prevent them from meeting their core mandates.

Indeed, Limbo (2019) agrees with these findings that, since the attainment of independence, PEs in Namibia have been subject to constant criticism, particularly on their inability to meet performance targets (Limbo, 2019). These institutions have been accused of being poorly managed, corrupt and a constant financial burden to the government (Mubwandarikwa, 2013). The element of PEs being a constant financial burden on the government features prominently in this study. Buttressing this, a report by Tjitemisa (2019) indicates that the total PEs debt stood at N\$ 43 billion, with a negative return on assets and a cumulative loss exceeding N\$ 150 million per annum. Resultantly, PEs have been relying on state bailouts to cover their basic operational costs, albeit operating at a loss, especially for entities required to make a profit or at the bare minimum break-even. This finding is telling on the current state of affairs for a majority of Namibian PEs. In explaining the proliferation of PE performance challenges, an important contributing factor to consider is the absence of corporate governance practices and compliance enforcement through existing legislation and institutions. In reviewing the literature, an important finding speaks to the performance of PEs. This study finds that the performance of PEs since the attainment of Namibia's independence has not been satisfactory and has continuously placed a burden on the government as the shareholder. This conforms to literature (Links & Haimbodi, 2011; Weylandt, 2017; Ngatjiheue, 2018a) that states PEs in Namibia have been marred by performance challenges owing to poor accountability measures, financial mismanagement, procurement anomalies and corruption. A comparison of these findings with those of similar studies (Mutegi & Ombui, 2016) in Kenya confirms that mal-administrative practices often yield undesired performance results for state entities. Considering the reasons for the establishment of PEs - as an instrument of effective public policy/plan implementation - the current study finds that the poor performance of PEs reflects negatively on the ability of government to drive the service delivery and development agenda of the country through PEs. As a result, it needs to mention that there exists a strong and consistent relationship between poor PE performance and public administration challenges. As stated

elsewhere, the continuous poor performance of PEs pose a serious challenge for and delegitimises the aura of public administration in Namibia.

Buttressing the above, literature (Kuhanga, 2018) agrees that poor PE performance erodes its credibility of government and trust from the citizenry. This is particularly in light of the public administration process that is the government's responsibility. As a result of this poor PE performance, this study reveals that the Namibian government finds itself in a public administration quagmire owing to its mandate of managing public resources and service delivery through PEs. Consistent with this finding, Kikeri (2018) supports that PEs are expected to assist the government in the implementation of various public policies, but their poor performance prevents them from meeting their basic mandates that feed into public policy objectives.

Consistent with the reviewed literature elsewhere, this research found that the enforcement of various corporate governance practices through existing legislation has been at a very languid pace since the independence of Namibia. This has resulted in the proliferation of corporate malpractice and administration that fosters poor performance within PEs. This study stresses that, although the reform measures brought by the PE Governance Act (Act No. 1 of 2019) are promising for improving the performance of PEs, the effectiveness of this act largely depends on its effective implementation and enforcement by relevant stakeholders. Premised in the introduction of this study, the paucity in literature emerged in light of the public administration challenge poor PE performance brings to the Namibian government. This study supports evidence from a report (Kuhanga, 2018) that suggests a direct causal relationship of poor PE performance on the effectiveness and credibility on public administration in a state. Deducing from this for the context of this study, the results here-of are covered in the second theme below.

Highlighting the second theme - PE performance as a challenge for Namibia's public administration - this study finds that the combined effects of the PE performance challenges have fostered the current status quo in which the public has lost trust in the ability of public administrative processes to foster the improved performance PEs in Namibia. The loss of trust by the public in government's ability to manage public resources through PEs has been lamented by Kuhanga (2018), but without a comprehensive exposition on the reasons behind this lack of or declining trust in government owing to PE performance. This is the context that prompted the current study. This study finds that legislative and institutional bottlenecks and an absence of strict compliance enforcement have hitherto created a situation in which Namibian PEs fail to meet their mandates thereby negatively affecting the ability of the government to manage its public administration processes. This contradicts the sustenance of the agency theory in corporate governance. The agency theory places emphasis on the need for the management of entities such as PEs to run these entities in the best interests of the shareholder - government in the case of Namibia (Borad, 2019).

Although there is greater conformance to the agency theory in terms of legislation and

theory/text, this study finds that the current performance of PEs in Namibia does not conform to the sustenance of the agency theory practically. This arises owing to evidence (Links & Haimbodi, 2011; Weylandt, 2016; Immanuel, 2017; Nyaungwa, 2019) that suggests that decisions and actions within a majority of Namibian PEs are not always reflective of the needs and interests of the shareholder - government and by extension, the public. As documented elsewhere, the proliferation of maladministration, corruption and mismanagement has created a situation in which there is a continuous public uproar over the manner in which PEs are managed. This finding agrees with Links and Haimbodi (2011) who state that the populace in Namibia has incrementally lost trust in the ability of the Namibian government to manage public resources and delivery sustainable public services through PEs.

The results of this study show that although the management of PEs based on the principles of the agency theory is ideal in fostering trust and confidence in the governments' ability in managing public resources by the public, the operational dynamics and challenges (that is poor accountability measures, the financial burden on the state, procurement anomalies and the proliferation of corruption) PEs in Namibia are confronted with thwarts this ideal. However, as this study finds, the absence of robust legislative enforcement and adherence to good corporate governance principles creates an environment that breeds public distrust of government over the administration of public resources. This finding support previous research (Mutegi & Ombui, 2016) that has linked languid implementation of laws to the proliferation of maladministration in state entities.

Literature (Wendy Ovens and Associates, 2013) ascends that PEs are at the forefront of implementing various development-related policies, the continued failure in their meeting core mandates has created a perception in which the broader administration of public resources by the government is rendered ineffective by the public (Weylandt, 2016). It is in light of this that the current study found that the current performance of PEs poses a serious challenge for the practice of public administration in the Namibian government and its acceptability and confidence in it by the populace. All in all, the results in this study have not been encouraging and reflects on the ailing state of government and its subsidiaries such as PEs. What is further worrisome of these results is that, since the advent of Namibia's independence, PEs have recorded a very minimal success in independently meeting their mandate without relying on state financial bailouts arising out of maladministration and mismanagement that renders a majority of PEs financial self-unstable. This is the context in which PEs have created a challenge for the broader public administration of the Namibian government.

## 5. CONCLUSION

Returning to the research question posed at the beginning of this study, it now possible to state that the unabated poor performance of PEs in Namibia creates a dire challenge for the credibility and acceptance of Namibia's broader public administration under the government. While the

focus of this study is an area that has generally been neglected, the relevance of the effects of PE performance on the credibility and public acceptance of public administration in Namibia is now clearly supported by the current findings. These findings contribute in several ways to our understanding of PE performance and its effects on the government in general and provide a basis for which reform measures can be considered. Although this study can be generalised to countries experiencing similar PE performance challenges, a limitation exists in that caution needs to be taken considering the divergent legislative and institutional differences that may exist in different countries. As a result, the findings are not applicable to all developing country contexts. One of the strengths of this study is that it presents a comprehensive analysis of the interrelatedness and effects of one sector/domain of the public sector (i.e., PEs) on the overall public administration in Namibia – an element often overlooked in studies (Maurihungirire, 2016; Kabuku & Nyambe, 2018). While the current study provides some understanding of the implications of poor PE performance for the broader public administration of Namibia, there is a need to explore in an in-depth manner the specific institutional challenges that prevent PEs from meeting their mandates. As a result, future studies can use the current study as a point of departure. Such studies will aid in successfully reversing the public administration challenges that have marred the Namibian government since the attainment of political independence. Indeed, reversal would serve to be in conformance with the agency theory as discussed elsewhere.

While the above results of this study paint a daunting picture on the performance of PEs and its effects on the practice of public administration in Namibia, the findings of this study provide a sketch on how this status quo could be remedied to improve the acceptance and image of government's public administration as a key custodian of PEs. This study, therefore, makes a few recommendations for this purpose, and particularly in light of the new overarching governing legislation, the PE Governance Act (Act No. 1 of 2019). The passing of the PE Governance Act (Act No. 1 of 2019) brings with it some hope in resuscitating the performance of PEs in the country. The act introduced various reform measures that aim at establishing a performance-based governance system. A system that is based on meeting performance targets. Notwithstanding, the PE Governance Act (Act No. 1 of 2019) fails to explicitly outline the consequences for a lack of performance, particularly for the BODs and CEO/MD. There need to be clearly quantifiable criteria to measure PE performance against which performance bonuses will be negotiated with BODs and CEOs/MDs ahead of implementation. This study cautions that, while the reform measures brought with by the newly promulgated PE Governance Act (Act No. 1 of 2019) provide some hopes for the PE sector, the challenges that come with implementation should not be overlooked. Without proper implementation measures in place, the relevance of the act becomes void as its lack of impact would be evident within PEs. Indeed, numerous dynamics exist that influence on the majority of PE poor performance in Namibia. As this

study finds, the poor performance of PEs in Namibia has resulted in the loss of trust and confidence in the public administration of state resources by the public. Considering the various reform strategies that the PE Governance Act (Act No. 1 of 2019) promises to bring with, one would query the following: What are the prospects for improved PE performance?

There is indeed hope that the performance of PEs will improve. However, robust implementation of legislation and policies on PMS serves as major pre-requisites through monitoring and feedback within PEs. The introduction of a fully-fledged Ministry of PEs and the PE Governance Act (Act No. 1 of 2019) indicates commitment from the side of the government to demonstrate its willingness to better manage state resources for impactful development through PEs. As indicated elsewhere, having these legislative, structural and institutional measures in place provides for a more synchronised performance-based monitoring approach. Since the attainment of independence, the governance structures for PEs in the country were ambiguous and have largely contributed to the administrative anomalies experienced hitherto. The public has been described as having lost trust and confidence in the ability of the government to oversee public resources through PEs in this context. With the current reform measures seen from 2014 onwards, there is renewed hope for improved PE performance in Namibia. Problematised by President Geingob earlier as quoted in Iyambo (2016), there need to be renewed efforts towards implementing reform measures in the PE sector. In an effort to remedy the performance challenges of PEs and further improve the confidence and trust of the public in the abilities of the government, the current study finds it befitting to make the following recommendations.

All governance legislation on PEs should unambiguously indicate punishment or penalties for non-compliance. For instance, this could be incorporated into institutional strategies or by-laws. This will ultimately encourage BODs and senior management/executives of PEs to strive for performance in an effort to avoid associated penalties. The inclusion of such a clause in a fully enforced performance agreement with principal agents of PEs would be instrumentally germane for improved transparent performance accountability. Furthermore, it would particularly be advantageous to allocate superior oversight powers on PEs with parliament to foster improved and transparent governance, as opposed to specific ministries only. This will keep SOE BODs and senior management/executives on their toes in running the affairs of the PE in as far as performance accountability, financial accountability, procurement processes as well as corruption are concerned. Moreover, there needs to be a renewed commitment by the government towards transparent governance over PEs concerning the publication of PE annual reports. As illustrated elsewhere, conducting PE business in the public domain is instrumental for transparency and improved confidence and trust by the public in the administration of public resources. There needs to be a clear indication of how PEs are contributing to the development of the country with explicit performance indicators as a measure. These should be explicitly indicated in PE annual reports.

## REFERENCES

1. Alford, J., & Greve, C. (2017). Strategy in the public and private sectors: Similarities, differences and changes. *Administrative Sciences*, 7(35), 1-17. <https://doi.org/10.3390/admsci7040035>
2. Borad, S. B. (2019, August 30). Agency theory in corporate governance. *eFinanceManagement*. Retrieved from <https://efinancemanagement.com/financial-management/agency-theory>
3. Bradburd, R. (1995). Privatisation of natural monopoly public enterprises: The regulation issue. *Review of Industrial Organisation*, 10, 247-267. <https://doi.org/10.1007/BF01027074>
4. Chiringa, K. (2018, September 14). Procurement sector lacks transparency - IPPR. *The Villager*. Retrieved from <https://www.thevillager.com.na/articles/13854/procurement-sector-lacks-transparency-ipp/>
5. Clausen, B., Kraay, A., & Nyiri, Z. (2011). Corruption and confidence in public institutions: Evidence from a global survey. *The World Bank Economic Review*, 25(2), 212-249. <https://doi.org/10.1093/wber/lhr018>
6. Cloete, V. (2018, May 8). Dysfunctional board-management relationship. *The Namibian*, p. 7. Retrieved from <https://www.namibian.com.na/177202/archive-read/Dysfunctional-board-management-relationship>
7. Dempsey, J. (2016, September 29). Rail as an integral element of the logistics hub. *Transport and Logistics*, pp. 2-3. Retrieved from [https://www.namibian.com.na/public/uploads/documents/58088f4bac4da/Transport\\_2016\\_2.pdf](https://www.namibian.com.na/public/uploads/documents/58088f4bac4da/Transport_2016_2.pdf)
8. Duriau, V. J., Reger, R. K., & Pfarrer, M. D. (2007). A content analysis of the content analysis literature in organisation studies: Research themes, data sources, and methodological refinements. *Organisational Research Methods*, 10(1), 5-34. <https://doi.org/10.1177/1094428106289252>
9. Government of the Republic of Namibia. (2004). Companies Act (Act No. 28 of 2004). *Government Gazette of the Republic of Namibia*, 3362. Retrieved from <https://www.wipo.int/edocs/lexdocs/laws/en/na/na012en.pdf>
10. Government of the Republic of Namibia. (2006). State-Owned Enterprises Governance Act (Act No. 2 of 2006). *Government Gazette of the Republic of Namibia*, 3698. Retrieved from <https://www.lac.org.na/laws/2006/3698.pdf>
11. Government of the Republic of Namibia. (2015a). Public Enterprises Governance Amendment Act (Act No. 8 of 2015). *Government Gazette of the Republic of Namibia*, 5835. Retrieved from [https://laws.parliament.na/cms\\_documents/5835-df86bc6789.pdf](https://laws.parliament.na/cms_documents/5835-df86bc6789.pdf)
12. Government of the Republic of Namibia. (2015b). *Public Procurement Act (Act No. 15 of 2015)*. Retrieved from <https://www.lac.org.na/laws/annoSTAT/Public%20Procurement%20Act%2015%20of%202015.pdf>
13. Government of the Republic of Namibia. (2017). Public Procurement Regulations (Government Notice 47 of 2017). *Government Gazette of the Republic of Namibia*, 6255. Retrieved from <https://www.lac.org.na/laws/2017/6255.pdf>
14. Government of the Republic of Namibia. (2019). Public Enterprises Governance Act (Act No. 1 of 2019). *Government Gazette of the Republic of Namibia*, 6907. Retrieved from <https://www.lac.org.na/laws/2019/6907.pdf>
15. Halwood, L., & Masawi, T. (2014, August 11). SOEGC takes heat for poor accountability in SoEs. *The Villager*. Retrieved from <https://www.thevillager.com.na/articles/7033/soegc-takes-heat-for-poor-accountability-in-soes/>
16. Hartman, A. (2019, September 20). Govt urged to scrap redundant SOEs. *The Namibian*, p. 7. Retrieved from <https://www.namibian.com.na/193304/archive-read/Govt-urged-to-scrap-redundant-SOEs>
17. Hearn, S. (2018, June 28). Why is performance management important? *Clear Review*. Retrieved from <https://www.clearreview.com/why-performance-management-important/>
18. Iikela, S. (2018, February 27). Jooste targets SoE boards. *The Namibian*, p. 3. Retrieved from <https://www.namibian.com.na/174897/archive-read/Jooste-targets-SoE-boards>
19. Iikela, S., & Immanuel, S. (2019, August 22). Prosecutor general admits GIPF's N\$600m lost. *The Namibian*, p. 1. Retrieved from [https://www.namibian.com.na/192205/archive-read/Prosecutor-general-admits-GIPF's-N\\$600m-lost](https://www.namibian.com.na/192205/archive-read/Prosecutor-general-admits-GIPF's-N$600m-lost)
20. Immanuel, S. (2017, July 14). TransNamib in a fix over bonuses. *The Namibian*, p. 1. Retrieved from <https://www.namibian.com.na/166920/archive-read/TransNamib-in-a-fix-over-bonuses>
21. IPPR. (2018). *Procurement tracker Namibia* (Vol. 1). Retrieved from IPPR website: <https://ipp.org.na/publication/procurement-tracker-namibia/>
22. Iyambo, C. (2016, May 13). Battling with public enterprises. *The Patriot*. Retrieved from <https://thepatriot.com.na/index.php/2016/05/13/battling-with-public-enterprises/>
23. Joshi, V. (2017). *India's long road: The search for prosperity*. <https://doi.org/10.1093/acprof:oso/9780190610135.001.0001>
24. Kabuku, A. K., & Nyambe, J. M. (2018). Testing the applicability of a privatization model on state owned enterprises in Namibia. *Journal of Economics, Management and Trade*, 21(6), 1-13. <https://doi.org/10.9734/JEMT/2018/40987>
25. Kahiurika, N. (2018, February 27). Banks shun Air Namibia. *The Namibian*, p. 1. Retrieved from <https://www.namibian.com.na/174875/archive-read/Banks-shun-Air-Namibia>
26. Kikeri, S. (2018). *Corporate governance in South African state-owned enterprises*. <https://doi.org/10.1596/30029>
27. Kim, C. J., & Ali, Z (2017). *Efficient management of state-owned enterprises: Challenges and opportunities* (Asian Development Bank Institute Policy Brief No. 2017-4). Retrieved from <https://www.adb.org/publications/efficient-management-state-owned-enterprises-challenges-and-opportunities>
28. Kuhanga, T. (2018, December 11). Namibians lose confidence in public enterprises. *The Namibian*, p. 12. Retrieved from <https://www.namibian.com.na/183936/archive-read/Namibians-lose-confidence-in-public-enterprises>
29. Limbo, C. M. (2019). *An analysis of the performance of state-owned enterprises in Namibia: Case studies in the transport sector* (PhD dissertation, Stellenbosch University). Retrieved from [https://scholar.sun.ac.za/bitstream/handle/10019.1/106068/limbo\\_performance\\_2019.pdf?sequence=2&isAllowed=y](https://scholar.sun.ac.za/bitstream/handle/10019.1/106068/limbo_performance_2019.pdf?sequence=2&isAllowed=y)

30. Links, F. (2019). *Procurement tracker Namibia* (Vol. 5). Retrieved from IPPR website: <https://ippr.org.na/publication/public-procurement-tracker-namibia/>
31. Links, F., & Haimbodi, M. (2011, December). *Governance challenges in the SOE sector* (Anti-Corruption Research Programme). Retrieved from IPPR website: [https://ippr.org.na/wp-content/uploads/2011/12/IPPR\\_SOE%20P7\\_FINALsml.pdf](https://ippr.org.na/wp-content/uploads/2011/12/IPPR_SOE%20P7_FINALsml.pdf)
32. Maurihungirire, M. (2016). *An analysis of the financial performance of state owned enterprises: A case study of TransNamib* (Master's thesis, University of Namibia). Retrieved from <http://repository.unam.edu.na/bitstream/handle/11070/2463/maurihungirire2016.pdf?sequence=1&isAllowed=y>
33. Menozzi, A., Urutiaga, M. G., & Vannoni, D. (2012). Board composition, political connections, and performance in state-owned enterprises. *Industrial and Corporate Change*, 21(3), 671-698. <https://doi.org/10.1093/icc/dtr055>
34. Mubwandarikwa, I. (2013). *An exploration of corporate governance and performance of a state-owned-enterprise: A case study of TransNamib in Namibia*. (Master's thesis, Polytechnic of Namibia). Retrieved from <https://pdfs.semanticscholar.org/5771/2ce6e4e5efe8a2a57ad74da8d13313d2cd32.pdf>
35. Mutege, M. F., & Ombui, K. (2016). An investigation of the factors that cause poor performance of state corporations in Kenya. *International Journal of Scientific and Research Publications*, 6(11), 350-360. Retrieved from <http://www.ijsrp.org/research-paper-1116.php?rp=P595998>
36. Nellis, J. (2005). *The evolution of enterprise reform in Africa: From state-owned enterprises to private participation in infrastructure - and back?* (FEEM Working Paper No. 117.05). <https://doi.org/10.2139/ssrn.828764>
37. Ngatjiheue, C. (2018a, February 22). Continued SOE bailouts unsustainable, Ithete. *The Namibian*, p. 15. Retrieved from <https://www.namibian.com.na/174727/archive-read/Continued-SOE-bailouts-unsustainable-Ithete>
38. Ngatjiheue, C. (2018b, February 27). Govt spent N\$12b on SoEs last year. *The Namibian*, p. 15. Retrieved from [https://www.namibian.com.na/174873/archive-read/Govt-spent-N\\$12b-on-SoEs-last-year](https://www.namibian.com.na/174873/archive-read/Govt-spent-N$12b-on-SoEs-last-year)
39. Ngatjiheue, C. (2018c, September 17). Transparency gaps prevail in procurement sector. *The Namibian*, p. 13. Retrieved from <https://www.namibian.com.na/181434/archive-read/Transparency-gaps-prevail-in-procurement-sector>
40. Ngutjinazo, O. (2018, July 19). Government questions overpriced road deals. *The Namibian*, p. 1. Retrieved from <https://www.namibian.com.na/179663/archive-read/Government-questions-overpriced-road-deals>
41. Ngwangwama, M. M. (2017, August 25). To make a profit or not. *The Patriot*. Retrieved from <https://thepatriot.com.na/index.php/2017/08/25/to-make-a-profit-or-not/>
42. Nhema, A. G. (2015). Privatisation of public enterprises in developing countries: An overview. *International Journal of Humanities and Social Science*, 5(9), 247-256. Retrieved from [http://www.ijhssnet.com/journals/Vol\\_5\\_No\\_9\\_September\\_2015/26.pdf](http://www.ijhssnet.com/journals/Vol_5_No_9_September_2015/26.pdf)
43. Nyaungwa, N. F. (2019, September 20). Nepotism claims stalk TransNamib bosses. *Windhoek Observer*. Retrieved from <https://www.observer.com.na/index.php/national/item/11445-nepotism-claims-stalk-transnamib-bosses>
44. OECD. (2016). *Global knowledge sharing network on corporate governance of state-owned enterprises*. Retrieved from OECD website: <http://www.oecd.org/daf/ca/globalknowledgesharingnetworkoncorporategovernanceofstate-ownedenterprises.htm>
45. OECD. (2018a). *Professionalising boards of directors of state-owned enterprises: Stocktaking of national practices*. Retrieved from OECD website: <https://www.oecd.org/corporate/Professionalising-boards-of-directors-of-SOEs.pdf>
46. OECD. (2018b). *Ownership and governance of state-owned enterprises: A compendium of national practices*. Retrieved from OECD website: <http://www.oecd.org/corporate/Ownership-and-Governance-of-State-Owned-Enterprises-A-Compendium-of-National-Practices.pdf>
47. Office of the Prime Minister, Government of Namibia. (2005). *A performance management system for the public service of Namibia: Principles and framework*. Retrieved from [https://tgpg-isb.org/sites/default/files/international\\_articles/PMS.pdf](https://tgpg-isb.org/sites/default/files/international_articles/PMS.pdf)
48. Pienaar, R. (2017, October 12). Political appointees fail public enterprises - Experts. *The Villager*. Retrieved from <https://www.thevillager.com.na/articles/11747/political-appointees-fail-public-enterprises-experts/>
49. Quartey, J. D., & Quartey, J. A. (2019). Towards survival of state owned enterprises in Sub-Saharan Africa: Do fiscal benefits matter? *International Journal of Economics, Commerce and Management*, 7(5), 207-234. Retrieved from <http://ijecm.co.uk/wp-content/uploads/2019/05/7512.pdf>
50. Republic of Namibia, Ministry of Public Enterprises. (2016). *Budget motivation by the honorable Leon Jooste, MP, Minister of Public Enterprises*. Retrieved from <https://mpe.gov.na/documents/105739/105841/Budget+Motivation+by+Hon.+Leon+Jooste%2C+MP+Minister+of+Public+Enterprises%2C+17+March+2018.pdf/43165f93-7914-b596-bfc2-ac9e3651921a?version=1.0&download=true>
51. Republic of Namibia, National Planning Commission. (2017). *Namibia's 5th national development plan (NDP5)*. Retrieved from [https://www.npc.gov.na/?wpfb\\_dl=294](https://www.npc.gov.na/?wpfb_dl=294)
52. Shifidi, S.-S. K. (2017). *Evaluation of corporate governance in state-owned enterprises in Namibia* (Master's thesis, Stellenbosch University). Retrieved from <https://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.881.2249&rep=rep1&type=pdf>
53. Shikwambi, M. (2019, July 12). NamibRe CEO accused of fighting industry for personal gain. *The Patriot*. Retrieved from <https://thepatriot.com.na/index.php/2019/07/12/namibre-ceo-accused-of-fighting-industry-for-personal-gain/>
54. Sultania, S. (2018, July 31). 11 major risks faced by banks in 2018 and beyond. *MEDICI*. Retrieved from <https://gomedici.com/risks-in-the-banking-industry-faced-by-every-bank>
55. The Patriot. (2018, August 17). No leadership at Air Namibia. *The Patriot*. Retrieved from <https://thepatriot.com.na/index.php/2018/08/17/no-leadership-at-air-namibia/>
56. The Patriot. (2019, April 12). Jooste happy with passage of PEGA. *The Patriot*. Retrieved from <https://thepatriot.com.na/index.php/2019/04/12/jooste-happy-with-passage-of-pega/>
57. The Villager. (2016, July 4). Govt failure to execute policies exposed in NDP5 Plan. *The Villager*. Retrieved from <https://www.thevillager.com.na/articles/10377/govt-failure-to-execute-policies-exposed-in-ndp5-plan/>

58. The Villager. (2017, February 10). Years of arrested development: Why Namibia is failing to meet targets and implementing policies. *The Villager*. Retrieved from <https://www.thevillager.com.na/articles/11062/Years-of-arrested-Development--Why-Namibia-is-failing-to-meet-targets-and-implementing-policies/>
59. Thompson, R. M., Alleyne, P., & Charles-Soverall, W. (2019). Exploring governance issues among boards of directors within state-owned enterprises in Barbados. *International Journal of Public Sector Management*, 32(3), 264-281. <https://doi.org/10.1108/IJPSM-04-2018-0099>
60. Tjitemisa, K. (2019, April 30). SOEs trapped in N\$43 billion debt. *New Era*. Retrieved from <https://neweralive.na/posts/soes-trapped-in-n43-billion-debt>
61. TransNamib Holdings Limited. (2018). *Intergrated annual report (2017/2018)*. Windhoek: TransNamib Holdings Limited.
62. Transparency International (TI). (n.d.). *Corruptionary A-Z*. Retrieved from <https://www.transparency.org/glossary/term/corruption>
63. Weaver, J. (2018, January 4). Corruption, bribery, and public sector hiring in developing countries. *VoxDev*. Retrieved from <https://voxdev.org/topic/labour-markets-migration/corruption-bribery-and-public-sector-hiring-developing-countries>
64. Wendy Ovens and Associates. (2013). *The role and significance of state owned enterprises, public entities and other public bodies in the promotion of urban growth and development in South Africa*. Retrieved from file:///C:/Users/lenovo/Downloads/the-role-and-significance-of-state-owned-enterprises.pdf
65. Weylandt, M. (2016). *SOE governance in Namibia: Will a hybrid system work?* (Institute for Public Policy Research Briefing Paper). Retrieved from [https://ippr.org.na/wp-content/uploads/2017/01/IPPR\\_SOEs\\_FINAL.pdf](https://ippr.org.na/wp-content/uploads/2017/01/IPPR_SOEs_FINAL.pdf)
66. Weylandt, M. (2017). *Public enterprise governance in Namibia: An updated situation analysis* (Institute for Public Policy Research Briefing Paper). Retrieved from [https://ippr.org.na/wp-content/uploads/2017/09/IPPR\\_HSF\\_PEGNamibia\\_WEB.pdf](https://ippr.org.na/wp-content/uploads/2017/09/IPPR_HSF_PEGNamibia_WEB.pdf)