



Weak Governance in SOEs

NICG Response to Namibia Business Review

NICG Opinion

1) Governance risks of prolonged 'acting' CEO appointments, and whether acting CEOs can drive long-term strategy

From a governance and performance standpoint, extended “acting” arrangements are rarely neutral. Global SOE governance standards emphasise clear accountability, professionalised leadership, and boards that can hold executive management to measurable performance outcomes. Where leadership remains “interim” for too long, several risks intensify:

Weakened accountability and performance management: Acting CEOs often operate with constrained mandates, limited tenure certainty, and reduced authority to drive decisive reform. This can blur accountability (who is truly responsible for outcomes), dilute performance contracting, and create a “caretaker” posture rather than a delivery posture. This concern is consistent with the OECD’s updated guidance on strengthening SOE governance and professional ownership arrangements.

Strategic drift and reform paralysis: Long-term strategy requires difficult trade-offs, restructuring decisions, and sustained stakeholder management—work that is harder to execute when the top role is temporary and perceived as uncertain. In practice, organisations tend to defer major decisions, over-index on short-term fixes, or avoid high-stakes reforms that could be reversed by an incoming substantive CEO.

Heightened exposure to undue influence and instability: Prolonged acting periods can increase vulnerability to informal power centres and shifting political or stakeholder pressure, because interim leaders may be perceived as “temporary” and therefore easier to override. International SOE toolkits repeatedly underline the importance of insulating boards and executives from undue interference and ensuring stable, competent leadership to protect value and integrity.

Talent and organisational health impacts: Extended acting appointments can demotivate senior management teams, encourage internal factionalism, and accelerate attrition, especially if staff perceive leadership selection processes as unpredictable or politicised.



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On whether an acting CEO can realistically drive long-term strategy: yes, but only within constraints. An acting CEO can stabilise operations, preserve controls, maintain service continuity, and execute board-approved priorities. However, if the appointment is open-ended, it is unreasonable to expect the same depth of strategic renewal and multi-year reform that a substantive, performance-contracted CEO is mandated and empowered to deliver.

2) At what point do delays become a governance failure?

Delays become a governance failure when they shift from being an exceptional transitional measure to becoming an operating model.

In governance terms, a board and shareholder/ownership authority have a duty to ensure leadership continuity with clear accountability, including timely succession and appointment processes. King IV's approach to governance emphasises governing-body responsibility for succession planning and orderly leadership transitions, typically overseen through nomination processes and structured succession mechanisms.

A practical way to assess "governance failure" is to look for these signals:

- **Material time has passed without a transparent, credible appointment process** (advertising/search, shortlisting, due diligence, and final decision-making).
- **Performance agreements and strategic plans are not being updated and enforced**, or decisions are repeatedly deferred because leadership is "acting."
- **Operational, financial, or compliance risks increase**, and it becomes unclear who is accountable for corrective action.
- **The situation becomes normalised**, eroding stakeholder confidence and board effectiveness.

Globally, boards are urged to treat succession as a core governance discipline, not an ad hoc event. Recent board-focused research continues to highlight how weak succession processes and protracted transitions create avoidable organisational risk.



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3) What reforms are needed to stabilise leadership in Namibia’s SOE sector?

Stabilising leadership is primarily a system design issue: clear processes, predictable timelines, transparent criteria, and accountability for delays.

Reforms that align with international SOE best practice include:

➤ **Time-bound acting appointments with mandatory escalation**

Acting appointments should be explicitly time-limited (with clear extension rules) and trigger formal escalation if a substantive appointment is not concluded within the set window.

➤ **Professionalised, transparent CEO recruitment and selection**

Use competency-based role profiles, independent assessment, and structured shortlisting. Publish (at least) process steps and timelines to strengthen credibility and reduce perceptions of arbitrariness.

➤ **Strengthened board capability and independence in CEO selection**

International guidance is consistent: SOE boards must be empowered to appoint and manage executive leadership based on merit and performance, with the state acting as a professional owner rather than an operational manager.

➤ **Institutionalised succession planning**

Require boards to maintain “ready-now / ready-soon” internal leadership pipelines and emergency succession plans, aligned to King IV succession planning expectations.

➤ **Clear performance contracting even during interim periods**

Whether acting or substantive, the CEO role must be governed by measurable deliverables, reporting cadence, and consequence management, so that interim leadership does not become a loophole for weak accountability.



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➤ **Alignment and enforcement within Namibia's PE governance framework**

Namibia already has a legislative framework for public enterprise governance (Public Enterprises Governance Act, 2019). Where the intent of the framework is undermined by persistent acting appointments, the remedy is not only policy discussion, but enforcement, clearer appointment timelines, and accountability for non-compliance.

In summary: SOEs are strategic national assets. When they operate for long periods under acting leadership, the governance risks are predictable: loss of accountability, strategic drift, increased exposure to influence, and weakened performance discipline. Stabilising leadership therefore requires time-bound interim arrangements, professionalised selection, stronger succession planning, and credible enforcement of governance expectations.

