

# Enhancing the Efficacy of Board Supervision in Eswatini Commercial Public Enterprises

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Publication Date: 2025/04/09

**Abstract:** The purpose of this paper was to examine the efficacy of board supervision in Eswatini commercial public enterprises. The study adopted a qualitative approach. A sample of 15 participants was purposively selected from a population of 143 participants. Empirical evidence supported the need for oversight bodies to enhance board effectiveness. It was established that financial mismanagement and operational inefficiencies were affecting the commercial public enterprises growth. The findings reflected that lack of diversity on the composition of the boards had a negative effect on the efficacy of the boards and political interference adversely affected decisions of the boards. It was also established that there was a need to ensure that accountability and transparency is promoted. The study recommended that there is a need to train oversight board members to strengthen their capabilities and efficiency and effectiveness of the boards. It is critical to put boards' performance evaluation systems in place to enable boards to evaluate themselves.

**Keywords:** Board Efficacy, Board Composition, Board Oversight, Corporate Governance, State Oversight.

**How to Cite:** Ntombifuthi Sally Sangweni; Dr. Gibbet Murambiwa Magaisa; Dr. Michael Moyo. (2025). Enhancing the Efficacy of Board Supervision in Eswatini Commercial Public Enterprises. *International Journal of Innovative Science and Research Technology*, 10(3), 2468-247. <https://doi.org/10.38124/ijisrt/25mar1809>.

## I. INTRODUCTION

In the past several years, public enterprise management has taken center stage internationally, especially in terms of the effectiveness of government oversight institutions to enhance board performance [1]. In Eswatini, where state-owned commercial enterprises play a key role in economic growth, the effectiveness of these oversight institutions is paramount in ensuring that boards are effective and perform to achieve their objectives [2]. The government's pledge to improve levels of corporate governance in such organizations is best highlighted by steps aimed at bolstering regulation structures and enhancing transparency. Notwithstanding these endeavours, persistent concerns over board performance, accountability, and efficiency continue to provoke scepticism about the effectiveness of the state's degree of supervision [3].

The literature highlights different governance and oversight models, but insufficient targeted research has looked at the specific case of commercial public enterprises in Eswatini. Studies are concentrated either on theoretical models or broad regional analysis, hence creating a wide knowledge gap in relation to understanding the direct impact of state oversight on board efficacy in the nation [4]. This research seeks to fill an essential lacuna by examining the

role of government regulatory institutions in improving the operational effectiveness of board operations in business public enterprises in Eswatini.

The central issue addressed in this research is the evident gap between regulatory frameworks enacted by governance institutions and practice operations of boards in state-owned enterprises. Even with the existence of governance mechanisms, board inefficiencies, accountability shortcomings, and insufficient performance indicators continue to be a problem. By examining this relationship, the research aims to identify strategies that can improve board effectiveness, which in turn can result in better governance practice and better service delivery in Eswatini's commercial public enterprises. Essentially, this study hopes to provide actionable knowledge that may inform policy development and foster sustainable development in the country's public sector.

## II. LITERATURE REVIEW

The governance of public enterprises constitutes an integral part of national economic management, especially in developing nations where they are frequently at the heart of the provision of essential services. In the case of Eswatini, commercial public enterprises (CPEs) have both economic

development and social welfare implications [5]. Nevertheless, their performance and accountability continue to raise concerns, thereby stimulating inquiries into the contributions of state oversight bodies (SOBs) toward improved board functions. This literature review aims at exploring existing research on the efficiency of oversight institutions, the effectiveness of board operations, and the unique characteristics of governance in Eswatini.

State oversight institutions are usually set up to review, monitor, and audit the activities of public enterprises, with a view to promoting regulatory compliance and supporting good governance. The literature emphasizes that good oversight can enhance performance by enabling enhanced transparency, accountability, and a decrease in corruption [6]. Oversight institutions are a mechanism of checks and balances in public enterprises, which can enhance board effectiveness by supporting compliance with best practices and ethical principles [7].

Ref [8] asserts that state regulation must be effective and well-funded to influence board operations in a meaningful way. This includes ensuring adequate training of board members, quality performance evaluation systems, and stakeholder engagement. These are crucial to create a system in which boards can operate effectively.

Board effectiveness is a multidimensional construct with various dimensions like decision quality, accountability, strategic monitoring, and the relationship between the board and management. Effective public enterprise boards have an important role to play in ensuring that organizational goals are aligned with national objectives and are sensitive to stakeholder needs [9]. Ref [10] contends that effective boards possess a range of skills and experience and operate on a culture of cooperation and trust.

Besides, the significance of diversity on boards is also emphasized in the literature. Ref [11] demonstrates that diverse boards, comprising a range of viewpoints, can improve decision-making processes, thereby leading to better governance. In the scenario of CPEs in Eswatini, this raises imperative questions about the structure of boards and their ability to tackle the specific challenges confronting these entities [12].

The governance context of Eswatini presents public enterprises with a range of opportunities and challenges. Historical factors, in this case, the centralization of political authority, have contributed to the absence of accountability mechanisms and transparency processes within CPEs [13]. The literature shows that political meddling, weak regulatory frameworks, and a lack of capacity of board members are obstacles to good governance in these organizations [14]. As such, board operations' efficacy is usually undermined by these governance issues.

Current evidence indicates that Eswatini's CPEs are beset with severe issues related to financial mismanagement and operational inefficiencies, issues which can be alleviated through heightened supervision [15]. Furthermore, the

absence of a performance measurement framework exacerbates these issues, resulting in boards not being held accountable for their decisions or results. This literature points to the necessity of an in-depth exploration of how State-Owned Boards (SOBs) can successfully empower boards in this particular environment [16].

The link between SOBs and board effectiveness has been of great interest in recent governance research. It is a consensus that efficient SOBs can improve board performance, but their influence can greatly differ depending on cultural and institutional environments [17]. Ref [18] contends that the cultural norms governing business conduct in a nation substantially affect the interconnection between SOBs and boards. In Eswatini, the cultural framework is of paramount significance, where communal relationships and consensus-oriented decision-making typically hold sway.

In addition, regulatory fit theory believes that alignment of oversight systems and the nature of the organizations under oversight could enhance results. For Eswatini's CPEs, such understanding is crucial for the development of specific oversight approaches that enable boards to perform optimally. Empirical research offers a window into the dynamics between SOBs and board performance. Strong oversight mechanisms result in substantial improvement in the strategic decision-making processes of public enterprise boards [19]. This study is relevant in Eswatini as it provides evidence for the proposition that good oversight can improve the performance of boards.

Conversely, further research has posited that the creation of oversight bodies alone is insufficient if the cultural setting and institutional environments do not enable them to operate. It has been confirmed that oversight bodies in many nations had been hindered in influencing board decisions effectively due to entrenched political interests [20]. This would mean that in the effective performance of SOBs in Eswatini, there must be an overarching commitment towards their strengthening in terms of power and abilities.

Literature proposes the following policy implications to enhance board operations in Eswatini under effective state control. Firstly, regulatory frameworks governing SOBs must be enhanced to ensure they have the necessary resources and autonomy to execute their functions efficiently. Secondly, capacity-building programs can equip board members with the necessary skills and expertise to conduct effective monitoring and governance [21].

Additionally, fostering an organizational culture committed to transparency and accountability is crucial. Stakeholder engagement processes should be designed to create an inclusive governance environment where diverse perspectives are considered in decision-making [22]. Despite the availability of literature indicated above, offering useful observations regarding the impact of state control on improving board performance, a significant gap exists in targeted research relevant to Eswatini. The specific governance issues confronting commercial public enterprises in this environment are worth exploring, given their

implications for the performance of oversight institutions and board effectiveness. This research seeks to fill this gap by investigating the effectiveness of state control agencies in streamlining board operations in the specific environment of commercial public enterprises in Eswatini.

Finally, the success of boards in Eswatini's commercial public enterprises is determined by the performance of state regulatory agencies. The existing literature identifies the necessity for sound oversight structures, the necessity for viable governance models, and the influence of cultural contexts on the performance of boards. This study seeks to address the current lacunae and gain an understanding of the specific local issues, with a perspective of contributing to policy and strategy development that strengthens good governance practices within public enterprises in Eswatini.

### III. RESEARCH METHODS

The study adopted interpretivism as the philosophy of choice in order to delve deeper into the governance practices within Eswatini's commercial public enterprises. The study applied qualitative methods for data collection and analysis. From a population of 143 participants comprising of board members, executive team members and individual from the oversight functions, a sample of 15 members were selected purposefully. Qualitative data were collected by way of semi-structured face-to-face interviews. Thematic analysis was adopted for analyzing qualitative data.

### IV. DISCUSSION OF RESULTS

The empirical results of this study offer essential insights into the state supervision and board operating dynamics within CPEs in Eswatini. Through qualitative interviews and discussions with board members and oversight officials, a number of themes emerged that reflect positive effects as well as challenges in governance practices.

One of the significant findings is that government oversight agencies play a key role in promoting higher levels of accountability and transparency in board operations. Most of the participants indicated that the presence of these oversight agencies offered a basis for evaluating performance and encouraged boards to follow best practices in governance. Members of the board said that when oversight bodies were active and involved, they contributed to enhance strategic planning and created a culture where accountability was prioritized. This positive synergy, however, was frequently contingent on the effectiveness and reliability of the oversight bodies involved.

Notwithstanding the advantages of oversight, interviews identified notable challenges that detracted the ideal board performance. Most participants cited the ubiquitous problem of political interference, which tended to affect board decision-making processes. This interference compromised the independence of governing boards and established a culture of distrust, in which board members needed to align decision-making with political interests instead of organizational goals. Such an environment caused

dissatisfaction with the efficacy of strategic initiatives and impaired the ability of the boards to carry out their responsibilities.

The other major problem found was a lack of diversity in board composition. Many of the board members reported that their teams often included people who lacked the necessary knowledge or experience in critical areas of operation. This homogeneity resulted in limited perspectives throughout the decision-making process, making it difficult for the boards to effectively address complex problems. The participants emphasized that boards with diversity are more likely to generate creative solutions and enhance overall governance, thus suggesting a need for more diversified recruitment practices to enhance effectiveness.

The competency of state oversight agencies became a pertinent concern in the debate. Several officials representing such oversight agencies expressed sentiments of being overwhelmed by their responsibilities, with the implication that they often experienced shortages in resources and training needed for the effective implementation of their mandates. Such shortcomings negatively impacted their ability to maintain accountability among boards and contribute meaningfully to governance practice.

The findings pointed out that unless there is support and training of institutions of oversight, it gets even harder to achieve accountability among boards or initiate successful reforms. From these findings, the study offered a number of recommendations that would strengthen boards and state oversight agencies. There was common agreement on the value of investing in capacity building for board members and oversight officials as a means of strengthening governance practices dramatically. Training programs in governance, strategic planning, and ethical decision-making were viewed as critical to providing members with the competencies needed to effectively operate within involved operating environments.

In addition, the necessity for legislative reforms was highlighted, such as for boards to function with greater independence from political influence. Members contended that the establishment of more detailed regulations can serve to foster a culture of accountability where boards can make choices aligned with their organizational objectives without the compulsion of external pressures. In addition, there was a demand for instituting performance evaluation systems whose purpose is to emphasize ongoing improvement and self-reflection within boards as well as supervisory authorities.

Further, this qualitative research elucidates the complex relationship between government regulatory institutions and the operational efficiency of boards in public commercial enterprises in Eswatini. As much as there is room for improvement through regulation, there are serious challenges, which necessitate specific strategies and reforms to cultivate a more conducive governance environment. The implications of the findings of this study are important for informing the formulation of governance practices, and

consequently improved performance in Eswatini's public enterprises.

### ACKNOWLEDGMENT

We acknowledge the contribution of the SOEs that took part in the study. We also recognize the individual participants that took part in the interviews.

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