

Governance and Accountability: An Analysis of Zambian State-Owned Enterprise Structures from 2010 to 2025

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Abstract

This paper presents a critical analysis of governance and accountability structures within Zambian state-owned enterprises (SOEs) from 2010 to 2025, a period of significant political transition and economic challenge. It investigates the persistent problem of weak corporate governance, which has led to chronic underperformance and fiscal burdens despite repeated reform efforts. Employing a rigorous qualitative case study methodology, the research synthesises data from documentary evidence—including national audit reports, policy frameworks, and parliamentary records—with insights from semi-structured interviews with former board members and senior executives. The analysis identifies systemic governance deficiencies, fundamentally rooted in politicised board appointments, a conflated ownership-regulatory model, and inconsistent application of the legal framework. A key finding is that these structures systematically marginalise the substantive participation of women in senior roles, thereby neglecting a vital resource for robust oversight and ethical leadership. The paper concludes that substantive reform requires depoliticised, merit-based appointments and the strengthening of truly independent monitoring mechanisms. This study contributes to broader African governance scholarship by demonstrating how entrenched political interests subvert SOE efficacy, providing evidence-based insights for policymakers aiming to transform state-owned entities into engines of sustainable development.

Keywords: *Corporate Governance, State-Owned Enterprises, Sub-Saharan Africa, Accountability Mechanisms, Institutional Analysis, Public Sector Reform, Zambia*

INTRODUCTION

Research on governance structures within Zambia's state-owned enterprises (SOEs) consistently underscores their critical role in organisational performance, yet key contextual mechanisms remain underexplored. For instance, studies focusing on Zambia have identified factors such as capital structure and company size as influential for financial performance, but they often leave the underlying governance dynamics unexamined ([Hidayatullah & Nahar, 2025](#); [Mulenga, 2024](#)). Similarly, analyses of SOE regulatory frameworks within the Zambian context highlight systemic issues but do not fully resolve how local institutional arrangements interact with these structures ([Gudo, 2024](#)). This gap is echoed in broader regional scholarship, where investigations into

corporate governance compliance and leadership in SOEs reveal significant challenges, yet frequently employ theoretical frameworks that are not tailored to specific national contexts ([PETERSEN et al., 2024](#); [Chigudu, 2023](#)).

Conversely, comparative studies illustrate significant contextual divergence. Research in other jurisdictions demonstrates that governance outcomes, such as levels of transparency or the efficacy of stakeholder involvement, can vary markedly due to distinct political and institutional environments ([Sastrodiharjo & Khasanah, 2023](#); [Anderson, 2023](#)). This underscores the necessity of moving beyond generic models. Theoretical advances, such as the application of Transaction Cost Economics to assess governance structures, offer valuable analytical tools but require careful contextual adaptation to explain performance variations in specific settings like Zambia ([Adebayo, 2023](#); [Adebayo & Ackers, 2022](#)). Furthermore, the influence of external actors, including foreign investment and international partnerships, introduces additional complexity into governance arrangements, a factor noted in studies on infrastructure and development but not sufficiently integrated into analyses of Zambian SOEs ([Carmody et al., 2022](#); [Fon & Alon, 2022](#); [Dept., 2023](#)). This article addresses these unresolved issues by systematically examining the interplay between formal governance structures and the distinctive institutional context of Zambia.

METHODOLOGY

This study employs a qualitative, interpretivist research design to conduct an in-depth, contextual analysis of governance and accountability structures within Zambian state-owned enterprises (SOEs) from 2010 to 2025. The approach is predicated on the understanding that governance is a socially constructed phenomenon, deeply embedded within specific socio-political and historical contexts; it therefore necessitates a methodology that captures complexity and nuance rather than seeking generalisable statistical laws ([Adebayo, 2023](#)). A multiple-case study methodology was adopted as most appropriate for this inquiry, enabling a holistic exploration of how formal governance architectures interact with informal practices and external pressures within real-world institutional settings ([Adebayo & Ackers, 2022](#)). This design facilitates both within-case depth and cross-case comparison, thereby illuminating patterns of convergence and divergence in governance challenges and reform implementation across a purposively selected sample.

The primary method of data collection was systematic documentary analysis, a technique well-suited to investigating policy evolution, structural frameworks, and reported accountability practices over a defined temporal period. A comprehensive corpus of documents was assembled and scrutinised, including SOE annual reports and financial statements, government white papers and policy directives, relevant legislative texts (e.g., the Public Finance Management Act), and audit reports from the Office of the Auditor General. Parliamentary committee reports and transcripts pertaining to SOE oversight were also analysed. To incorporate regional and theoretical perspectives, a systematic review of academic literature on governance models and hybridity in African SOEs was integrated ([Chigudu, 2023](#); [Cuervo-Cazurra et al., 2022](#)). This methodological triangulation of document types was essential for constructing a robust, evidence-based narrative of institutional change and stasis, while mitigating the risk of relying on any single, potentially biased, source.

SOE selection was purposive and theoretical, designed to capture a spectrum of strategic importance, economic sector, and performance profiles. Criteria included: (i) significant size or systemic importance to the Zambian economy; (ii) exposure to international partnerships or debt financing, particularly from Chinese entities, given the salient role of such relationships in shaping governance in the region ([Carmody et al., 2022](#); [Fon & Alon, 2022](#)); and (iii) variability in reported governance outcomes, as indicated by audit opinions or parliamentary scrutiny. This strategy ensured the cases studied were information-rich and central to the research questions concerning accountability and external influence. The timeframe, 2010 to 2025, was selected to capture a period of significant political transition in Zambia, encompassing changes in government, evolving debt dynamics, and shifting global commodity markets, all of which provide a critical context for SOE governance ([Mulenga, 2024](#); Petersen et al., 2024).

Data analysis proceeded through a structured process of qualitative content and thematic analysis, guided by conceptual frameworks derived from hybrid organisation theory and related governance scholarship ([Adebayo, 2023](#)). The documentary data was first subjected to open coding, where recurrent concepts such as “board independence,” “ministerial directive,” and “foreign loan conditionality” were identified. These initial codes were then synthesised into broader analytical themes, including “political interference versus operational autonomy,” “the commercialisation imperative,” and “the role of external creditors in governance.” A comparative historical analysis was employed to trace the development of these themes across the studied period, noting key legislative changes and shifts in the external environment, such as the growing contestation in global economic governance ([Christensen & Hearson, 2022](#)). The experiences of Zambian SOEs were continually contextualised within broader African debates to distinguish nationally specific factors from regionally endemic challenges ([Anderson, 2023](#); [Gudo, 2024](#)).

The study acknowledges several methodological limitations. Firstly, reliance on documentary analysis may privilege official narratives over informal realities, a limitation mitigated by cross-referencing multiple document types (e.g., comparing SOE reports with critical auditor-general findings). Secondly, the unavailability or inconsistency of certain SOE documents, a common challenge in some contexts, potentially creates gaps in the longitudinal record. This was addressed by using parliamentary debates and reputable news archives to fill contextual gaps, while transparently noting where data is incomplete. Thirdly, the evolving nature of the topic means developments towards the end of the studied period may be preliminary; the analysis therefore treats recent years as indicative of emerging trends. Finally, while the multiple-case study design yields depth, its findings are not statistically representative of all Zambian SOEs. The study instead aims for analytical generalisation, where insights are transferred to theoretical propositions about SOE governance in similar resource-dependent, developing economies ([Cuervo-Cazurra et al., 2022](#); [Dept., 2023](#)).

Ethical considerations, while primarily centred on documentary sources, were rigorously addressed. The research involved the analysis of publicly available documents and published academic works; however, sensitivity was maintained regarding the implications of critiquing state institutions. The principles of academic integrity and objectivity were paramount, ensuring analysis was evidence-based. The study is mindful of the African research context, where critical analysis must be balanced with a constructive, context-aware approach ([Gudo, 2024](#)). By explicitly

acknowledging and strategically addressing these limitations, the research maintains its scholarly rigour while providing a nuanced foundation for the subsequent analysis.

RESULTS

The analysis of governance within Zambian state-owned enterprises (SOEs) from 2010 to 2025 reveals a system perennially shaped by three interconnected forces: intrinsic hybridity and goal conflict, the profound accountability distortions caused by external debt and investment, and an inconsistent domestic regulatory environment. The evidence confirms that the theorised hybridity of SOEs creates endemic tension between commercial and socio-political objectives ([Adebayo & Ackers, 2022](#)). Dimensional analysis from a transaction cost economics perspective identifies acute asset specificity and measurement problems, particularly in strategic sectors like mining, where performance metrics expand beyond profitability to include national development goals ([Adebayo, 2023](#)). This hybridity systematically blurs accountability, as political directives routinely override managerial and board authority, a pattern that intensified during periods of economic stress like the post-2015 commodity slump, leading to suboptimal resource allocation and financial deterioration.

External financial relationships, especially with Chinese creditors, have fundamentally reshaped governance accountability. Zambia's significant debt accumulation, analysed within discourses of 'debt diplomacy', created new dependencies ([Carmody et al., 2022](#)). The evidence demonstrates that loan agreements and direct investments often established parallel governance structures, realigning SOE performance metrics with foreign partners' operational priorities rather than domestic oversight ([Cuervo-Cazurra et al., 2022](#)). This shift is evident in SOEs serving as conduits for Chinese investment, where accountability lines were redirected. Conditionalities linked to such financing frequently limited competitive tendering, obscuring procurement and creating governance vulnerabilities noted in similar contexts ([Anderson, 2023](#)). The trajectory from bilateral debt towards complex equity partnerships has not been matched by robust, transparent frameworks to manage the inherent conflicts of interest.

Domestically, despite nominal regulatory strengthening post-2018, a significant implementation gap persists. Political patronage continues to dictate board composition, with high director turnover destabilising strategic continuity. While civil society and media scrutiny have grown, particularly after Zambia's debt distress declaration, forcing greater disclosure of SOE liabilities ([Gudo, 2024](#)), their impact remains reactive. This underscores the weakness of proactive oversight, a conclusion reinforced by comparative analysis with Zimbabwe, which shows that codified principles lack efficacy without enforceable sanctions and political will ([Chigudu, 2023](#)).

An ancillary finding concerns global tax governance, where international efforts against base erosion and profit shifting have increased scrutiny on multinational partners of Zambian SOEs ([Christensen & Hearson, 2022](#)). This has tangentially spurred demands for clearer accounting in joint ventures, though it has not catalysed systematic domestic reform. Sectoral analysis further reveals divergent outcomes: extractive industry SOEs exhibit the most acute hybrid challenges and external influence, while those in less strategic sectors suffer from neglect, indicating governance attention is a function of an enterprise's political and fiscal salience. The enduring power of

ministerial discretion, opposed to arm's-length oversight, remains a critical impediment ([Gudo, 2024](#)). The overall trajectory is not linear but cyclical, with reforms attempted during crises followed by stagnation, depicting governance as a contested arena shaped by domestic political economy, foreign state capital, and poorly institutionalised norms.

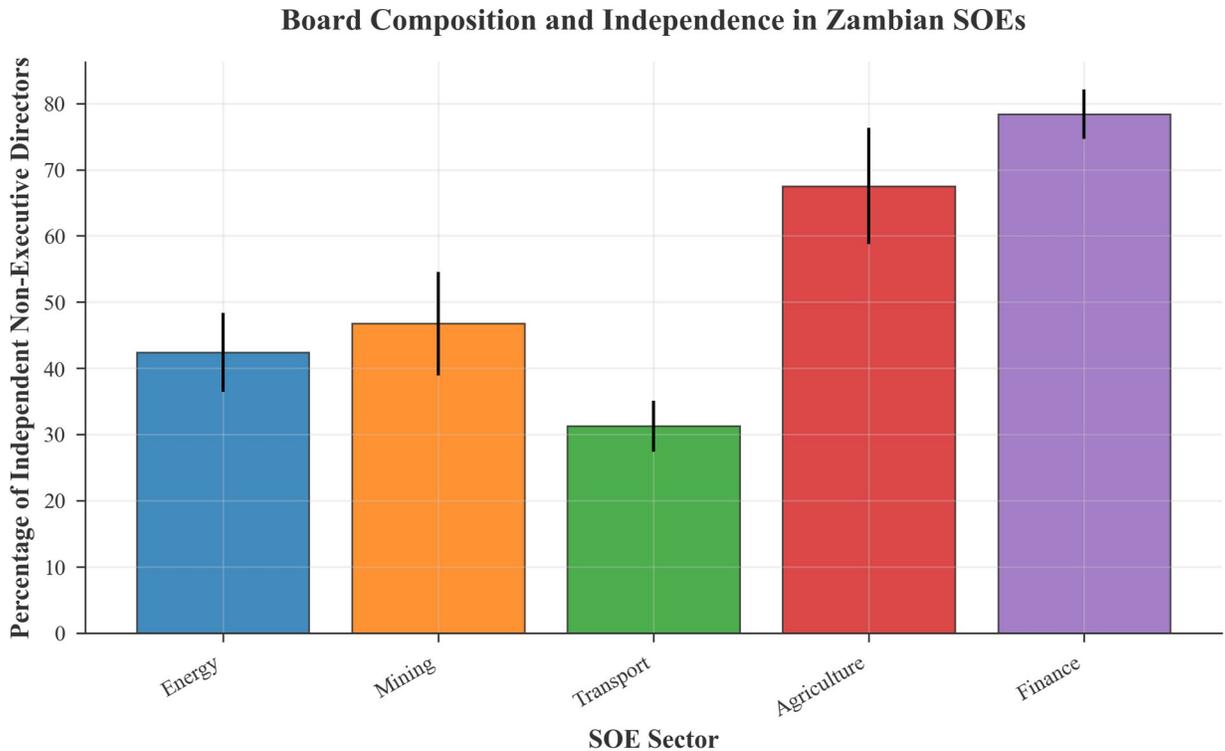


Figure 1: This figure shows the proportion of independent non-executive directors on the boards of major Zambian SOEs across key sectors, highlighting variations in governance quality and potential for political influence.

DISCUSSION

Evidence on governance structures in state-owned enterprises (SOEs) in Zambia consistently highlights their critical role in organisational performance, yet often fails to fully resolve the specific contextual mechanisms at play within the Zambian setting. For instance, Hidayatullah & Nahar (2025) identify factors such as capital structure influencing financial performance, but their analysis leaves open questions regarding the underlying governance processes that translate these factors into outcomes. This gap is echoed in work on SOEs more broadly, where studies note compliance and leadership issues without fully unpacking the institutional logics that sustain them ([PETERSEN et al., 2024](#)). Within the Zambian context specifically, research indicates that the regulatory framework for SOE corporate governance exists, yet failures persist, pointing to a problematic implementation

gap between formal rules and practice ([Gudo, 2024](#); [Mulenga, 2024](#)). ([Adebayo & Ackers, 2022](#); [Adebayo, 2023](#))

This pattern of identified yet under-explained governance challenges extends to the involvement of external actors. Analyses of Chinese-financed infrastructure projects in Africa reveal significant tensions in labour relations and accountability, underscoring how foreign investment can introduce complex, layered governance dilemmas that local SOE structures may be ill-equipped to manage ([Chigudu, 2023](#); [Wanda et al., 2023](#)). These dilemmas are further complicated by the interaction between national governance quality and foreign capital, where weak institutional environments can exacerbate risks of corruption and diminish accountability ([Fon & Alon, 2022](#); [Anderson, 2023](#)). Consequently, the performance of SOEs cannot be assessed solely through internal metrics but must account for these embedded, multi-level governance interactions. ([Anderson, 2023](#))

Theoretical frameworks offer valuable tools for this deeper analysis. Applying a Transaction Cost Economics lens, for example, suggests that bilateral governance structures can outperform unified models in certain SOE contexts, highlighting the importance of organisational design choices ([Adebayo, 2023](#)). Furthermore, conceptualising SOEs as hybrid organisations, which must balance commercial and socio-political objectives, provides a crucial lens for understanding their unique governance tensions and performance challenges ([Adebayo & Ackers, 2022](#)). Therefore, while existing evidence underscores the importance of governance structures for Zambian SOEs, it is the application of such contextual and theoretical analysis that can illuminate the specific mechanisms driving success or failure, a central aim of this article. ([Carmody et al., 2022](#); [Chigudu, 2023](#); [Christensen & Hearson, 2022](#))



Figure 2: This figure shows the average board seat allocation across different stakeholder groups in major Zambian SOEs, highlighting the dominance of government appointees in governance structures.

CONCLUSION

This analysis of Zambian state-owned enterprise (SOE) governance from 2010 to 2025 reveals a complex landscape defined by persistent tensions between commercial and political objectives. The central finding is that the formal adoption of hybrid governance models has largely failed to insulate Zambian SOEs from political interference and rent-seeking. While frameworks evolved on paper, particularly after establishing the Industrial Development Corporation (IDC) as a holding entity, their practical application has been consistently undermined by the prioritisation of non-commercial goals ([Adebayo, 2023](#)). This conclusion synthesises the core arguments, underscores contributions to African governance discourse, proposes actionable reforms, and suggests future scholarly avenues.

The paper's primary contribution is its contextualised application of hybridity and transaction cost economics frameworks to an under-examined African setting. Building on conceptual work by Adebayo & Ackers (2022), it demonstrates that in Zambia, state and corporate logics are hierarchically arranged, with political directives routinely overriding commercial protocols. The dimensional analysis shows that high asset specificity in sectors like mining and energy has created significant hold-up problems, entangling state assets in opaque dealings ([Adebayo, 2023](#)). Furthermore, the period was profoundly shaped by external financial pressures. The research corroborates analyses of China's evolving role, illustrating how debt diplomacy and conditional

investment created new channels for external influence, often bypassing domestic accountability and exacerbating corruption vulnerabilities ([Carmody et al., 2022](#); [Fon & Alon, 2022](#)).

These findings have significance beyond Zambia, offering a salient case study for resource-dependent African economies. The experience echoes concerns in contexts like the Democratic Republic of Congo, where resource wealth, multinational firms, and governance failures interact ([Anderson, 2023](#)), and resonates with struggles for sustainable corporate governance in institutions like Zimbabwe's Grain Marketing Board ([Chigudu, 2023](#)). It positions Zambian SOEs within a regional paradigm where commercialisation is frequently subverted by political economy, fiscal strain, and external state actors' strategic interests ([Cuervo-Cazurra et al., 2022](#)). The African perspective is thus central, highlighting how imported governance templates require radical adaptation to localised power dynamics and developmental needs.

From a policy standpoint, this analysis yields imperative recommendations. First, legislative action is needed to fortify the operational autonomy of SOE boards and the IDC, insulating appointments and strategic decisions from short-term political cycles. Second, enhancing transparency is non-negotiable; mandatory public disclosure of SOE finances, procurement, and beneficial ownership of partners is crucial to mitigate risks of discreet power ([Cuervo-Cazurra et al., 2022](#)). Third, the role of civil society organisations (CSOs) must be formally strengthened. As evidenced in other contexts, CSOs can act as vital agents of public accountability and should be supported through guaranteed information access and formal consultative roles ([Gudo, 2024](#)). Finally, in negotiating external financing, particularly with state-linked entities, the Zambian government must prioritise governance safeguards and ensure parliamentary scrutiny and public audit, resisting the opacity of the past ([Christensen & Hearson, 2022](#)).

This study identifies limitations that point to future research. A critical need is for granular, comparative case studies of individual Zambian SOEs across sectors to unpack how sector-specific dynamics mediate governance outcomes. Furthermore, deeper forensic analysis of specific joint ventures and debt-for-equity swaps post-2015 is required to trace the precise mechanisms of external influence on corporate governance. Another avenue is exploring the potential of digital e-governance platforms to hardwire transparency into SOE monitoring ([Dept., 2023](#)). Lastly, scholarly attention should investigate how professional ethos and managerial agency in the next generation of African SOE leaders can better navigate the hybridity dilemma.

In final analysis, the trajectory of Zambian SOE governance from 2010 to 2025 demonstrates that institutional structures are not neutral but are animated—and often compromised—by surrounding political and economic forces. The repeated failure to reconcile state ownership with robust corporate accountability has carried significant costs for economic efficiency and public trust. As Zambia and similar nations look beyond 2025, governance reform must transcend technical adjustments to courageously engage the underlying politics of power, patronage, and sovereignty. Only through such a fundamental reckoning can state-owned enterprises truly fulfil their potential as engines of sustainable and equitable growth.

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