

Strategic Leadership and Corporate Governance in Municipal Owned Entities within South African Cities: A Case Study of KwaZulu-Natal, South Africa

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Research Article

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Abstract

Corporate governance has increasingly become an important institutional framework for promoting accountability, transparency, ethical leadership, and sustainable organisational performance within both public and private sector institutions. Municipal owned entities (MOEs) in South Africa play a significant role in supporting local economic development, infrastructure management, and public service delivery within municipalities and metropolitan cities. Despite the existence of governance frameworks and legislative prescripts such as the Municipal Finance Management Act (MFMA), the Public Finance Management Act (PFMA), and the King IV governance principles, several municipal entities continue to experience governance failures, weak oversight systems, poor financial governance, leadership instability, and inadequate accountability mechanisms [1].

This study investigates the strategic leadership role on corporate governance within selected municipal owned entities in KwaZulu-Natal, South Africa. The study adopts a qualitative research methodology using document analysis, and secondary data analysis with thematic analysis [2]. Data was collected from Annual Performance Plans, Annual Reports, financial statements, and Auditor-General audit findings. The documentary governance assessments formed part of the qualitative data corpus.

The findings reveal that weak financial governance, ineffective internal audit systems, leadership instability, weak governance oversight, and inadequate governance capacity continue to undermine governance effectiveness within municipal entities. The study further establishes that strategic leadership remains central to strengthening governance systems, institutional accountability, financial sustainability, and stakeholder confidence [3]. The study concludes that municipal owned entities are vital in drawing lessons for the development and strengthening of good corporate governance frameworks that can be applied across South African cities. The study recommends strengthening governance oversight structures, improving strategic leadership capacity, institutionalising ethical governance practices, and enhancing internal control systems to improve governance outcomes within municipal entities.

1. INTRODUCTION

1.1 Background to the Study

Corporate governance has become an essential framework for promoting accountability, transparency, ethical leadership, and sustainable organisational performance in both public and private sectors. In South Africa, municipal owned entities (MOEs) are fundamental in supporting local economic development, infrastructure management, and public service delivery. Despite governance frameworks like the Municipal Finance Management Act (MFMA), Public Finance Management Act (PFMA), and King IV principles, MOEs persistently struggle with governance failures, including weak oversight, financial mismanagement, leadership instability, and poor accountability [1].

These governance challenges are not unique to municipalities but correlate with issues found in other sectors, including SMEs, which similarly suffer from inadequate leadership and governance capacity that hamper growth and sustainability [10]. Leadership style is a critical determinant of governance effectiveness. Research shows that transformational and democratic leadership styles, which foster inclusivity and inspire higher motivation among employees, are particularly effective in municipal contexts to improve service delivery [11].

The significance of corporate governance and leadership is further highlighted in studies of South African state-owned enterprises (SOEs), where poor governance practices, political interference, and unqualified appointments have led to operational failures and erosion of public trust [12]. Likewise, limited oversight capacity and political influence have undermined governance frameworks in Gauteng municipalities [13], Mpumalanga district municipalities [14], and Mtubatuba Local Municipality [15].

This study aims to address the persistent governance challenges among municipal owned entities in KwaZulu-Natal by investigating the role of strategic leadership in enhancing corporate governance and institutional accountability. Strengthening leadership capacity and governance implementation are critical to improving service delivery, financial sustainability, and stakeholder confidence within these entities.

1.2 Research Problem

The importance of organisations adopting sound corporate governance practices cannot be overstated, particularly within public institutions and municipal owned entities responsible for managing public resources and delivering municipal services. International governance best practices continue to demonstrate a strong relationship between effective corporate governance, institutional sustainability, accountability, transparency, and organisational performance. However, governance failures continue to persist despite the existence of governance regulations, legislative reforms, and oversight mechanisms.

Studies demonstrate that corporate failures and institutional underperformance continue to increase even where stronger governance regulations and financial reporting systems have been introduced [5]. This suggests that governance regulations alone may not be sufficient without effective strategic leadership, ethical governance culture, institutional accountability, and governance implementation mechanisms.

Within the South African context, municipal owned entities continue to experience governance challenges characterised by poor audit outcomes, weak financial governance, ineffective oversight structures, leadership instability, inadequate governance skills, and weak internal controls. Audit findings continue to reveal irregular expenditure, non-compliance, poor financial management, and weak governance accountability systems within many municipalities and municipal entities.

Although considerable research has focused on corporate governance within private sector organisations and listed companies, limited research has specifically examined the strategic leadership

role on corporate governance within municipal owned entities in South Africa. Existing governance studies largely focus on private sector governance environments while insufficient attention has been given to governance dynamics within municipal entities operating within complex public governance systems.

The problem addressed by this study is that governance practices and corporate governance instruments within some South African municipal entities remain fragmented, inadequately implemented, and ineffective in strengthening institutional accountability and governance performance. Weak strategic leadership, ineffective oversight structures, inadequate internal controls, and poor governance implementation continue to undermine governance effectiveness within municipal owned entities. The study therefore assesses the strategic leadership role on corporate governance within selected municipal owned entities in KwaZulu-Natal and to draw lessons that may contribute towards strengthening good corporate governance frameworks across South African cities.

1.3 Aim of the Study

The aim of this study is to assess the strategic leadership role on corporate governance within selected municipal owned entities in KwaZulu-Natal, South Africa.

1.4 Research Objectives

The objectives of the study are:

- To investigate and analyse strategic documents on corporate governance.
- To examine governance challenges on the assessed corporate governance secondary data and strategic documents.
- To propose strategies for strengthening strategic leadership and governance implementation within municipal owned entities.

1.5 Research Questions

The study seeks to answer the following questions:

- What are the key areas to be addressed regarding strategic leadership and corporate governance?
- What governance challenges are experienced within municipal owned entities?
- How can strategic leadership and governance implementation be strengthened within municipal entities?

2. LITERATURE REVIEW

Corporate governance remains a crucial framework for enhancing accountability, transparency, and sustainable organisational performance, especially within public sector institutions. In South Africa, leadership challenges resonate across sectors, including small and medium enterprises (SMEs) and municipal owned entities (MOEs). Lekhanya [10] finds that poor corporate governance and leadership capabilities critically hinder SME growth and sustainability, reflecting broader systemic leadership failures that also afflict municipal entities. This underscores the necessity of effective leadership in driving organisational success and resource optimisation.

Within municipal governance, leadership style significantly affects service delivery effectiveness. A quantitative study of KwaZulu-Natal municipalities by Ralinala et al. [11] identifies democratic and transformational leadership as preferred styles linked to higher employee motivation and improved service outcomes. Transformational leaders inspire ethical behaviour and collective commitment, which is especially vital in the public sector where trust in service delivery is paramount.

Nevertheless, South African SOEs and municipal entities face governance failures tied to weak leadership and compliance. Petersen, Dubihlela, and Chakabva [12] highlight systemic malpractices such as appointment of unqualified leaders, tender irregularities, and inadequate staffing as drivers of poor governance in SOEs, a trend mirrored in municipal entities struggling with financial mismanagement and governance instability. This supports overarching findings that leadership quality and governance capacity influence institutional accountability and sustainability [3, 5].

The nuanced relationship between governance structures and service delivery in municipalities is further elaborated by Chiwawa and Uwizeyimana [13]. Their Gauteng Province case study underscores political interference, inadequate training, and limited community participation as critical detractors from governance effectiveness. These factors contribute to gaps between statutory governance frameworks like the MFMA and real-world practices, necessitating strengthened leadership development and governance oversight.

Similarly, Ngcobo, Govender, and Pillay [14] analyze governance and risk management in Mpumalanga municipalities, identifying fairness and stakeholder trust as central to governance performance. The study advocates continuous leadership training and stakeholder engagement to mitigate institutional risks and enhance transparency.

In the context of financial governance, Mthethwa and Tshishonga's [15] examination of Mtubatuba Local Municipality reveals leadership instability, political interference, and insufficient skills as persistent barriers to effective revenue management and consequently service delivery. These challenges echo the governance weaknesses found in KwaZulu-Natal MOEs, reinforcing arguments about the critical role of strategic leadership in financial sustainability and accountability [3].

Traditional theoretical perspectives such as agency, stewardship, and stakeholder theories continue to provide useful insights into governance challenges. However, scholars caution against an uncritical import of Western corporate governance models into the South African municipal milieu, emphasizing

the importance of adapting governance frameworks to local socio-political realities, power dynamics, and institutional culture [16, 17]. Ethical leadership and organisational culture emerge as pivotal in fostering public trust and combatting corruption, factors crucial for governance reforms in municipalities [18].

In summary, the literature articulates a clear consensus that strategic, ethical, and transformational leadership is essential for strengthening corporate governance in municipal owned entities. Leadership that promotes inclusivity, accountability, and effective oversight, coupled with enhanced capacity building and governance reforms, will better position municipalities to fulfil their service delivery mandates and build stakeholder confidence.

Corporate governance is often split among rule-based and principle-based approaches to control in institutional contexts [6]. Institutional theory suggests that governance practices are influenced by formal and informal governance systems, including legal systems, auditing structures, political environments, shareholder awareness, organisational culture, and societal values [6].

2.1 Corporate Governance and Organisational Accountability

Corporate governance refers to the systems, structures, principles, and processes through which organisations are directed, managed, and controlled. Effective corporate governance promotes accountability, transparency, ethical conduct, institutional sustainability, and stakeholder confidence. Corporate governance assists organisations in mitigating risks, reducing conflicts of interest, improving ethical leadership, and promoting sustainable institutional performance [1].

Corporate governance has become increasingly important within public sector institutions due to growing concerns regarding financial accountability, corruption, governance failures, and service delivery challenges. Municipal owned entities operate within highly regulated governance environments and are expected to comply with governance frameworks aimed at ensuring public accountability and responsible resource management.

2.2 Strategic Leadership and Corporate Governance

Strategic leadership is widely recognised as one of the most important determinants of governance effectiveness. Strategic leadership involves the ability of leaders to influence institutional direction, organisational culture, accountability systems, and governance implementation. Strategic leadership may be defined as the ability of leaders to influence employees and stakeholders towards achieving organisational objectives through vision setting, resource management, and capacity development [3].

Strategic leadership is essential in promoting ethical governance, institutional accountability, and effective decision-making within municipal entities. Leadership influences governance culture, financial discipline, risk management, oversight effectiveness, and organisational sustainability. Municipal owned

entities therefore require strong strategic leadership capable of promoting accountability, transparency, and governance implementation.

2.3 Theoretical Perspectives on Corporate Governance

Agency Theory, developed by Jensen and Meckling, explains the relationship between principals and agents within organisations [7]. The theory argues that conflicts may arise where managers pursue personal interests instead of organisational objectives. Within municipal entities, agency problems may emerge where executive management decisions fail to align with the interests of municipalities, communities, and stakeholders.

Stewardship Theory provides an alternative perspective by arguing that managers act as responsible stewards who prioritise organisational success and public interests. The theory supports ethical leadership, accountability, and institutional responsibility [8].

Stakeholder Theory further argues that organisations should consider the interests of all stakeholders including communities, government institutions, employees, and service beneficiaries. Municipal entities therefore operate within governance environments where public accountability and stakeholder interests remain central to governance effectiveness.

2.4 Corporate Governance and Institutional Performance

Research studies continue to demonstrate a positive relationship between corporate governance and organisational performance. Governance variables such as board independence, board composition, and governance oversight positively influence organisational value and institutional performance [5]. Strong governance systems improve institutional sustainability, stakeholder confidence, accountability, and organisational value [8]. Governance failures within municipal entities are often associated with weak oversight systems, poor financial governance, inadequate internal controls, leadership instability, and limited governance capacity.

State-owned enterprises remain central to economic growth and public sector development; however, weak governance systems, poor financial performance, and ineffective oversight structures create significant fiscal and governance risks for governments [9]. Weak transparency systems, underperformance of state-owned entities, and ineffective governance frameworks negatively affect accountability, fiscal sustainability, and institutional performance [9]. The arguments advanced regarding governance reform are relevant to the South African municipal context where municipal owned entities continue to experience governance challenges associated with weak oversight systems, poor audit outcomes, weak financial controls, and ineffective governance implementation.

3. RESEARCH METHODOLOGY

3.1 Research Approach

This study adopted a qualitative research design using documentary analysis and secondary data to investigate corporate governance practices, strategic leadership, institutional accountability, and governance challenges within selected municipal-owned entities in KwaZulu-Natal, South Africa. The qualitative approach was considered appropriate for examining complex governance dynamics and institutional practices through the systematic review and interpretation of existing documentary evidence. The study drew on relevant academic literature, legislative and regulatory frameworks, annual reports, financial statements, corporate governance reports, and Auditor-General findings. The documentary evidence was examined using thematic analysis to identify recurring governance challenges, strategic leadership practices, accountability mechanisms, and institutional governance patterns [2].

3.2 Research Design

Data were collected primarily thorough analysis of documentary sources including Annual Reports, Annual Performance Plans, financial statements, and Auditor-General audit findings. This approach enabled the triangulation of direct documentary analysis and institutional records to enhance credibility of the study. [2].

The study utilised document analysis, secondary data analysis, and thematic analysis. Documentary sources included Annual Reports, Annual Performance Plans, financial statements, audit findings, governance reports, and public executive management engagements.

The use of documentary evidence strengthened the credibility of the study because these strategic documents were compared with institutional governance records, financial governance information, and audit outcomes.

3.3 Study Scope, Purposive Sampling and Documentary Triangulation

The study focused on selected municipal-owned entities (MOEs) within KwaZulu-Natal, South Africa, examining corporate governance practices, strategic leadership, institutional accountability, and governance oversight mechanisms. A purposive sampling strategy was adopted to identify and select relevant documentary sources based on their relevance to the research objectives and governance context. These sources included annual reports, audited financial statements, Auditor-General reports, corporate governance frameworks, legislative and regulatory prescripts, and relevant academic literature.

Documentary triangulation was employed to strengthen the credibility, consistency, and trustworthiness of the research findings through the systematic examination and comparison of multiple documentary sources. This approach facilitated the identification of recurring governance challenges, leadership practices, financial governance weaknesses, and institutional accountability mechanisms across the selected municipal-owned entities. The triangulation of documentary evidence provided a basis for

assessing the convergence and divergence of governance-related information, thereby strengthening the reliability and depth of the qualitative analysis [2].

3.4 Data Collection

Data were collected through the systematic identification, selection, and review of existing documentary sources relevant to corporate governance and strategic leadership within selected municipal-owned entities (MOEs) in KwaZulu-Natal, South Africa. The study relied exclusively on secondary data obtained from publicly available institutional documents, including Annual Performance Plans, Annual Reports, audited financial statements, Auditor-General audit findings, corporate governance reports, and relevant legislative and regulatory frameworks. Documentary triangulation was employed to compare information across multiple sources, identify recurring governance challenges, and examine the consistency of reported governance practices, strategic leadership, financial management, and institutional accountability. The documentary evidence provided the basis for subsequent thematic analysis, ensuring alignment between the research objectives, data collection procedures, and qualitative research design [2].

3.5 Data Corpus and Thematic Analysis

The data corpus for this study comprised secondary documentary evidence obtained from publicly available Annual Performance Plans, Annual Reports, audited financial statements, corporate governance reports, Auditor-General audit findings, and relevant legislative and regulatory frameworks relating to selected municipal-owned entities (MOEs) in KwaZulu-Natal, South Africa. These documentary sources provided information on institutional governance practices, strategic leadership, financial management, governance oversight, and accountability mechanisms. The inclusion of multiple documentary sources facilitated documentary triangulation, enabling the systematic comparison and verification of governance-related information, institutional performance, and reported audit outcomes.

The study employed thematic analysis using qualitative coding techniques to identify, categorise, and interpret recurring governance patterns and institutional challenges within the documentary evidence. Open coding was applied to identify emerging governance concepts, while axial coding facilitated the grouping of related concepts into broader analytical categories. These categories informed the development of key themes relating to governance oversight, financial governance, leadership stability, institutional accountability, and strategic leadership effectiveness. Documentary triangulation was further employed to examine the convergence and divergence of evidence across institutional reports and governance documents, thereby strengthening the credibility, consistency, and trustworthiness of the research findings [2].

3.6 Data Analysis and Coding

The study applied thematic analysis and qualitative coding techniques. Open coding was initially used to identify recurring governance concepts, governance challenges, and institutional issues emerging from documentary evidence. Axial coding was then used to group related concepts into broader governance

categories. Finally, thematic analysis was applied to identify major themes linked to the objectives of the study.

The coding process identified recurring governance issues relating to weak oversight systems, financial governance weaknesses, leadership instability, ineffective internal controls, inadequate governance capacity, and weak strategic leadership.

Table 1
CODING FRAMEWORK

Data Source	Initial Codes	Category	Main Theme
Meeting minutes and presentations.	Weak oversight, delayed reporting, poor accountability	Governance oversight	Weak board and committee oversight
Annual Reports	Irregular expenditure, poor controls, audit findings	Financial governance	Weak financial governance
Audit Findings	compliance failures, control weaknesses	Internal control	Weak internal audit and risk controls
Annual Performance Plans	Unclear targets, poor performance indicators, weak monitoring	Strategic planning	Weak strategic leadership and planning
Human Resource Development and succession planning.	Vacant senior posts, leadership turnover, acting appointments	Leadership instability	High turnover of governance leadership
Financial Statements	Poor expenditure control, budget variance, audit qualifications	Financial management	Inadequate financial management capacity
Oversight reports	Limited board effectiveness, poor consequence management	Accountability	Weak accountability and ethical governance

Source, researchers own construct.

4. PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.1. Justification for Documentary Evidence and Thematic Findings

The presentation and discussion of findings were informed by a qualitative documentary research approach supported by thematic analysis and documentary triangulation. The study systematically examined secondary documentary sources, including institutional Annual Performance Plans, Annual Reports, audited financial statements, Auditor-General audit findings, corporate governance reports, and relevant academic literature. The integration of these sources provided an analytical basis for examining

strategic leadership practices, corporate governance effectiveness, institutional accountability, and governance challenges within the municipal-owned entity environment.

Documentary triangulation was used to compare governance-related information across different institutional and academic sources, enabling the identification of recurring patterns, areas of convergence, and differences in reported governance practices and outcomes. The inclusion of published studies from other municipal contexts, including Gauteng and Mtubatuba, served a comparative and corroborative purpose rather than constituting direct empirical evidence of governance conditions within the selected municipal-owned entities. This approach enabled the study to situate its findings within the broader South African municipal governance environment while maintaining its geographical focus on KwaZulu-Natal.

The thematic analysis was organised around five interrelated governance dimensions: leadership styles and governance effectiveness, political interference and institutional capacity constraints, financial governance and internal control challenges, ethical leadership and institutional accountability, and governance knowledge gaps and institutional capacity development. These themes provided a structured basis for interpreting the documentary evidence in relation to the research objectives. The discussion further considered the extent to which governance challenges and leadership practices identified in the institutional documents were consistent with, or differed from, findings reported in existing academic studies [11, 13, 15, 18, 14].

The use of multiple documentary sources strengthened the credibility of the analysis by allowing governance-related claims to be assessed against different forms of recorded evidence. The findings are therefore interpreted within the scope and limitations of the available documentary material, without implying that interviews, direct observations, or primary data collection were undertaken.

The findings of this study are derived from qualitative documentary analysis and triangulation of secondary sources, including published academic literature, institutional governance reports, Annual Performance Plans, Annual Reports, audited financial statements, and Auditor-General audit findings relating to municipal-owned entities (MOEs). The thematic analysis focused on identifying recurring governance challenges, strategic leadership practices, institutional accountability mechanisms, and factors influencing governance effectiveness within the municipal governance environment in KwaZulu-Natal, South Africa. The documentary evidence was examined to establish patterns of convergence and divergence across existing studies and institutional governance records. Five interrelated themes emerged from the analysis, namely leadership styles and governance effectiveness, political interference and institutional capacity, financial governance challenges, ethical leadership and accountability, and governance knowledge and capacity development.

4.2. Leadership Styles and Governance Effectiveness

Strategic leadership emerged as an important institutional factor influencing corporate governance effectiveness and organisational performance within municipal-owned entities. The documentary

analysis highlighted the significance of transformational and democratic leadership approaches in promoting institutional accountability, participatory decision-making, strategic alignment, and effective service delivery. Transformational leadership encourages organisational commitment, innovation, and institutional reform, while democratic leadership supports consultation, transparency, and collective decision-making. These issues are consistent with the findings of Ralinala et al. [11], who examined the relationship between leadership styles and organisational governance performance. The findings suggest that effective strategic leadership contributes to strengthening governance structures and improving institutional responsiveness to service delivery priorities.

The study further revealed weaknesses in internal audit systems and risk management frameworks. Annual Reports and audited financial statements indicated that internal audit functions were sometimes inadequately resourced and lacked sufficient independence to effectively monitor governance risks and compliance failures.

Audit findings further reflected weaknesses in internal controls, risk monitoring, and compliance systems. The findings demonstrate that effective internal audit systems remain critical governance mechanisms for ensuring accountability, transparency, and governance oversight. These findings support arguments that poor monitoring systems, ineffective risk management, and weak governance controls contribute significantly to governance failures and declining institutional performance [1].

4.3. Political Interference and Institutional Capacity Constraints

Political interference and inadequate institutional capacity were identified as significant challenges affecting governance effectiveness within the municipal environment. The documentary evidence highlighted the potential implications of political influence on administrative decision-making, leadership stability, institutional independence, and the implementation of governance policies. These challenges may weaken accountability mechanisms, compromise organisational continuity, and constrain the effective execution of strategic priorities. Existing studies examining governance challenges in Gauteng and Mtubatuba municipalities similarly identify political interference and institutional capacity limitations as factors affecting municipal governance performance [13, 15]. The findings underscore the importance of clearly defined governance responsibilities, institutional autonomy within applicable legal frameworks, and strengthened administrative and leadership capacity.

Annual Reports indicated that weak strategic leadership negatively affected governance implementation and institutional accountability. Some entities lacked effective strategic direction, performance monitoring systems, and leadership accountability structures. Annual Performance Plans and governance reports also reflected weaknesses relating to institutional planning, performance management, and implementation monitoring. The findings confirm that corporate governance cannot be effectively implemented without strong strategic leadership capable of promoting ethical governance, accountability, and institutional oversight.

4.4. Financial Governance and Internal Control Challenges

Financial governance emerged as a critical dimension of corporate governance effectiveness within municipal-owned entities. The documentary analysis identified recurring concerns relating to weaknesses in internal financial controls, inadequate revenue management, irregular expenditure, financial reporting deficiencies, and limitations in financial oversight mechanisms. These challenges may undermine financial sustainability, institutional accountability, and the ability of municipal entities to fulfil their service delivery mandates. The findings are consistent with broader municipal financial governance studies highlighting persistent weaknesses in financial management and compliance systems [15]. Strengthening internal audit functions, financial oversight structures, risk management practices, and compliance monitoring is therefore essential to improving financial governance and institutional performance.

The study further revealed inadequate governance and financial management capacity within some municipal entities. Documents showed that some officials lacked sufficient governance, financial management, compliance, and risk management competencies. Recurring audit findings and governance weaknesses therefore suggest the need for continuous governance training, professionalisation of governance structures, and leadership development within municipal owned entities.

The findings further demonstrate that governance reforms should not only focus on legislative compliance, but also on institutional culture, ethical leadership, governance capacity, transparency, and accountability systems.

4.5. Ethical Leadership and Institutional Accountability

Ethical leadership was identified as an important foundation for strengthening corporate governance, institutional integrity, and stakeholder confidence. The documentary analysis emphasised the relationship between leadership commitment, transparency, accountability, and the institutionalisation of ethical governance practices. Effective ethical leadership requires consistent adherence to governance principles, responsible decision-making, and the promotion of organisational cultures that discourage misconduct and support public accountability. These findings align with existing literature emphasising the significance of ethical leadership in strengthening governance effectiveness and organisational integrity [18]. The analysis suggests that ethical governance should be embedded within institutional policies, leadership practices, performance management systems, and oversight mechanisms rather than being treated solely as a compliance requirement.

The documentary analysis further highlighted governance knowledge and institutional capacity as important factors influencing the effective implementation of corporate governance frameworks. Deficiencies in governance knowledge, regulatory compliance, oversight responsibilities, and institutional governance competencies may limit the ability of municipal-owned entities to implement governance requirements effectively. These concerns are consistent with the findings reported by

Ngcobo et al. [14], which emphasise governance knowledge and compliance challenges. The findings indicate the importance of continuous professional development, governance training, strengthened stakeholder engagement, and institutional capacity-building initiatives. Such interventions may improve governance awareness, strengthen oversight effectiveness, and support the consistent implementation of corporate governance principles.

One of the dominant themes emerging from the study was weak financial governance. Documentary evidence indicated that municipal owned entities continued to experience financial governance challenges relating to irregular expenditure, poor expenditure monitoring, budget mismanagement, and weak financial accountability systems.

The findings suggest that financial governance remains central to institutional sustainability and governance effectiveness. Weak financial governance negatively affects public confidence, organisational accountability, and governance credibility within municipal entities.

The findings align with previous studies which argue that weak governance systems and poor institutional performance within state-owned entities create fiscal risks and undermine public accountability [9].

4.6 Weak Board and Committee Oversight

Another important finding related to weaknesses in board and committee oversight structures. Minutes and presentations highlighted that some governance boards lacked sufficient expertise, independence, and governance capacity. Weak board oversight negatively affected accountability systems, strategic leadership, and governance implementation. Documentary analysis of Annual Reports and governance records further reflected concerns regarding ineffective oversight structures and limited consequence management systems.

The findings are consistent with research demonstrating that governance oversight, board independence, and governance structures significantly influence institutional performance and organisational sustainability [5].

Leadership instability emerged as a significant governance challenge within municipal entities. The Human Resource Development strategy and career planning documents referred to frequent changes in executive management, acting appointments, and prolonged vacancies in key governance positions. The findings suggest that leadership instability weakens governance continuity, institutional memory, and long-term strategic implementation. Stable leadership is therefore necessary for strengthening governance systems and institutional sustainability.

These findings align with arguments that strategic leadership remains essential for institutional accountability, governance implementation, and organisational sustainability [3].

5.7. Synthesis of Findings

Collectively, the findings highlight the interconnected relationship between strategic leadership, institutional capacity, financial governance, ethical conduct, and accountability within municipal-owned entities. The documentary analysis suggests that governance effectiveness cannot be achieved solely through the existence of legislative and regulatory frameworks but requires capable strategic leadership, effective oversight structures, sound financial management, and an institutional commitment to ethical governance. Strengthening these dimensions may contribute to improved institutional performance, financial sustainability, stakeholder confidence, and service delivery outcomes within municipal-owned entities in KwaZulu-Natal.

6. CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion

This study reaffirms that strategic leadership is vital for effective corporate governance in municipal owned entities. Transformational and democratic leadership approaches enhance institutional accountability, transparency, ethical conduct, financial sustainability, and service delivery outcomes [3, 11]. However, MOEs in KwaZulu-Natal face persistent challenges related to weak financial governance, leadership instability, political interference, inadequate governance capacity, and poor oversight systems [1, 12, 13, 15].

The study concludes that strategic leadership plays a critical role in strengthening corporate governance within municipal owned entities. Effective strategic leadership promotes accountability, transparency, ethical governance, financial sustainability, and institutional performance. However, municipal entities within South Africa continue to experience governance challenges characterised by weak financial governance, ineffective oversight structures, leadership instability, weak internal controls, and inadequate governance capacity.

The study further concludes that municipal owned entities are vital in drawing lessons for strengthening good corporate governance frameworks that may be applied across South African cities. Governance effectiveness within municipal entities is essential for improving public accountability, service delivery, stakeholder confidence, and institutional sustainability.

6.2 Recommendations

The study recommends strengthening governance oversight structures including audit committees, governance boards, and institutional monitoring systems. Municipal entities should improve board independence, governance accountability systems, and consequence management mechanisms.

The study further recommends the implementation of leadership development programmes aimed at strengthening strategic leadership competencies, ethical governance practices, and institutional accountability. Continuous governance and financial management training should also be provided to executive management officials and governance structures.

Municipal entities should strengthen internal audit systems, risk management frameworks, and compliance monitoring mechanisms to improve governance effectiveness and institutional accountability.

The study further recommends institutionalising ethical governance systems, anti-corruption mechanisms, and governance transparency frameworks within municipal entities. Municipalities should also implement succession planning and governance continuity strategies to reduce leadership instability and strengthen long-term governance implementation.

The implementation of these recommendations may significantly improve governance effectiveness, institutional accountability, financial sustainability, and service delivery within municipal owned entities across South African cities.

Declarations

Statement and Declarations.

This study relied exclusively on secondary data analysis, documentary review, comparative analysis, and triangulation of existing evidence. No human participants were involved, and no interviews, surveys, questionnaires, or other primary data collection methods were undertaken. The research adhered to established ethical principles of academic integrity, transparency, objectivity, confidentiality, and appropriate acknowledgement of sources.

8.Ethics Approval and Consent to Participate

This study was based exclusively on secondary data obtained from publicly available documentary sources. No human participants were recruited or involved, and no interviews, surveys, or direct human interactions were conducted. Accordingly, informed consent was not applicable. The study did not seek formal ethics approval, as it involved only the analysis of publicly accessible documents.

9.Funding Declaration

The author received no financial support or external funding for this study. The research was conducted independently and funded through the author's own resources.

10.Data Availability Statement

The study relied exclusively on secondary documentary evidence obtained from publicly available sources, including institutional reports, financial statements, audit findings, governance documents, and published academic literature. No primary data were collected. The documentary sources are accessible through their respective public repositories and institutional websites.

11.Declaration of Generative AI and AI-Assisted Technologies in the Writing Process

The author independently conceptualised the research topic, formulated the research objectives, and identified and provided the relevant academic literature and documentary sources. During manuscript preparation, the author used ChatGPT (OpenAI) to assist with academic structuring, language refinement, organisation and tabulation of research information, and the development and refinement of selected manuscript sections. The author critically reviewed and revised the AI-assisted content, verified the supporting references and documentary evidence, and ensured that the final analysis, findings and conclusions accurately reflect the research undertaken. The author assumes full responsibility for the originality, accuracy, integrity and final content of the manuscript.

12. Consent for Publication

The author has reviewed and approved the final manuscript and consents to its publication.

13. Author Contributions

The author independently conceptualised the study, developed the research objectives, identified and reviewed the documentary sources, conducted the analysis, interpreted the findings, and approved the final manuscript for publication.

14. Competing Interests

The author declares that there are no competing interests, financial or non-financial, that could have influenced the research or its findings.

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