The Leadership of the CEO in the Turnaround of South Africa's State-owned Enterprises

Morongwa Mpete

Student number: 856272

Morongwa01@gmail.com

0834607101

Supervisor: Dr Christoph Maier

Thesis submitted to the
Faculty of Commerce, Law and Management
University of the Witwatersrand
in fulfilment of the requirements for the degree of
Doctor of Philosophy in Management

Johannesburg, 2023

TABLE OF CONTENTS

LIST OF TABLES ..... **ix**

LIST OF FIGURES ..... **x**

LIST OF ACRONYMS ..... **xii**

ABSTRACT ..... **xiv**

DECLARATION ..... **xvi**

DEDICATION ..... **xvii**

CHAPTER 1: INTRODUCTION **1**

1.1 Background of the research 1

1.2 Research problem 5

1.3 Purpose of the research 8

1.4 Research objectives 9

1.5 Significance of the research 9

1.6 Delimitations of the research 11

1.7 Assumptions 12

CHAPTER 2: LITERATURE REVIEW **13**

2.1 Introduction 13

2.2 State-Owned Enterprise (SOE) 13

2.2.1 Agency theory *13*

2.2.2 Public choice theory *14*

2.2.3 SOE concept *14*

2.2.4 SOE role *16*

2.2.5 SOE ownership structure *16*

2.2.6 SOEs globally *19*

2.2.7 SOEs in South Africa *21*

2.2.8 SA SOEs' challenges *25*

2.3 Chief Executive Officer (CEO) 36

2.3.1 Upper echelons theory *36*

2.3.2 Leadership theories *38*

2.3.3 CEO in general *49*

2.3.4 CEO recruitment *53*

2.3.5 CEO tenure *55*

2.3.6 CEO coaching *55*

2.3.7 The CEO in SA SOEs *57*

2.3.7.1 Functional background *58*

2.3.7.2 Attributes and capabilities *59*

2.3.7.3 The CEO, values, and culture *61*

2.3.7.4 CEO turnover *64*

2.4 Turnaround 67

2.4.1 Resource dependence theory *67*

2.4.2 Turnaround concept *68*

2.4.3 Turnaround process *69*

2.4.4 Turnaround role players *73*

2.4.5 Successful turnarounds *75*

2.4.6 The CEO in the turnaround of SA SOEs *78*

2.5 Conceptual framework 84

2.6 Conclusion of literature review and research questions 87

CHAPTER 3: RESEARCH METHODOLOGY 90

3.1 Research approach 90

3.2 Research design 92

3.3 Data collection methods 93

3.4 Population and sample 95

3.4.1 Population *95*

3.4.2 Target population *95*

3.4.3 Unit of analysis *95*

3.4.4 Sample *96*

3.5 Procedure for data collection 100

3.6 Data analysis and interpretation 102

3.7 Credibility and trustworthiness 105
3.7.1 Credibility 105
3.7.2 Transferability 106
3.7.3 Dependability and confirmability 107
3.7.4 Reflexibility 107
3.8 Research ethics 109
3.9 Limitations 109
CHAPTER 4: DATA PRESENTATION AND ANALYSIS 111
4.1 Profile of interviewees 111
4.2 Objective 1: The CEO's influence on the outcome of the turnaround strategy 114
4.2.1 CEO's level of influence on turnaround 114
4.2.2 Lack of authority – de facto and de jure power 115
4.2.3 Non-supportive SOE Culture 119
4.2.4 Summary of CEO's influence on the outcome of the turnaround strategy 121
4.3 Objective 2: The challenges faced by CEOs in executing a turnaround strategy 122
4.3.1 Political landscape and power struggles 122
4.3.1.1 Interference at board, shareholder, politician, union, industry, and community level 123
4.3.1.2 Recruitment of CEOs and boards of directors 126
4.3.1.3 CEO's multiple reporting lines, multiple and upward management of stakeholders 128
4.3.1.4 Multiple and parallel lines of decision-making and bureaucracy 129
4.3.1.5 CEO's lack of authority 130
4.3.1.6 Misalignment of turnaround plans and centres of power 131
4.3.1.7 Non-supportive SOE Culture 133
4.3.2 Inappropriate practices of board of directors, politicians, and shareholders 134
4.3.2.1 Board's incompetency and lack of commitment 134
4.3.2.2 Poor leadership and board's management style 136
4.3.2.3 Lack of board and shareholder support 137
4.3.2.4 Lack of decision-making, empowerment, and accountability 139
4.3.2.5 Diversity of interest 141
4.3.2.6 Delineation of responsibilities 141
4.3.3 Leadership instability 142

4.3.4 Ineffective turnaround strategies and processes 147

4.3.5 Inefficient internal operations 149

4.3.5.1 Shortage of liquidity and under capitalisation 149

4.3.5.2 CEO's focus on historic governance matters 149

4.3.5.3 Lack of consequence management and executive coaching 150

4.3.5.4 Shortage of skills (at country level), insufficient execution capability and inefficient processes and systems 151

4.3.5.5 Ineffective stakeholder management and lack of buy-in from the employees 153

4.3.5.6 Inappropriate culture at country and SOE level 155

4.3.6 Legislation and corporate governance 156

4.3.6.1 Ineffective and misaligned Public Finance Management Act (PFMA) 156

4.3.6.2 Non-compliance (Culture of lawlessness, unethical conduct, and purposelessness) 157

4.3.6.3 Complex SOE model 157

4.3.6.4 Summary of the challenges faced by the CEO in executing turnaround strategy 161

4.4 Objective 3: Capabilities, attributes and values of the CEO who can be successful in executing a SOEs turnaround strategy 162

4.4.1 Capabilities 162

4.4.1.1 Strategic orientation and execution capability 162

4.4.1.2 Turnaround 164

4.4.1.3 Governance 164

4.4.1.4 Establish Top Management Team 165

4.4.1.5 Human capital management 166

4.4.1.6 Change management 167

4.4.1.7 Stakeholder management 168

4.4.1.8 Political savviness 170

4.4.1.9 Leadership 171

4.4.1.10 Technical know-how 176

4.4.2 Attributes 181

4.4.2.1 Decisive 181

4.4.2.2 Humble 184

4.4.2.3 Charismatic 184

4.4.2.4 Sense of humour 185

4.4.2.5 Emotionally intelligent and resilient 185

4.4.2.6 Innovative 186

4.4.2.7 Flexible 186

4.4.3 Values 187

4.4.3.1 Strong work ethic and team culture 187

4.4.3.2 Integrity 188

4.4.3.3 Transparency 190

4.4.3.4 Trust 190

4.4.3.5 Accountability and commitment 191

4.4.4 Summary of the capabilities, attributes, and values of the CEO of turnaround 192

4.5 Objective 4: Profile of the CEO who can be successful in executing an SOEs turnaround strategy 193

4.5.1 Various interpretations of the leadership of a CEO and types of CEOs 193

4.5.2 Towards the profile of the CEO who can be successful in executing an SOEs turnaround strategy 196

CHAPTER 5: DISCUSSION AND DATA INTERPRETATION 197

5.1 Objective 1: The CEO's influence on the outcome of the turnaround strategy 197

5.1.1 CEO's level of influence on turnaround 197

5.1.2 Lack of authority – De facto and de jure power 197

5.1.3 Non-supportive SOE culture 203

5.1.4 Summary of the findings on research objective one 204

5.2 Objective 2: The challenges faced by the CEOs in executing a turnaround strategy 206

5.2.1 Political landscape and power struggles 207

5.2.1.1 Interference at board, shareholder, and politician level 208

5.2.1.2 Recruitment of CEOs and Boards of directors 210

5.2.1.3 CEO's multiple reporting lines, multiple and upward management of stakeholders 213

5.2.1.4 Multiple and parallel lines of decision-making and bureaucracy 214

5.2.1.5 CEO's lack of authority 214

5.2.1.6 Misalignment of turnaround plans and centres of power 215

5.2.1.7 Non-supportive SOE Culture 217

5.2.2 Inappropriate practices of the board of directors, politicians, and shareholders' 218

5.2.2.1 Board's incompetence and lack of commitment 218

5.2.2.2 Poor leadership and board's management's style 220

5.2.2.3 Lack of board and shareholder support 221

5.2.2.4 Lack of decision-making, empowerment, and accountability 223

5.2.2.5 Diversity of interest 224

5.2.2.6 Delineation of responsibilities 225

5.2.3 Leadership instability 226

5.2.4 Ineffective turnaround strategies and processes 230

5.2.5 Inefficient Internal operations 231

5.2.5.1 Shortage of liquidity and under capitalisation 231

5.2.5.2 CEO's focus on historic governance matters 232

5.2.5.3 Lack of consequence management and executive coaching 232

5.2.5.4 Shortage of skills (at country level), insufficient execution capability and inefficient processes and systems 233

5.2.5.5 Ineffective stakeholder management and lack of buy-in from the employees 235

5.2.5.6 Inappropriate culture at Country and SOE level 236

5.2.6 Legislation and corporate governance 237

5.2.6.1 Ineffective and misaligned Public Finance Management Act (PFMA) 238

5.2.6.2 Non-compliance (Culture of lawlessness, unethical conduct and purposelessness) 239

5.2.6.3 Complex SOE model 240

5.2.7 Summary of the findings on research objective two 244

5.3 Objective 3: Capabilities, attributes and values of the CEO who can be successful in executing an SOEs turnaround strategy 246

5.3.1 Capabilities 246

5.3.1.1 Strategic orientation and execution capability 246

5.3.1.2 Turnaround 248

5.3.1.3 Governance 248

5.3.1.4 Establish Top Management Team 249

5.3.1.5 Human capital management 251

5.3.1.6 Change management 252

5.3.1.7 Stakeholder management 252

5.3.1.8 Political savviness 254

5.3.1.9 Leadership 255

5.3.1.10 Technical know-how 260

5.3.1.11 Summary of capabilities 269

5.3.2 Attributes 271

5.3.2.1 Decisive 271

5.3.2.2 Humble 274

5.3.2.3 Charismatic 275

5.3.2.4 Sense of humour ... *276*
5.3.2.5 Emotionally intelligent and resilient ... *276*
5.3.2.6 Innovative ... *278*
5.3.2.7 Flexible ... *279*
5.3.2.8 Summary of attributes ... *279*
5.3.3 Values ... *280*
5.3.3.1 Strong work ethic and team culture ... *281*
5.3.3.2 Integrity ... *283*
5.3.3.3 Transparency ... *284*
5.3.3.4 Trust ... *285*
5.3.3.5 Accountability and commitment ` ... *286*
5.3.3.6 Summary of values ... *287*
5.3.4 Summary of the findings on research objective three ... *289*
5.4 Objective 4: Profile of the CEO who can be successful in executing an SOEs turnaround strategy ... 290
5.4.1 Various interpretations of the role of a CEO and types of CEOs ... *291*
5.4.2 Profile of a CEO of a turnaround ... *294*
5.4.3 Summary of the findings on research objective four ... *297*
CHAPTER 6: CONCLUSION ... 298
6.1 Major findings of this research ... 298
6.1.1 Objective 1: Analysis of CEO's level of influence towards turnaround ... *298*
6.1.2 Objective 2: Challenges faced by CEOs in executing a turnaround strategy SOEs ... *299*
6.1.3 Objective 3: Capabilities, attributes, and values of a CEO of turnaround ... *302*
6.1.4 Objective 4: Profile of a CEO who can be successful in executing SOEs turnaround strategy .. *305*
6.2 Recommendations ... 306
6.3 Research contributions ... 318
6.3.1 Policy ... *318*
6.3.2 Theory ... *318*
6.3.3 Practice ... *320*
6.3.4 Economic and Social ... *321*
6.4 Directions for future research ... 321

REFERENCES **324**

APPENDICES **361**

Appendix A: *SA SOEs PFMA Schedule 2* 361

Appendix B: *SOEs Reporting Departments* 362

Appendix C: *Profit and Loss Statement for Schedule 2 SOEs* 363

Appendix D: *Schedule 2 SOEs Ownership Structure* 364

Appendix E: *CEO Interview guide* 365

Appendix F: *CFO/COO/Board/Shareholder/Regulator/Union rep - Interview guide* 369

Appendix G: *Participant Information Sheet* 373

Appendix H: *Consent Form* 374

Appendix I: *Ethical Clearance Certificate* 375

LIST OF TABLES

Table 1: Characteristics of a servant leader: Adapted from (Spears, 2010) 46

Table 2: Profile of participants per institution (Researcher's own interpretation).....100

Table 3: Phases of thematic analyses (Braun & Clarke, 2006).....105

Table 4: Detail list of participants per institution (Researcher's own interpretation).....113

Table 5: Job profile of a Turnaround CEO (Researcher's own interpretation).....296

Table 6: SOEs' Current and Target State (Researcher's own interpretation).....311

LIST OF FIGURES

Figure 1: Governance structure of SOEs in South Africa (PRC, 2013) 24

Figure 2: Upper Echelons Perspective of Organisations (Hambrick & Mason, 1984).....37

Figure 3: Linkage of exogenous factors (Culture & Leadership) to subordinates' internal self-regulatory structures (Values & Self -Concepts): Adapted from (Lorda & Brown, 2001) 64

Figure 4: Expanded Model of turnaround process (Lohrke, Bedeian & Palmer, 2004).....70

Figure 5: Initiation of strategic change process (Gioia & Chittipeddi, 1991) 71

Figure 6: Four phases of a persuasion campaign (Garvin & Roberto, 2005.....72

Figure 7: Framework of a successful turnaround process: Adapted from (Zimmerman, 2011) 73

Figure 8: Rationale for leadership changes in turnaround and influence on leadership approaches (O'Kane & Cunningham, 2012).....81

Figure 9: Conceptual framework (Researcher's own interpretation).....85

Figure 10: CEO's level of influence on the outcome of the turnaround strategy in an SOE (Researcher's own interpretation) 114

Figure 11: Summary of the CEO's level of influence on the outcome of a turnaround strategy and factors that affect it (Researcher's own interpretation) 205

Figure 12: Summary of the challenges faced by CEOs in executing a turnaround strategy (Researcher's own interpretation) 245

Figure 13: Summary of capabilities of a CEO of turnaround (Researcher's own interpretation) 269

Figure 14: Summary of the attributes of a CEO of turnaround (Researcher's own interpretation)

.....279

Figure 15: Summary of the values of a CEO of turnaround (Researcher's own interpretation) 287

Figure 16: Summary of the capabilities, attributes and values of a CEO who can be successful in executing SA SOEs' turnaround strategy (Researcher's own interpretation).....289

Figure 17: Types of CEOs involved in turnaround (Researcher's own interpretation) 294

Figure 18: Model for successful CEO of turnaround (Researcher's own interpretation) 315

Figure 19: Preliminary turnaround roadmap for SOEs (Researcher's own interpretation)....317

LIST OF ACRONYMS

AGSA	Auditor General South Africa
BEE	Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
COVID-19	Coronavirus disease of 2019
CRO	Chief Restructuring Officer
DG	Director General
DFIs	Development Finance Institutions
DPE	Department of Public Enterprises
EPIC	Ethical, Purpose driven, Impact conscious and Committed to serve
EQ	Emotional Intelligence
GDP	Gross Domestic Product
JSE	Johannesburg Stock Exchange
IMF	International Monetary Fund
IT	Information Technology
IQ	Intellectual Intelligence
NUMSA	National Union of Metalworkers of South Africa
OECD	Organisation for Economic Co-operation and Development
PESTEL	Political, Economic, Social, Technological, Legal and Environmental factors
PIC	Public Investment Corporation
POSCO	Pohang Iron and Steel and Company
PWC	PricewaterhouseCoopers
DPSA	Department of Public Service and Administration
ESKOM	Elektrisiteitsvoorsieningskommissie/ Electricity Supply Commission
MP	Member of Parliament
NPM	New Public Management
NSOE	Non State-Owned Enterprise
PFMA	Public Finance Management Act
POE	Privately-owned enterprise
PRASA	Passenger Rail Agency of South Africa

PRC	Presidential Review Committee
RPL	Recognition of Prior Learning
SA	South Africa
SAA	South African Airways
SASAC	State Owned Assets Supervision and Administration Commission
SIU	Special Investigating Unit
SIL	Scooters India Limited
SMART	Specific, Measurable, Achievable, Relevant, Time-based
SOC	State-Owned Company
SOE	State-Owned Enterprise
TMT	Top Management Team
UK	United Kingdom
US	United States
VUCA	Volatility, Uncertainty, Complexity and Ambiguity
VSB	Voluntary Supervising Board
WIIT	What Is In It
4IIR	Fourth Industrial Revolution

ABSTRACT

This qualitative research analyses the leadership of the CEO in the turnaround of South Africa's State-owned enterprises (SOEs). Numerous SA SOEs have embarked on turnaround strategies without any success, thus having a negative impact on economic growth. The research was conducted within 10 of the 21 SOEs classified as Schedule 2 (major public institutions) in the Public Finance Management Act (PFMA) that have previously embarked on turnaround strategies. The study comprised 24 semi-structured interviews with CEOs, CFOs, COOs, board members, union representatives, regulators and shareholders as the main role players during a turnaround of the SOE. This research makes use of pseudonyms for the organisations and participants for anonymity purposes. Thematic analysis was used to analyse the qualitative data collected through the interviews.

This thesis is amongst the first to narrate the experiences of the Captains of the Industry within the SOEs in SA in an attempt to turn around the SOEs. This research identified the challenges that the CEOs of SOEs face in executing turnaround strategies and affirms that turnaround implementation should be free from political interference in order to be successful. Political landscape and power struggles, leadership practices and inefficient operations were found to be the overarching reasons for failure of turnarounds in the SOEs. This research is consistent with public choice, agency, and resource dependence theories. The findings of this research suggest that not any general CEO can turn around an SOE by specifying a job profile (capabilities, attributes, and values) of a CEO of turnaround. The profile will guide the SOEs' boards, shareholders, and recruiters with the traits to consider when recruiting the CEO to turn around SOEs. The research suggests however, that the identified traits which were found to be more aligned to transformational, servant and situational leadership theories may not have any influence towards the outcome of a turnaround strategy in an SOE in South Africa. SOEs are characterised by *de facto* and *de jure* power. Legally, the CEO should influence turnaround as a key driver of a turnaround. However, due to the political landscape of an SOE in SA, there are multiple stakeholders that are influential towards turnaround, thus reducing the level of influence to three (moderate influence) instead of five (high influence) and therefore limiting the CEO's authority on turnaround. Non-supportive SOE culture is also a reason for the CEO's low influence on turnaround thus concluding that a combination of the CEO leadership and organisational characteristics influence turnaround. This empirical research therefore does not

largely support upper echelons theory on the premise that CEOs of SOEs in SA are constrained in the actions they take. Future studies are recommended to test the proposed profile of a CEO of a turnaround.

DECLARATION

I, Morongwa Mpete, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in fulfilment of the requirements for the degree of Doctor of Philosophy in Management at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Name: Morongwa Mpete Signature:

Signed at Pretoria

On the 11th day of February 2023

DEDICATION

I wish to acknowledge a number of people who played a critical role in my PhD journey.

Firstly, I would like to thank the Lord Almighty for instilling confidence in me to tackle this project as well as making this possible.

My deepest thanks to my supervisor, Dr Christoph Maier for agreeing to supervise my work. I cannot thank you enough for the support and guidance you have provided throughout my PhD journey. I cannot thank you more for your work ethic, you have shaped me to be the researcher and writer I am today. You have pushed me to unleash the research and writing skills I never thought I would possess. Not forgetting the reminders that my thesis has to work for me, not forgetting the reminders that this is a PhD material. I appreciate all of that! I am thankful for the learnings acquired under your supervision.

My family and loved ones have been there for me from day one of this project. My children and the father of my children, you have played a tremendous role in this project. I cannot find words to describe my feeling towards the support and love you have given me. My appreciation for your encouragement and understanding cannot be enough. Thanks for allowing me to steal our family time to focus on my studies. I love you deep and appreciate you more.

To my father, my biggest Angel, who is resting peacefully next to my other Angels, my brother and sister, I have promised you that this would be my highest qualification and you agreed. Thanks for the discussion we had, it is done! To my mother, the Queen mother you are prepared me for this project. Thank you all from the core of my heart. You are all appreciated and loved.

My sincere appreciation to the Academic staff at Wits for arranging the writing retreats and support you have given me. I appreciate all of you. My sincere thanks to the PhD and MMR Office at Wits for your support and assistance provided throughout my PhD journey. It is greatly appreciated! Many thanks to my PhD colleagues for the experience and discussions we had during the writing retreats, away from home. I am thankful for having walked this journey with you. You are all appreciated. This study would not have been possible without participation of the Captains of the Industry. I salute you all for your wisdom! Keep on rising!

CHAPTER 1: INTRODUCTION

This chapter presents the background to the research, the research problem and objectives. Furthermore, the chapter discusses the significance and assumptions of the study.

1.1 Background of the research

The state-owned enterprises (SOEs) in South Africa (SA) have become a topic of interest as a result of their inability to perform as mandated (Clark, 2019; Gossel, 2019; Kruger, 2019; Parliament of the Republic of South Africa, 2021; Phakathi, 2021). This issue has been acknowledged by the President of the country, Cyril Ramaphosa, who stated that some of the biggest and most crucial SOEs have been battling to achieve their mandates (Ramaphosa, 2021). Corrigan (2014) posits that the high profile failure of SA SOEs is common. Leadership instability and political interference seem to be the main challenges that most of the SOEs are facing (National Planning Commission, 2020).

The SOEs failed whereas the costs of their operations increased (Matsiliza, 2017). These SOEs are supposed to be the core of a developmental state, but in South Africa, they have failed to deliver on their developmental mandate (Gossel, 2019). The citizens require effective and efficient SOEs that delivers affordable goods and services that are of good quality (Adam, 2013). The non-performing SOEs have a negative impact on economic development and the lives of the vulnerable and poor members of society (Chitiga-Mabugu, Maisonnave, Henseler, & Mabugu, 2021; National Planning Commission, 2020). The situation of struggling SOEs in SA is dire in such a way that Business South Africa, which represents the interests of South African business, requested the President of the country to provide a clear direction on rationalisation and the closing down of the SOEs that are financially draining the country (Phakathi, 2021). The preliminary report by the International Monetary Fund (IMF) also suggests that government should either divest or liquidate the SOEs that are not commercially viable (Smith, 2021). Rating agencies and National Treasury even consider the SOEs to be a major risk to the country's financial sustainability as per Phakathi (2021).

In South Africa, as a government intervention, the poorly performing SOEs regularly undergo turnarounds. Nyatsumba and Pooe (2021) suggest that for businesses to be brought back to a

normal situation, they often adopt a turnaround strategy. Amongst the SOEs that have embarked on a turnaround, it is perceived that most of them were not successful in achieving the objectives of the turnaround strategies (AGSA, 2018-2019; Nyatsumba & Pooe, 2021; United Nations; Economic Commission for Africa, 2018). Parliament of the Republic of South Africa (2021) is of the view that SOEs' gloomy performance is an ongoing concern. As a result of worsening performance of the SOEs in SA, the IMF (2022) suggested that urgent action be taken in implementing anti-corruption measures in procurement and administration and to improve their operations and finances.

Considering that SOEs are underperforming, radical transformation appears to be an initiative that could lead to the improved performance of SOEs (McGregor, 2014). Matsiliza (2017) posits that the transformation of SOEs could solve the inefficiencies related to state ownership. In the past, in an effort to address the challenges that SOEs are facing, there has been suggestions for privatisation and reforms. Discussions around reforms of SOEs in SA commenced in the late 1990s, through the adoption of the Economic and Social Reform Agenda which was advocating for privatisation of SOEs (Balbuena, 2014). According to Balbuena, the policy on privatisation is pending implementation by government as a result of an unfavourable economic environment. The privatisation policy was ultimately diverted to corporate restructuring in the early 2000s as stated by Balbuena (2014). The discussions are ongoing, with several scholars, politicians, public and media debating on this issue (Boubakri & Cosset, 2002; Gumede & Asmah-Andoh, 2016; Meyer, 1997; Obadan, 2008; Pitcher, 2012). The Presidential State-Owned Enterprises Council was recently established to aid with SOEs reforms by repositioning the SOEs and implementing the turnaround strategies (The Presidency Republic of South Africa, 2020). Singh and Chen (2018) suggest that a context-specific analysis of SOE reforms could result in the achievement of SOEs' development. Reforms implementation appears to be the only solution to turning around the SOEs (Mondi, 2021). Though there are suggestions for SOE reforms, it appears that the implementation thereof is challenging. In general, SOE reform initiatives indicates that "the devil is in the details, and even strong *de jure* frameworks are challenged by implementation failures" (Böwer & Baqir, 2017, p. 22).

A state-owned enterprise is an independent entity which is partially or fully owned by the state to achieve the various socio-economic goals of government (AGSA, 2017; United Nations;

Economic Commission for Africa, 2018). SOEs form part of the largest segments of the economy (Balbuena, 2014). They are key to industry development (Mustapha, Kruss, & Ralphs, 2018). They are prevalent in key sectors of the economies around the globe (Baum, Hackney, Medas, & Sy, 2019). In South Africa, the SOEs, since 1994, have been used as important vehicles for economic growth and the reduction of poverty (Kikeri, 2018), however they have failed to meet their objectives. The Presidential Review Committee (PRC (2013) attests that it is expected of SOEs to assist government in attending to social and economic challenges, such as unemployment, access to finance, infrastructure, land and housing, quality service delivery, globalisation and income inequality.

Kruger (2019a) states that the analysis of the latest results of South Africa's SOEs indicates that some of the SOEs are still performing dismally. The most recent budget results shows SOEs debt amounting to R692.9 billion (Research and Markets, 2021). The financial challenges that the SA SOEs are faced with denote failure for the provision of primary services and lack of economic growth due to inefficiencies as they operate in network sectors (Baum et al., 2020). Various SOEs have received numerous cash injections from the shareholder to assist with the delivery of services, while others have also been bailed out several times as a result of underperformance (Thabane & Snyman-Van Deventer, 2018). The practice of continuous state bailouts is posing a risk to the fiscal framework (Butler, 2022; Phakathi, 2021). To try and mitigate the issue of dependency on state bailouts, recently, the finance minister introduced a policy against SOEs' financial bailouts and possible introduction of more private sector participation (Phakathi, 2021).

Corruption in the SOEs in SA appears to be prevalent (Commission of Inquiry Into State Capture, 2022). Considerable corruption in the SOEs render SOEs' unprofitable, inefficient and ineffective as a facilitator of development in the economy (Mafukata & Musitha, 2018). Corruption and incompetence resulted in almost collapsing the finances of some of the SOEs (Mutize, 2017). The issue of corruption appears to be a public choice problem wherein the agents and principals of SOEs conduct themselves in a manner that maximises their self interests (Buchanan & Tullock, 2003).

Several scholars attribute the overall issue behind the performance of the SOEs to leadership (Adam, 2013; Al Khajeh, 2018; Edoun, 2015; Mashamaite & Raseala, 2019; Research and Markets, 2021; Sithomola, 2019; Terblance, 2012; Thabane & Snyman-Van Deventer, 2018).

Leadership is one of the key determining factors for organisational success and failure (Al Khajeh, 2018). Agency theory assumes that the failure of organisations could be attributed to the agents and principals of the organisation (Eisenhardt, 1989; Jensen & Meckling, 1976). In this research, leadership is the CEO as the head of a state-owned enterprise (AGSA, 2018-2019; Asuquo & Obaretin, 2019; Jain & Yadav, 2017). Kaplan, Klebanov, and Sorensen (2012) posit that CEOs could have a significant impact on the success of the organisation, considering the leadership position and remuneration. The CEO is responsible for the overall performance and operations of the business (Adriaanse, 2016). Literature on corporate governance and corporate finance suggests that the CEO performs the business leader role and therefore he or she is the most powerful agent in terms of major decisions (da Silveira & Barros, 2012).

Studies by Sithomola (2019) argue that good leadership is among the major reasons for efficiently performing institutions that achieve their set objectives. The upper echelons theory asserts that the outcome of an organisation is a reflection of the leaders' abilities, experiences and values (Hambrick & Mason, 1984). In China, Jing, Liu, and Liu (2008) explored the relationship between the SOE's leader's characteristics and the performance of the enterprise. The findings are that the demographic characteristics of the SOEs leaders impact the SOEs' performance to a greater extent, as opposed to the non-state-owned enterprises (NSOEs) "(private-owned enterprises, foreign-invested enterprises, domestic stock companies, and collective enterprises)" (Jing et al., 2008, p. 236). Musanzikwa and Ramchander (2018) found that the facilitation of successful turnarounds requires effective leadership. The significant role that the CEOs play in the success or failure of the organisations globally has amplified the need to conduct research in the field of corporate governance (Asuquo & Obaretin, 2019). Most of the organisations that are performing well are as a result of capable and dedicated CEOs who are thoughtful of the constituents' interests and needs (Beaver, 2002). Drawing on the work of scholars (Adriaanse, 2016; Amedu & Dulewicz, 2018; Andalas, Johan, Handika, & Yulihasri, 2017; Asuquo & Obaretin, 2019; Beaver, 2002; Glick, 2011; Hambrick, 2007; Ireland & Hitt, 2005; Waldman, Javidan, & Varella, 2004; Wilson & Lohmann, 2019), it is suggested that the role of the CEO is important in any organisation as it affects the outcome of the organisation. The significance of the CEO in the organisation also became evident as highlighted in the media that President of the Republic of South Africa, Cyril Ramaphosa met with the CEOs of SOEs to discuss the challenges they are facing (Omarjee, 2019). The President could have met any of SOEs leadership, however opted to meet the CEOs as a result of their significant role in

the SOEs. Since the leaders are core to organisational turnaround, it is suggested that empirical research on leadership be conducted (Ghazzawi, 2018).

1.2 Research problem

There is a problem with SOEs in South Africa as they perform poorly even after the adoption of turnaround strategies (AGSA, 2018-2019; Nyatsumba & Pooe, 2021; United Nations; Economic Commission for Africa, 2018). The report compiled by the Auditor General of South Africa attests to this by suggesting that the annual turnaround plans that were initiated by the SOEs have yielded no results (AGSA, 2018-2019). They failed to implement their turnaround strategies as a result of a number of factors such as incapable boards and insufficient capacity (United Nations; Economic Commission for Africa, 2018). In an attempt to address turnaround failures in the SOEs, the Operation Vulindlela project which is steered by the Presidency, in conjunction with National Treasury, was launched in October 2020 to forge ahead with the turnaround of network industries (Barrios, Sturzenegger, Muci, Goldstein, & Hausmann, 2022). In addition, the President of the country has appointed the members of the Presidential State-Owned Enterprises Council in June 2020 to assist the SOEs to implement their turnaround strategies (The Presidency Republic of South Africa, 2020).

"Given the lack of political will to turn around failing SOEs, and the fact that they are likely to get more taxpayer funded bailouts, citizen shareholders is absolute crucial now, to hold these entities accountable" (Gumede, 2020, unpaged). There has been much debate on the performance of the SOEs with the President of the country committing to fix these SOEs, however, there has been no improvement to date (Phakathi, 2021). South Africa's SOEs appear in media regularly with the emphasis on their shortcomings (Chilenga, 2016; Clark, 2019), even though some of the problems have been in existence for over 80 years (Clark, 2019). The SOEs are attributing their failure to strategic, operational and financial risks (Vorster & Konstatinopoulos, 2020). The challenges in this regard prevent the SOEs from performing as mandated, thus impacting public finances and economic growth negatively. South Africa is in distress, as a result of the failure of the SOEs that are crucial in the functioning of the economy in the form of the provision of crucial services (Vorster & Konstatinopoulos, 2020). These failures have consequently resulted in poor service delivery, load-shedding, social unrest (Coetzee & Bezuidenhout, 2019; Vorster & Konstatinopoulos, 2020) and down grades in credit

rating (Hlomendlini, 2018). The failure of these SOEs does not only impact the public, it destroys private companies as a result of price increases and loadshedding (power outages) (Butler, 2022).

Research suggests that leadership could be crucial in the performance of the SOEs. “While each corporate failure has its own unique features, poor leadership is often attributed as being a key underlying cause” (Vorbach, 2017, p. 10). AGSA (2018-2019) cites the instability of the executives and management as reasons for the failure of the turnaround plans. Sithomola (2019) argues that South Africa’s SOEs are experiencing a catastrophic leadership 'bankruptcy' which has led to the loss of confidence and trust in the SOEs’ ability to play their central roles of development and revenue generation to sustain their operations.

Adam (2013); Madumi (2018); Mashamaite and Raseala (2019); Terblance (2012); Thabane and Snyman-Van Deventer (2018) state that the failure of SOEs in South Africa is caused by, among others, poor leadership and performance, political interference, corruption and ineffective performance management systems. Coetzee and Bezuidenhout (2019) point out that the high unemployment rate, South Africa’s downgrade to junk status, social unrest, service delivery strikes, etc. create a sense of urgency to hold the CEOs accountable for the performance of the SOEs. Drawing on literature, one would therefore suggest that leadership could be a key reason for the failure of the turnaround strategies in the SOEs. The views of Ugoani (2020); Vora (2013); Zimmerman (2011) on successful turnaround is that the quality of leadership is key.

The CEOs in the SOEs could be playing a major role in the outcome of the turnaround strategies. The CEOs are appointed by the boards of the SOEs to develop and execute the turnaround strategies (Jain & Yadav, 2017). Slatter (2011) posits that a turnaround executive is normally a CEO or chairman with full authority over the decisions within their jurisdiction. Although there is much public opinion about the CEO being the reason for the poorly performing SOEs, there is no scientific proof.

Liu, Huang, Fang, Tsai and Chen (2015) suggest that future research should consider exploring topics on leadership for professional managers instituting organisational change in the State-owned enterprises. The CEO’s role is one of the crucial and influential roles in an organisation (Adriaanse, 2016; Amedu & Dulewicz, 2018; Andalas et al., 2017; Beaver, 2002; Dewar, Hirt,

& Keller, 2019; Glick, 2011; Hambrick, 2007; Hoffman, Schniederjans, & Sebora, 2004; Ireland & Hitt, 2005; Waldman et al., 2004; Wilson & Lohmann, 2019; Zhong, LI, & Zhang, 2018), "yet research on the role remains ambiguous, conflicted, and outdated" (Glick, 2011, p. 171). CEOs are ignored in literature and therefore are neither explored nor challenged (Wood & Vilkinas, 2007). Studies on turnaround are limited (Andalas et al., 2017; Pretorius & Holtzhauzen, 2008), particularly those that interact with the field of strategy (Andalas et al., 2017). The field of turnaround is under-researched in South Africa (Pretorius & Holtzhauzen, 2008). There is a gap in the literature on leadership and turnaround (Andalas et al., 2017; Boyne, 2004; Ghazzawi, 2018; Jing, Liu, & Liu, 2008) at the CEO level in SOEs. To date, there is still a gap in literature on public sector turnarounds. Past researchers focused more on the performance of SOEs (Böwer & Baqir, 2017), while others (Armstrong, Segal, & Davis, 2005; Chauke & Motubatse, 2020; Corrigan, 2014; Kanyane, 2018; Kanyane & Sambo, 2021; Kanyane & Sausi, 2015; Kikeri, 2018; Mutize & Tefera, 2020; Thomas, 2012) explored governance challenges in the SOEs. Boko and Qin (2011); Rajib, Kumara, and Fan (2016) investigated the failures of SOEs in an emerging economy. Past studies did not dwell into the leadership of a CEO in an SOE as far as turnaround is concerned.

In South Africa, a study by van den Steen (2007) was conducted at a Master level to determine the attributes needed for a CEO of a turnaround, however, the leadership of the CEO in the outcome of SOE turnaround was not thoroughly investigated. Furthermore, the study was not conducted within an SOE. Other previous studies (Bezuidenhout & Bussin, 2020; Bezuidenhout, Bussin, & Coetzee, 2018; Bussin & Carlson, 2020; Marimuthu & Kwenda, 2019) on the CEO of an SOE were not focusing on the leadership of a CEO on turnaround but rather on the impact the CEOs' remuneration has on performance. Fourie (2014) analyses the role of four SOEs in SA and discussed their financial contribution and performance. Nyatsumba and Pooe (2021) only explored the constraints that SAA experienced in the implementation of its turnaround strategy, the study comprised only one SOE. The fact that Nyatsumba and Pooe's study was conducted in only one schedule 2 SOE could be a challenge for the generalisation of the results. This research therefore closes that gap by conducting research in ten (10) schedule 2 SOEs.

Internationally, a study investigated the effect of top leadership (i.e. the CEO) on organisational performance under the condition of a turnaround strategy in Indonesia (Andalas et al., 2017).

Slatter (2011) explored the role of leadership in corporate turnarounds. This research is closer to what Andalas et al. and Slatter studied; however, the studies were not conducted within SOEs but within the companies listed on the Indonesian Stock Exchange (IDX) and the United Kingdom (UK) respectively. The researcher identified a gap in research within the South African context.

Wood and Vilkinas's (2007) study that was conducted more than a decade ago, mentioned that there is limited research on the characteristics that successful CEOs need to possess. Ghazzawi (2018) made a recommendation for future research to focus on the attributes and experiences of a successful CEO in the turnaround process. To date, there is still limited research on the successful CEO's characteristics, particularly a turnaround CEO in the SOE environment. Ghardallou, Borgi, and Alkhalifah (2020) investigated the impact of the CEO's attributes on firms' performance. Neither Ghardallou, Borgi and Alkhalifah (2020), nor Wood and Vilkinas (2007) focused on the organisations that had previously embarked on a turnaround nor conducted their research within the SOEs. The study therefore attempts to address this literature gap. It is for this reason that this research identified the capabilities, attributes, and values of a successful CEO of a turnaround in an SOE. Furthermore, Peng, Bruton, Stan, and Huang (2016) assert that the scholars of theories of the firm have a tendency of overlooking SOE research. It is for this reason that conducting the study on the leadership of the CEO in the turnaround of SA SOEs, utilising theories of the firm will be useful as the country is in a dire state regarding the performance of the SOEs which are significant to the economy.

1.3 Purpose of the research

In light of the problem statement, there seemed to be a need for research on the leadership of the CEO in the turnaround of South Africa's state-owned enterprises. The purpose of this research is to analyse the leadership of the Chief Executive Officer (CEO) in the turnaround of South Africa's State-owned Enterprises. The researcher has adopted two theories of the firm (agency and resource dependence theories), upper echelons, public choice and transformational leadership theories to analyse the issue under study.

This qualitative research was conducted within state-owned enterprises in South Africa that have previously embarked on turnaround strategies. The study comprised semi-structured

interviews with the CEOs, CFOs, COOs, board members, union representatives, regulators and shareholders of SA SOEs as the main role players during a turnaround. The SOEs in this study are classified under Schedule 2 (major public institutions) of the Public Finance Management Act (PFMA). The selected 10 SOEs are among the 21 SOEs that contribute significantly to the economy of South Africa.

1.4 Research objectives

The main objective of this research is to analyse the leadership of the CEO in the turnaround of South Africa's state-owned enterprises.

The researcher intends to meet the following research sub-objectives:

- To describe the CEO's influence on the outcome of the turnaround strategy.
- To identify the challenges faced by CEOs of SA SOEs in executing a turnaround strategy.
- To identify the capabilities, attributes and values of the CEO who can be successful in executing a SOEs turnaround strategy.
- To develop a profile of a CEO who can be successful in executing a SOEs turnaround strategy.

1.5 Significance of the research

SOEs are very relevant for our country because they are drivers of economic growth and development (Adam, 2013; Cheteni & Khamfula, 2018; Kikeri, 2018; National Planning Commission, 2020; OECD, 2015b; United Nations; Economic Commission for Africa, 2018). They are the main providers of urban employment (A. Baum et al., 2020; OECD, 2015b). SOEs are crucial vehicles for delivery of private and public goods and services and therefore may contribute to economic growth through the development of infrastructure and the delivery of services (Adam, 2013; United Nations; Economic Commission for Africa, 2018). These SOEs are independent entities, partially or fully owned by the state to achieve the various socio-

economic goals of Government and they are expected to fulfil a dual commercial and developmental mandate (AGSA, 2017). Madumi (2018) notes that SOEs play an important role in fostering economic growth as basic services such as water, electricity, sanitation, and transportation are provided by the state through the SOEs. The SOEs impact the lives of citizens through the provision of services and infrastructure, as stated by AGSA (2017). There are 700 SOEs in South Africa with some of the major SOEs being: Alexkor, Denel, Eskom, South African Broadcasting Corporation (SABC), South African Airways (SAA), South African Forestry Company (SAFCOL), South African Express Airways, (SA Express) and Transnet (United Nations; Economic Commission for Africa, 2018). In South Africa, government policies are reliant on the SOEs to support economic development (OECD, 2015b).

The SOEs are more dominant in strategic sectors that are key to the private sector's competitive position, namely, infrastructure and utilities (e.g. air and rail transport, energy and water supply, broadcasting, telecommunications) and finance (e.g. banking and insurance) (Fourie, 2014; OECD, 2015b; United Nations; Economic Commission for Africa, 2018). SOEs are significant to the economy, they contribute about 8.5% of the country's GDP while employing over 250 000 people (National Planning Commission, 2020). "Globally, the SOEs contribute 10% to the world's GDP (Peng et al., 2016), 20 percent of investment, 5 percent of employment, and up to 40 percent of output in some countries" (World Bank, 2014, p. xxi). The wellbeing of the society and the future of the economy is dependent on the SOEs (Butler, 2022). Poorly managed SOEs result in unreliable provision of services while also impacting other sectors in the economy (A. Baum et al., 2020). The financial challenges that the SA SOEs are faced with denote failure for the provision of primary services and a lack of economic growth due to inefficiencies as they operate in network sectors (Baum et al., 2020).

A need to analyse the leadership of the CEO in the turnaround of SA SOEs was necessitated by the failure to turn around schedule 2 SOEs in South Africa. This study constitutes a contribution to the body of knowledge by providing the theoretical, practical, social and economic contributions of the leadership of the CEO in the turnaround of SA SOEs. The researcher is of the view that this research is amongst the first to focus on the leadership of the CEO in the turnaround of SA SOEs. The study further guides the SOEs and Government on how to solve their social and economic problems through a turnaround. Practical solutions,

such as recommendations for successful turnarounds and a profile that will inform the board of directors in appointing a suitable candidate to drive the turnaround agenda in a SA SOE, are documented to assist the SOEs in turning around successfully. In addition, the study contributes theoretically to the subject of business turnaround by providing evidence on the role of the CEO on the outcome of a turnaround strategy. Since there is limited and outdated literature on the role of the CEO in general, and in SOEs, this study tries to bridge the gap to a certain extent. Ghazzawi (2018) found that the subject of business turnaround deserves much research and analysis, and the same applies to the CEO as the leader of the turnaround.

The findings will assist the South African Government to have insight into the level of influence of the CEO in the performance of the SOEs in a turnaround situation as the CEO is responsible for the execution of the turnaround strategy. The study conducted by Ghazzawi (2018) suggests that empirical research related to leadership should be conducted as the leaders are key to organisational reorientation and turnaround. Furthermore, Ghazzawi suggests that future research in turnaround should consider investigating the attributes and experiences of a successful CEO in the turnaround process. The role of a CEO in any organisation is key as the outcome of the organisation is dependent on them (Zhong et al., 2018). The study further provides empirical evidence on the attributes, capabilities and values of the CEOs which contribute to the successful execution of the turnaround strategy. In addition, this research expands the empirical literature on the challenges faced by the CEOs in the execution of a turnaround strategy. The challenges are identified and recommendations made to assist the SOEs in preventing similar problems in the future so that they can be economically viable while driving the social or developmental mandate. The findings are used as a base to develop a profile of a CEO who can be successful in executing a turnaround strategy in the SOE, which will be useful to the board of directors and government ministries to understand what kind of CEO should be appointed to lead a turnaround strategy in a state-owned enterprise. The profile of a turnaround CEO in this case is the strongest contribution to theory.

1.6 Delimitations of the research

The delimitations of this study are the following:

Private companies and other public institutions that are not classified as SOEs are excluded from the study. The SOEs that have not undergone a turnaround, and which are not classified as Schedule 2 of the PFMA are excluded from the study. This research focused on the psychological factors to identify the capabilities, attributes, and values of a CEO of a turnaround and less on demographic factors. It is only education, industry and functional background that were included as demographics.

1.7 Assumptions

Firstly, the assumption of this study is that the participants are open to share their experiences without fear, taking into account the public's negativity towards the performance of SOEs in South Africa. Furthermore, the Commission of Inquiry that has been set up to investigate the SOE challenges in South Africa could instil fear in the participants to speak freely. Secondly, the assumption is that the profile of a successful CEO in a turnaround situation is informed by the characteristics and the values of the CEOs who have been successful in the past during the implementation of a turnaround strategy in a SOE. Thirdly, the researcher assumes that the leadership of the CEO in the turnaround of the SOE is important to a certain degree.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter discusses the extant literature on the three main themes of this research: the CEO, turnaround, and state-owned enterprises. The topics are further aligned to the objectives of this research. The literature assists in setting up the empirical research and addressing the research problem. The literature review deals with these concepts inclusive of the theories that underpin this research in the next chapters.

2.2 State-Owned Enterprise (SOE)

This section discusses the SOE concept, the role of the SOE, ownership structure, South African SOEs, and the challenges faced by the SOEs.

2.2.1 Agency theory

Agency theory was introduced in 1973 by Stephen Ross and Barry Mitnick. “The theory of agency seeks to understand the problems created when one party, the agent, is acting for another, the principal” (Mitnick, 2015, p. Abstract). The theory, according to Bosse and Phillips (2016), assumes that the collective actions of CEOs and boards have an impact on society. Eisenhardt (1989) confers that Agency theory seeks to address the issues that might arise in the agency relationships, that is, conflicting goals between the agent and principal and the principal’s inability to validate what the agent is doing, therefore, this limits the principal to confirm the inappropriate behaviours of the agent. Agency relationship is defined as a contract in which a principal(s) engages the agent to perform services on their behalf with the agent being delegated with some of the decisions (Jensen & Meckling, 1976). The theory discusses the problems in the organisation which exist as a result of separation of owners and managers and makes a suggestion to reduce the problem (Panda & Leepsa, 2017). Panda and Leepsa further point out that the agency problem has evolved to include other role players such as creditors and both the minor and major shareholders rather than just the principal and agent.

Agency theory suggests that the failure of the organisation could be the result of the agents and principals of the organisation (Eisenhardt, 1989; Jensen & Meckling, 1976). The Agency theory suggests that a contract between the agent and principal will ensure that the agent behaves appropriately to satisfy the principal (Eisenhardt, 1989). The contract might lessen some of the challenges that SOEs are facing. In addition, Eisenhardt made a suggestion for effective governance system as a means to mitigate agency problem. Agency theory could provide valuable insights into how to address some of the SOEs' challenges.

2.2.2 Public choice theory

Public choice theory was developed by Duncan Black in 1948 and made popular by James Buchanan and Gordon Tullock in 1962 (Vallier, 2014). The theory speculates that Government officials conduct themselves in a manner that maximises their personal gain, rather than furthering the public's interests. "Public choice theory demonstrates why looking to government to fix things can often lead to more harm than good" (Buchanan, 2003, p. 13). Public choice theory assumes that agents have self-serving behaviours through their conduct of maximising their personal wealth instead of serving the interests of the public (Buchanan & Tullock, 2003). All these challenges that prevent the SOEs in South Africa from turning around are classical examples of public choice. The SOEs are failing to deliver the services as mandated. Some of the challenges as discussed in 2.2.8 appear to be leadership and corruption related (Adam, 2013; Madumi, 2018; Mashamaite & Raseala, 2019; Terblance, 2012; Thabane & Snyman-Van Deventer, 2018). Mbaku (2008) posits that public choice theory could provide valuable information on corruption alleviation programmes.

2.2.3 SOE concept

A State-Owned Enterprise is sometimes referred to as a Government Owned Enterprise which is established as a company and constituted according to the company law. It is either fully or partially owned by government with government having a significant level of controlling ownership (Institute of Directors Blantyre, 2011). The PRC (2013) defines a SOE as a legal entity established by Government to undertake commercial activities on behalf of the owner, i.e. the Government. A state-owned enterprise is an entity which is owned by the state and mandated to deliver essential services which will in turn, contribute to the economy. State-

owned Enterprises (SOEs) are organisations with the majority of their shares owned by government while also being controlled by government of the Republic of South Africa . Ovens and Associates (2013) describe state-owned enterprises (or public entities) as independent bodies partially or wholly owned by Government. They perform specific functions and operate in accordance with a particular Act (Ovens & Associates, 2013).

An SOE is sometimes referred to as a parastatal, Government entity, public entity, or state-owned company (SOC). State-owned enterprises are common throughout the world (Clarke & Kohler, 2005); and they can be found predominantly in China, the United States (US), New Zealand, and South Africa (CFI, 2015-2020b). In Germany, SOEs are regarded as those entities with government owning the majority of the capital (Anh & Nhàn, 2021). Black, Hashimzade and Myles (2012) define a state enterprise as a firm founded on the initiative of the state and run by it. Any corporate entity which is recognised by national law as an enterprise, wherein government exercises ownership, is regarded as an SOE (OECD, 2015a). The SOEs are closely intertwined with the economic, social, and political objectives of the state in different spatial temporal contexts (Hu, 2017).

In contrast to a Private Owned Enterprise (POE), Willemyns (2016) suggests that the private-owned enterprises are mainly focused on profit maximisation, while the SOE is seen as a way of correcting market failures. Aproskie, Hendriksz and Kolobe (2014) hold the same view that SOEs seldom seek to solely maximise profit and are often instructed to pursue public interest goals which can be contrary to profit maximisation. Balbuena's (2014) view is that there is reliance on SOEs to redress market failures and eliminate direct barriers to development. According to Balbuena (2014), there are three categories of SOEs which are classified according to the level of state budget funding and commercial versus non-commercial objectives.

The SOEs in South Africa are classified as Schedule 1 (Constitutional institutions), 2 (Major public entities) and 3A (National public entities), 3B (National government business enterprises), 3C (Provicial public entities) and 3D (Provincial government business enterprises) in the Public Finance Management Act. The major SOEs (core strategic) fall within the Department of Public Enterprises (DPE) portfolio which plays an oversight role over these SOEs as the shareholder representative for government (DPE, 2022).

2.2.4 SOE role

It has been a challenge since 1994 to define the appropriate roles for SOEs in line with relevant policies and governance frameworks, considering the priorities, economic and social objectives of the state (Republic of South Africa, 2015).

SOEs are prominent in sectors of the economy that provide critical services for businesses and consumers, and they contribute directly to economic growth and poverty reduction (World Bank, 2014). SOEs provide basic public services such as electricity, water, transport, etc. (Efird, 2010). Hu (2017) suggests that SOEs refer to an ensemble of organisational forms with property rights exercised and controlled by government entities. SOEs in South Africa are vital to the growth of the economy and in the development of the country's strategic sectors, especially energy, transport, telecommunications, and manufacturing (Fourie, 2014). Since the SOEs are used as channels for delivery of essential services (water, sanitation, electricity and transportation) (OECD, 2015b), the government relies on them to provide the aforesaid services to the citizens of the country. They are also used by government to address market failures (Kikeri, 2018). According to the OECD, the importance of the SOEs is also highlighted as the main providers of urban employment while they are also dominant in the sectors that are strategic in nature, such as infrastructure and utilities (e.g. air and rail transport, energy and water supply, broadcasting, finance (e.g. banking and insurance) which are key for the private sector economy's competitive position (OECD, 2015b).

2.2.5 SOE ownership structure

The state-owned enterprises in South Africa are established by Government and report to Government as the shareholder. The PRC (2013) states that the SOEs are business entities which are established by national, provincial or local Governments and whose supervisory officials are from the Government.

These SOEs are either wholly (100%) state-funded entities or partially state-funded entities which are structured as 50+1% single-majority holding by the state, 50+1% majority shareholding together with the DFIs and/or the PIC, and where the state owns significant share equity in the entity (PRC, 2013). Since this research is focusing on Schedule 2 SOEs, the ownership structure of Schedule 2 SOEs is depicted in Annexure D.

South Africa SOEs have adopted a centralised ownership model structure, as per the OECD (2018). The OECD (2018) suggests that the mission, as shareholder in all the companies and organisations controlled by the state, is carried out by the government. The institution in this regard can either be a specialised ownership agency, or a designated Government Ministry, responsible for setting up the financial targets and the process of conducting the monitoring of the SOEs' performance (OECD, 2018). According to the PRC (2013), the legal status of a SOE varies, from being a part of government to being a public company with the state as a shareholder.

The structure of the SOEs could be playing a vital role in the performance of the SOEs. The study by Astami, Tower, Rusmin, and Neilson (2010) found that the SOEs that are partially privatised perform better than SOEs that are fully owned by government. In South Africa, evidence in this case is how Telkom has managed to turn around by addressing the challenges it was facing as an organisation. Mutize and Tefera (2020) study found Telkom to be one of the successful SOEs in Africa as a result of consistent profit after tax of more than R2.5 billion rands as from 2016. One has to take cognisance of the fact that in the past, Telkom was bailed out several times by government due to under-performance (Thabane & Snyman-Van Deventer, 2018). There are other SOEs, such as Eskom, SABC and SAA, that are continuously receiving state bail out according to Thabane and Snyman-Van Deventer. It appears that these SOEs have not been successful in turning around. During the period 2004-2013, SAA embarked on four turnaround strategies which were not successful, if not fully implemented (Nyatsumba & Pooe, 2021). Fin24 (2018) reported that the National Union of Metalworkers of South Africa (Numsa) is of the view that Eskom's bloated management structure is the cause for the organisation's power utility's financial problems. According to Fin24, the numbers of top management increased from 80 executives to 500 from 2001-2018, resulting in a high wage bill. SABC made a loss of R511 million in 2020 which resulted in a need for speedy turnaround (Pijoos, 2020).

Telkom is partially privatised, compared with other SOEs, and this could give the entity an advantage over other SOEs. According to McLeod (2019), the Nelson Mandela administration sold a 30% Telkom stake to foreign investors which led to the organisation not reporting solely to Government, but also to the private shareholders. Furthermore, this arrangement saved Telkom from political interference (McLeod, 2019). The study of Astami Emita, Tower,

Rusmin and Neilson (2010) highlights that the performance levels of the SOEs with private sector ownership are greater compared with those fully owned by the government. In contrast to the study conducted in Egypt by Omran (2004), the findings reveal that the privatised firms do not display a substantial improvement in their performance compared to the SOEs. As a result of the stated conflicting studies, it is suggested that future research investigates the impact the structure of these SOEs in SA have on the outcome of a turnaround.

The structure of SOEs in South Africa is discouraging the public from having confidence in the SOEs and is also impacting the performance of these SOEs. For some time the public, academic scholars, politicians and the media (Boubakri & Cosset, 2002; Gumede & Asmah-Andoh, 2016; Meyer, 1997; Obadan, 2008; Pitcher, 2012) have debated the privatisation of the SOEs which some believe will yield better results, as opposed to the current structure while on the other hand, some had contradicting views. Khamisah, Listya, and Hamzah's (2021) study found privatised SOEs to have improved market performance levels compared to private companies. There is a view that for SA to be able to create jobs, stabilising the SOEs and the privatisation of state-owned enterprises and market-orientated developmental strategies will aid in job creation, SOEs stabilisation and economic growth while others have been opposing privatisation as they are of the view that the state's control of key sectors of the economy and wealth lead to economic growth (Thambo, 2020). The socio-economic development and financial sustainability mandates, make it difficult to consider privatisation (United Nations; Economic Commission for Africa, 2018). The study of N. Gumede and Asmah-Andoh (2016) suggest that privatisation of SOEs has shown no significant benefits to the poor of post-democratic South Africa.

The current arrangement is that the SOEs report to various oversight departments across the government. These departments are responsible for providing strategic direction on the overall mandate of the SOE (AGSA, 2018-2019). In addition, AGSA (2018-2019) states that the oversight departments are responsible for monitoring the SOE's performance against the set objectives, as required by the PFMA.

The Department of Public Enterprises (DPE), as a shareholder representative, oversees the operations of six state-owned companies listed in Schedule 2 of the PFMA (Alexkor, Denel, South African Forestry Company, Eskom, South African Express Airways, South African Airways and Transnet) to ensure that appropriate investments are made to create jobs and

sustain economic growth (DPE, 2022; National Treasury, 2019a). These six SOEs, as explained by the National Planning Commission (2012), are involved in economic infrastructure and were identified for privatisation pre-1994 and therefore separated from their policy making Ministry and placed under the Department of Public Enterprises (DPE) as the SOE shareholding Ministry. A list of Schedule 2 SOEs and the reporting departments is listed in Appendix B.

2.2.6 SOEs globally

Globally, the SOEs are key tools for the advancement of policy objectives (Gupta & Kumar, 2020). Globally, the SOEs are the key drivers of the economy because of their contribution to the country's Gross Domestic Product (GDP). The SOEs contribute approximately 10% of the GDP across the world (Bruton, Peng, Ahlstrom, Stan, & Xu, 2015). Most of the SOEs are considered the biggest investors and capital market players in the world (World Bank, 2014). According to Singh and Chen (2018), the reason behind the establishment of SOEs is to ensure that the state has adequate control on strategic industries and natural resources.

Some of the SOEs are hybrid organisations with a mixture of government and private ownership and control. Hybrid SOEs have variations in ownership and control as opposed to a traditional SOE with high levels of ownership which corresponds with high levels of control (Bruton et al., 2015). Singh and Chen (2018) discuss partial privatisation or corporatisation as a shareholder ownership structure for SOEs with majority shareholder ownership or minority shareholder ownership by the state.

The SOEs around the world are faced with the same challenges as South African SOEs. These SOEs encounter performance and governance issues which are difficult to overcome due to number of factors which are mainly ownership and mandate related. China is another country that is also experiencing challenges around the inefficiencies of the SOEs (Y. Liu, 2009). However, through reforms in the 1980s, Chinese SOEs managed to transform, thus showing improvement in efficiency and productivity. In general, the public has not yet benefited from the reforms (Zheng & Chen, 2009). The private companies perform better compared to the SOEs (Abramov, Radygin, Entov, & Chernova, 2017; Arens & Brouthers, 2001; Goldeng, Grünfeld, & Benito, 2008). The study by Arens and Brouthers (2001) found that private companies are inclined to adopt strategies that are competitive in nature which results in them

performing better than SOEs. Singh and Chen (2018) argue that the SOEs' weaknesses in comparison with the private companies are a result of corporate governance and fiscal challenges. "They encounter governance failures, which need attention. Consequently, they become unsustainable and vulnerable to corruption" (Kanyane & Sambo, 2021, p. 199). Corruption seems to be rife in emerging markets such as Brazil, Russia, India, China (and South Africa). Na, Kang, and Kim (2018, p. 2) assert that corruption in emerging markets is exacerbated by an "unstable political and economic environment, customs and traditions, and other environmental factors". As a result of a financial volume, it will be common for the SOEs to have severe cases of corruption (Mohallem, France & Vasconcelos, 2020).

Some of the SOEs across the globe, particularly in China, were privatised through ownership reform decades ago to try and address the challenges that SOEs are facing. The privatised SOEs and general SOEs in China are still under-performing, compared to the private institutions in terms of profitability despite some improvement in performance (Harrison, Meyer, Wang, Zhao, & Zhao, 2019). Harrison et al. (2019) suggest that ownership only cannot lead to improvement in performance of the SOEs but change in government behaviour too. Adam (2013) confers that good governance is crucial for the success of the organisation and not the nature of the organisation.

Mattlin (2009, p. 4) pointed out that in many countries, Government maintain ownership of most of the SOEs, particularly those that provide public services, utilities and defence companies and the reasons for this are merely the fact that they are "natural monopolies unsuitable for private enterprises, social or developmental goals, investment returns used to support budgetary objectives, or national economic security" The World Bank (2014) also has a similar view that some of the SOEs were partially privatised with government remaining as a majority shareholder. This was due to political opposition which discouraged government from privatising large SOEs in complex sectors such as finance and infrastructure, resulting in partial privatisation (World Bank, 2014). According to the World Bank (2014), privatisation brought issues around foreign ownership of the SOEs classified as strategic enterprises. Some of the issues that were raised were higher infrastructure tariffs, loss of employment and corrupt transactions. Considering the views of the World Bank and other scholars on the SOEs, the researcher finds it necessary to conduct research within the SOE environment.

2.2.7 SOEs in South Africa

SOEs in South Africa play a crucial role in government activities as well as in delivering basic services to the people (Madumi, 2018). This view is supported by the OECD (2015b) in that state-owned enterprises play an important role in the South African economy. National Treasury (2019b) affirms that state-owned enterprises are central to driving the state's strategic objectives of creating jobs and enhancing equity and transformation. Many Southern African economies have positioned the SOEs to be the core of their national development strategies (Balbuena, 2014).

South Africa has a number of state-owned enterprises which are classified in different Public Finance Management Act (PFMA) Schedules. Schedule 1 of the PFMA comprises constitutional institutions. Schedule 2 comprises the major public institutions. AGSA (2018-2019) explains that Schedule 2 of the PFMA entails a list of 21 major public entities, commonly known as state-owned entities or SOEs. These SOEs are independent entities, partially or fully owned by the state and they are established to achieve the various socio-economic goals of Government (AGSA, 2018-2019). Schedule 3 consists of part A (National public entities), B (National Government business enterprises), C (Provincial public entities) and D (Provincial Government business enterprises).

The focus of this study is on Schedule 2 SOEs as they are major entities mandated to deliver economic and development activities. Schedule 2 SOEs (major) are expected to fulfil a dual commercial and developmental role (AGSA, 2018-2019; National Planning Commission, 2020), generate profits and declare dividends, and be managed in accordance with general business principles (AGSA (2018-2019). The dual mandates could be posing a challenge for the SOEs. Mutize and Tefera's (2020) suggest that government should address the challenges that SOEs are facing through structural reforms, clear objectives, good governance and efficiencies in order for these SOEs to be successful. The National Planning Commission points out that a commercial mandate, referred to as a core mandate, is aimed at the provision of economic infrastructure and services to improve economic competitiveness and support the government, business and civil society's strategies on job creation. The developmental mandate, as per the National Planning Commission, is relevant in a situation where there is under-provision of the service in a free market. The SOEs should also support regional trade, be competitive from both regional and global perspectives and drive transformation equity.

The PRC has established that there are currently at least 715 SOEs (including their subsidiaries) in South Africa (PRC, 2013). Moreover it was mentioned by the PRC (2013) that at the start of its investigation, it received a list of recognised SOEs from National Treasury comprising approximately 300 entities. Fourie (2014) is also of the view that the PFMA has listed 300 SOEs. The list provided did not include municipal entities and other forms of SOEs, such as trusts and section 21 companies (PRC, 2013). This is contrary to the numbers provided by South African Government (2019) and Corrigan (2014) which indicate that South Africa has 131 SOEs and 700 SOEs respectively. Despite attempts to harmonise the SOE landscape, it is unclear how many SOEs (PFMA, Schedule 1, 2, 3A–C) exist in South Africa. This makes it difficult to monitor and measure their success and impact in fulfilling the developmental aspirations of the state (Kanyane, 2018). Kim and Ali (2017) suggest that in some countries, there is a lack of a credible and centralised SOEs' database which makes it difficult to monitor and evaluate their performance. This appears to be the case in SA that there is no reliable database on SOEs, considering differing views in the numbers of SOEs.

In this study, the terms of reference is the latest list of the SOEs dated 24 May 2019 provided by National Treasury. The focus is on Schedule 2 SOEs. Appendix A and B provide a list of these SOEs and oversight bodies (reporting departments) respectively.

The SOEs in South Africa are governed by the Companies Act, SOE legislation requirements which encapsulate a Protocol on Corporate Governance, the principles of the PFMA, and the King Report on Corporate Governance (National Treasury, 2005). National Treasury (2005, pp. 1-4) further describes the SOE's governance structure as outlined in detail below:

- Parliament, the Executive and Boards of SOEs play an oversight role of the SOEs. Parliament exercises its role through evaluating the performance of SOEs by examining their annual financial statements.

- The Standing Committee on Public Accounts (SCOPA) reviews the annual financial statements and the audit reports of the Auditor-General, and the Portfolio Committee exercises oversight over the service delivery performance of SOEs by reviewing the non-financial information contained in the annual reports of SOEs.

- The Executive Authority's (owner/shareholder) focus is on appropriate returns on

investments and ensuring the financial viability of the SOEs. The relevant Executive Authority acts as the shareholder, while the Minister of Finance and the National Treasury play a financial oversight role.

- Government is also the policymaker, concerned with the implementation of service delivery and acts as the regulator. The Cabinet, as policymaker, focuses on the implementation of service delivery and acts as a regulator. There is a responsible Minister (Executive Authority) and Department, or in some cases, a Policy Department, for example the shareholder management of Eskom vests with the Department of Public Enterprises, while policy vests with the Department of Minerals and Energy.

- The Executive Authority has the power to appoint and dismiss the Board of a SOE. It must also ensure that the appropriate mix of executive and non-executive directors is appointed and that the directors are qualified to guide the SOE.

- Shareholder oversight is spread between various shareholder departments, while policy departments which, in some instances are not the shareholder department, direct policy.

- The governing body of a SOE is the Board of Directors of the SOE. The Board is fully accountable for the performance of the SOE.

- The National Assembly and the Provincial Legislatures play an oversight role for the SOE and the Executive.

- The Standing Committee on Public Accounts (SCOPA) reviews the audit reports of the Auditor General.

- The Portfolio Committees play an oversight role regarding the service delivery performance of SOEs.

The governance structure of the SOEs is depicted below in a diagram:

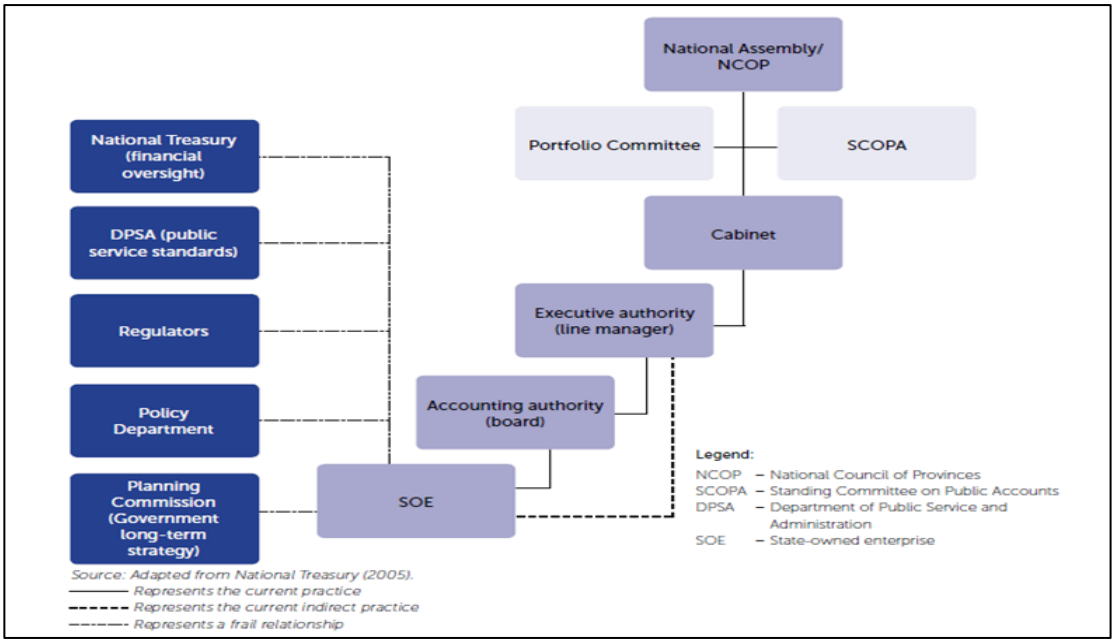


Figure 1: Governance structure of SOEs in South Africa (PRC, 2013)

In South Africa, since 1994, SOEs have been a mechanism for reducing poverty and the achievement of economic growth (Kikeri, 2018). There is an improvement from 1994, but they were not able to deliver as expected News24 (2014). Some SOEs, such as Eskom, SAA, Denel, etc. are in serious financial distress and the state has had to step in and provide financial support. "Over the last couple of years, some SOEs have continued to struggle under severe financial pressure and have relied on government guarantees and bailouts to either fund their operations or enable them to access funding from lenders" (AGSA, 2017-2018, p. 115). The situation is dire in such a way that most of the SOEs in South Africa are candidates for turnaround. Zimmerman (2011) describes a turnaround candidate as an organisation facing a serious period of crisis that qualifies for radical improvement for the organisation to remain competitive in the industry. The scholars of turnaround posit that for an organisation to qualify as a candidate of turnaround, they should have experienced financial distress or poor profitability and declining market share (Butar-Butar, Sadalia, & Irawati, 2019; Lawton, Rajwani, & O'Kane, 2011).

Organisations around the world embark on transformational projects to ensure that they are competitive and stay relevant in the market. However, many of these projects fail as a result of several factors of which leadership is perceived to be key. According to Higgs and Rowland (2005), the role of leaders in the change process does have a significant impact on the success

of the change effort. The study by Musanzikwa and Ramchander (2018) established that effective leadership is required to facilitate successful turnaround in the SOEs.

In South Africa, it is evident that the state-owned enterprises that have undergone a turnaround process have not succeeded in ensuring that the objectives of the turnaround strategy were achieved (McLeod, 2019; Nyatsumba & Pooe, 2021; United Nations; Economic Commission for Africa, 2018; Winning, 2021). Some of these organisations lack stability as leadership is continuously changed (AGSA, 2018-2019; Chauke & Motubatse, 2020; Makoni, 2015; National Planning Commission, 2020; Research and Markets, 2021), and often it takes a long period of time to find replacements. The institutions in question are South African Airways (SAA), the South African Broadcasting Corporation (SABC), ESKOM and Transnet which have continuously been embarking on turnaround processes without any success (Winning, 2021). There are a few organisations, such as Telkom, that have succeeded in their turnaround initiatives (McLeod, 2019; Mutize & Tefera, 2020). Telkom's three-year turnaround strategy is apparently paying off as its previously less than shining operations, such as mobile, are starting to make money (Mawson, 2017).

Successful turnarounds indicate the revitalisation of the organisation's shared basic assumptions such as the organisational culture which is essential, complex and ambiguous. (Gatti, 2002). SOEs could contribute significantly to the economy. Madumi (2018) however, argues that most of South Africa's SOEs need serious reform because they are currently negating the economic growth of the country.

2.2.8 SA SOEs' challenges

There are a number of challenges that South African SOEs are facing that impede their performance, as mandated. The challenges in this regard can be attributed to corruption, poor leadership, political interference (Adam, 2013; Madumi, 2018; Mashamaite & Raseala, 2019; Terblance, 2012; Thabane & Snyman-Van Deventer, 2018), lack of governance (Mfeka, 2018), high turnover rate of CEOs (Kimanzi, 2021) and politicised appointments of the CEOs and boards of directors (Mfeka, 2019a; Phakathi, 2019). Laher (2019) explains that the failure of the SOEs is a result of poor management and direction from the boards of directors, high levels of corruption, high costs of operations, corporate inertia and lack of policy, and failure to spot and deal with changes in the market. The Presidency issued a statement alluding to the fact that

several public enterprises are struggling with inadequate capitalisation, poor governance and political interference (Omarjee, 2019). The aforesaid challenges, such as poor direction from the board, denote the resource dependence theory which assumes that the success of the organisation is dependent on external resources. As a result of these challenges that the SOEs are facing, there appears a need for the SOEs in SA to be turned around to enable delivery of products and services that are core for the economy (Nyatsumba, Heil, & Mutamba, 2022).

a) Corporate governance

The SOEs in South Africa are mostly characterised by governance issues which are difficult to address. Ineffective financial, performance and accountability systems (Chauke & Motubatse, 2020; Raseala, 2018), as well as lack of consequence management system and the instability of governance structures (Chauke & Motubatse, 2020) were found to be the governance challenges that the SOEs in SA are facing. Thabane and Snyman-Van Deventer (2018) assert that that the poor condition of SOEs' governance in SA comes a long way, as far back as 2000. Huang and Snell (2003) argue that failures of governance and leadership lie at the root of a poor moral atmosphere. Corporate governance entails the structures and processes for the direction and control of companies (World Bank Group, 2014). Corporate governance entails a set of relationships between the company's management, its board, its shareholders, and other stakeholders (OECD, 2015). Furthermore, corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance (OECD, 2015). The World Bank Group (2014) argues that a company with good corporate governance has strong board practices and commitment, effective internal controls, transparent disclosures, and well-defined shareholder rights.

The lack of effective corporate governance opens the doors for unethical practices. This view is supported by Mfeka (2018), as it is not only corruption that puts these SOEs into their current state. The real problem appears to be the shareholder and governance models that enabled that corruption. Kanyane and Sausi (2015) argue that the legislative and policy frameworks are fragmented, therefore impacting the SOEs' ability to respond effectively to the socio-economic development mandate of the state. Similarly, Kanyane (2018) highlights the fact that SOEs in South Africa operate within a framework of multiple pieces of legislation which are at times in conflict with the broad strategic drive of the state. This calls for the reform of legislation. Kanyane and Sausi (2015), citing the SOE Policy Dialogue Report (2012), contend that apart

from legislative reform, a mature and emotionally intelligent human factor is required to run the affairs of the SOE from a leadership and managerial point of view.

Adam (2013); Al-Azzam et al. (2015) argue that good corporate governance ensures that the business environment is transparent, and the companies are held accountable for their actions. In South Africa, it is not clear whether the companies are held accountable for their actions as it has been observed on various occasions that SOEs receive a bail-out in terms of funding/cash injection from the state instead of addressing the wrong doings by these SOEs. According to Laher (2019), South African SOEs have lost all credibility and trust with outside stakeholders. Stakeholder theory argues that apart from shareholders' interests that should be considered, there are other stakeholders, such as governmental bodies, political groups, trade associations, trade unions, communities, financiers, suppliers, employees, competitors and customers that should be considered in the value creation (Freeman, 2015). Stakeholder theory prescribes that the managers articulate the shared value, how business will be done and the types of relationships they require with shareholders to deliver the value (Freeman, Wicks & Parmar, 2004). In an SOE environment, there are a number of stakeholders that are directly and indirectly impacted by turnaround initiatives and therefore should be considered during the turnaround.

Around the world, particularly in Africa, corruption is detrimental to political and economic development (Mbaku, 2008). The learnings from other countries regarding their SOEs' governance practices are what South Africa needs to rectify its governance systems. Public choice theory may provide insights into the programmes that should be developed and implemented to fight corrupt behaviours (Mbaku, 2008).

Corruption is conventionally understood and referred to as the private wealth-seeking behaviour of someone who represents the state and public authority (Ahmad, Muhammad, & Arfeen, 2012). Furthermore, it includes the misuse of public resources by public officials for private gain. Corruption is the result of poor corporate governance. Therefore a lack of proper, effective and efficient governance structures, processes, systems and practices will always lead to corruption. Peng et al. (2016) discuss that agency theory argues that the organisations that are led by self-interested managers could grow to a point with diminishing returns to owners, except where there are proper corporate governance mechanisms to guide the managers. SA SOEs are diminishing. They are not generating revenue anymore to a point where they are

dependent on the state to provide financial assistance. The agency theory further stipulates that if there is a contract in place, the agent will behave in a manner that satisfies the principal (Eisenhardt, 1989). In this research, agency theory could be tested in the context of SOEs to assess if the CEO's actions are aligned with the contract in place, considering the fact that the CEO is an agent, and the board of directors and shareholders are the principals. Further to Eisenhardt's view on agency theory, Maheshwari and Ahlstrom, (2004), as well as Wheelen and Hunger (2012), assert that the agency theory prescribes that the CEO, as an agent, could disregard the responsibilities of the organisation or shareholders to pursue their self-interests. Wheelen and Hunger (2012) point out that, to ensure successful performance of the organisation, top management should be given a financial stake in the business. By so doing, the interests of both the agent and shareholder would be aligned.

The World Bank (2014) claims that in South Africa, the Protocol on Corporate Governance in the Public Sector is influenced by the country's well known King Code. Observing the challenges that SOEs are facing, it unlikely that the King Code of Governance Principles is embedded in the governance practices in South Africa.

The King Code is known as the King Report on Corporate Governance, which according to IODSA (2021), sets out the philosophy, principles, practices and outcomes for corporate governance in South Africa. Armstrong (1995) also explains that the King code is a set of principles for good corporate governance. The King Report was issued by the King Committee on Corporate Governance, and compliance with the King Reports is a requirement for companies listed on the Johannesburg Stock Exchange (JSE) and certain public companies and agencies (Cliff Dekker Attorneys, 2002). The SOEs in South Africa that are fully owned by Government are not listed on the JSE, however, it is alleged that the King Report principles are incorporated in the PFMA.

The study by Aivazian, Ge, and Qiu (2005) suggests that the effective way of improving the performance of SOEs could be through corporate governance reform. In addition, the Government should consider corporatising the SOEs before opting for massive privatisation. Good governance refers to transparency, effective leadership and public accountability, as stated by (Adam, 2013).

b) SOE performance

Performance, in this context, refers to both financial and non-financial performance as the SOEs are measured on both financial and non-financial metrics. However, considering the fact that information on non-financial metrics, such as customer service or service delivery, culture, etc., may not be available, the main focus is on the profitability of the SOEs.

Performance seems to be a complex and excessively determined outcome as there are various things that impact on it; and it is expected of the leaders to be smart about how they influence the drivers of performance (Phills, 2005). If ethical leadership, for example, is one of the drivers of performance, the leaders should pay attention to such to ensure organisational performance. "For leaders to matter, they need to have theory of performance that guides their actions" (Phills, 2005, p. 52).

It is suggested that performance refers to the ability to meet the obligations. Drawing on the work of Venkatraman and Ramanujam (1986), financial performance is the ability to fulfil the economic goals of a firm. The SOEs that the researcher studied are struggling from both financial and non-financial angles. "The overall audit outcomes of the SOEs are the worst they have ever been" (AGSA, 2018-2019, p. 114). Matsiliza (2017) shares the same view that there is some dissatisfaction around the performance of the CEOs and boards of directors of some of the SOEs. Evidence in the 1970s and 1980s from various countries indicates that, on average, SOEs performed poorly relative to the private firms due to difficulties in reconciling their multiple policies (World Bank, 2014).

SOEs in South Africa are currently facing huge difficulties and are in a dire state. The main problems facing SOEs are mismanagement and corruption. According to Research and Markets (2021), the poor performance of SOEs are due to poor leadership, leadership instability, corruption, mismanagement of funds, crumbling infrastructure and wasteful expenditure. The view of Madumi (2018) is that mismanagement and rampant corruption occur because the SOEs are managed not by their owners (public), but rather by principals (board members). The board members normally serve their own interests, and they are loyal and accountable only to whatever political party is in power (Madumi, 2018). Public Choice theory is relevant here as it speculates that Government officials conduct themselves in a manner that maximises their personal gain, rather than furthering the public's interests (Schuster, 2018). On the other hand,

the public interest theory postulates that someone operating in the public sector should not make a decision based on what would solely benefit them. The public choice theory asserts that when an actor in the public sector acts his own self-interests it may be inconsistent with the public's interest (Calcagno, 2010). The two theories (Public interest and public choice) are somewhat similar; the latter (Public choice) being more relevant in the context of this research.

Udogu and Zack-Williams (2009) view corruption as a 'rules-related' problem which can compromise the integrity of the civil service and make civil servants less likely to perform their duties effectively. Improving civil service performance and making those who work in the public sector more responsive to the needs of the wealth-creating class requires institutional reforms to create an incentive structure that enhances entrepreneurial effort, discourages or minimises corruption and other forms of opportunism, and generally guarantees the rights of individuals to engage in trade and exchange (Udogu & Zack-Williams, 2009).

SA SOEs lack proper and effective performance management systems to enable them to manage and monitor the performance on a regular basis. Most of the SOEs' problems result from the lack of a clear performance monitoring system that ensures accountability and responsibility for performance on the board and the CEO's side (World Bank, 2014). Companies with good performance systems monitor their performance regularly and interventions are put in place to address areas of development before they become unattainable. Such companies also have a value system which defines the company. Some experts suggest that government should define the financial, non-financial and operational objectives of an organisation through performance indicators for achievement of transparency on performance evaluation of SOEs (OECD, 2015a; Park, 2021). This practice is aligned to good international practice.

Madumi (2018) argues that the management of SOEs should be in accordance with the principles of transparency and accountability, and further suggests that the SOEs' performance must be monitored and reported on a timely and transparent manner through Parliament. The SOE's performance monitoring should cover all the key stakeholders, inclusive of the board. Board evaluations help form a clearer view of the board's overall functioning, the desirable attributes that the board should possess, and help identify needs that could be addressed through future nominations (OECD, 2018). The OECD (2018) contends that the board evaluations should focus on the performance of the board as an entity and should not be limited to 'box-

ticking' exercises.

The fact that most of the SOEs are under performing is concerning and therefore raises questions as to whether the people appointed to lead these SOEs are the right people. "South Africa cannot afford to continue subsidising underperforming SOCs. The country needs to put measures in place to ensure optimal performance of its SOCs so that they can contribute not only to better service delivery but also to the national economy" (Thabane & Snyman-Van Deventer, 2018, p. 25). There is a general perception that the leaders of the SOEs are political appointees and therefore not appointed on merit. The leaders in this context are the CEOs. According to Madumi (2018), there is a need for the appointment of the key senior managers in SOEs to be discussed and be inclusive of all those who are affected. The interviews should be conducted and televised through Parliament's TV channel. In addition, Madumi (2018) argues that the SOEs can be transparent and accountable through active citizen participation.

The National Planning Commission (2012) argues that the tasks of the SOEs need to be simplified in order to improve performance. The SOEs in this study have been performing poorly for a long time. Chitiga-Mabugu, Henseler, Mabugu, and Maisonnave (2021) suggest that productivity decline in the SOEs has a significant impact on the economy as this would lead to government increasing its domestic borrowing, thus hindering private investment which would result in reduction in gross domestic product and a high unemployment rate, especially for the unskilled labour. Amedu and Dulewicz (2018) argue that a company's market performance is primarily attributed to its CEO in the western and emerging economies. Ireland and Hitt (2005) share the same view that the CEO is accountable for the performance of the whole organisation, they should direct the organisation in such a manner to best serve the interests of the stakeholders. Thus, it is necessary for the CEO to be familiar with the values and needs of the stakeholders. This view is in line with the stakeholder theory which suggests that all the stakeholders should be treated fairly, honestly and liberally (Harrison, Freeman & Cavalcanti Sá de Abreu, 2015). The stakeholder theory opposes the single-minded idea (Shareholder theory) aiming at maximising the benefits of one group of stakeholders, i.e., the shareholders. In SA SOEs, one would be interested in finding out if the CEO has the power to apply the stakeholder theory in a workplace instead of the shareholder theory. If one has to look at the mandates of the SOEs, it can be concluded that the stakeholder theory is applicable. It is for this reason that this research analyses the leadership of the CEO in the turnaround of

SA state-owned enterprises. The performance, or profit and loss statements, for the period 2017-2019 of Schedule 2 SOEs are depicted in Appendix C of this document.

c) Political interference

The SOEs in South Africa are characterised by a culture of political interference and corruption. Mfeka (2019a) infers that the culture of unhealthy political interference stems from the need to 'fix' the old apartheid public service. The culture in question has led to an abuse of power in influencing the supply chain systems.

Bruce (2019) suggests that the SOEs require less political interference. Huang and Snell (2003), citing Nimerius (1995) and Ru (2000), provide the explanation that some SOE leaders may not be entirely to blame for governance failures as these can stem from circumstances beyond their control, such as improper political interference by external supervisory authorities and inadequate legal and commercial regulation.

There is a need to strengthen the governance framework and socialise it in order for the public to hold the politicians accountable in cases where they are found engaging in political interference (Mfeka, 2019a). The fundamental characteristics of corruption and political interference in the running of the SOEs manifested through the most widely discussed and controversial issues in South Africa, viz. state capture (Madumi, 2018). The President of the country, Ramaphosa (2019), highlights the fact that it will be ensured that there is no political interference that impedes the boards and management to exercise their mandates.

d) Leadership

Sithomola (2019) affirms the importance of leadership as it provides inspiration or impetus to create an environment that enables the effective and efficient rendition of corporate governance, which is vital to the attainment of the objectives in any organisation. The primary aim of this research is not to define leadership in detail, but rather to examine the key attributes of good leadership in the context of the role of the CEO in the SOE.

One cannot stress the importance of leadership enough to drive the strategy of the SOEs. Bruce (2019) suggests that SOEs perform different things, and therefore have different strategies. What they have in common is the need for experienced and battle-hardened leadership. There

is a public view that South African SOEs lack ethical leaders to drive the SOEs in achieving their mandate. The nation has reached its tipping point as far as ethical leadership is concerned, and is in desperate need of principled leaders who will put the country back on a path of responsible leadership aimed at improving the quality of governance at all levels (Kariuki, 2019).

Kariuki (2019) describes ethical leadership as one that is guided by a set of morals, principles and beliefs that determine the actions of leaders. Furthermore, Kariuki (2019) argues that core values such as honesty, integrity, accountability, fairness, respect and responsibility define the set of principles that inform ethical leadership. Kariuki (2019) states that ethical leadership is the type of leadership which is not bound to any sector; it is only bound by a set of morals, made up of core values and guided by a code of ethics, for the dignity and rights of others. Moreover, any individual in a leadership position ought to be guided by such principles when executing their responsibilities. Avolio, Walumbwa, and Weber (2009) suggest that ethical leadership is the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers. The two concepts, ethical leadership and corporate governance, influence each other as one cannot exist without the other (Matsiliza, 2017). If one has to look at what ethical leadership means in general, it would be safe to suggest that all the challenges that are currently present in the SA SOEs stem from poor governance. Richmond et al. (2019) suggest that the crux of the problem of the SOEs is poor governance. “Poor governance is usually the reason why Africa is experiencing public unrest, Coup d’états and other related rebellions” (Edoun, 2015, p. 352).

The highest authority in the SOE is the CEO who is appointed by the board which in turn, reports to the shareholder/oversight body, being the Minister in the case of the SA SOEs. The type of leadership portrayed by the CEO as the top official could either make or break the organisation, and it is therefore crucial for such leaders to embed the qualities of an ethical leader into their leadership style. Herrmann and Felfe (2014) define a leadership style as a set of behaviours that portray a certain leadership concept. Leadership behaviour plays an important role in the success of the organisation. Finkelstein, Hambrick, and Cannella (2009) postulate that the executives’ interpretation of the situations is influenced by their experiences, values, personalities and other human characteristics.

e) Appointment of the Board of Directors and CEOs

The World Bank (2014) refers to the board of directors as the governing body of an incorporated organisation such as an SOE. Moreover, the exact role of the board differs by jurisdiction and may also be different for state-owned enterprises from that of private sector companies. It is the responsibility of the board to oversee the performance of the CEO in the SA SOEs.

The codes of good governance for the SOEs, such as the guidelines for the recruitment of boards and CEOs, as stated by Mfeka (2019a), must be made legally binding with a strong consequence regime. Staffing a board with unsuitable directors can also compromise the board's objectivity and independence, leaving it beholden to individual politicians and government officials and unable to act in the SOE's best interests (World Bank, 2014). "Public Enterprises are the channel by which political leaders redistribute wealth by giving employment to comrades who lack the necessary skills and knowledge to manage SOEs" (Edoun, 2015, p. 354). Mohale's (2017) interview with 702 points out the root cause for SOEs' dependency on state bailouts as "putting on people that are rapidly promoted, by and large incompetent, where the only recognition is loyalty to the President". SOEs in South Africa, particularly Eskom and Transnet, have been embroiled in controversy in recent years, largely as a result of the appointment of inappropriate individuals as CEOs and board members, which facilitated state capture (Phakathi, 2019).

The appointment of a government representative directly from the relevant line Ministry leads to the board being more vulnerable to conflicts of interest, and the appointee may be motivated more by a desire to please the shareholder than by acting in the best interests of the SOE (World Bank, 2014). The World Bank (2014) argues that such factors weaken the board's autonomy, accountability, and access to the relevant industry's specialised skills.

According to the World Bank (2014), Government retains the power to appoint and remove the CEO and the implication in this regard, that such authority creates problems by diminishing the board's power and its responsibilities; and also limits the accountability of the CEO to the board. One other problem is that it leads to the CEO being obliged to the appointing line minister or ownership entity. Kanyane's (2018) view is that all the Acts (e.g. the PFMA and Companies Act) have different provisions for appointment of CEOs, directors and/or executive

managers, and this causes a confusion which affects service delivery. Phakathi (2019) states that the appointment process of SOE board members has largely been a politically negotiated process, with the line minister, the government's deployment committee, and the President all pushing to get their candidates appointed. posits that an effective and efficient board which provides visionary leadership is necessary.

f) High turnover rate of CEOs

There has been enormous and regular resignations of the CEOs as a result of the challenges that the CEOs are facing (Kimanzi, 2021). Winston and Patterson (2006) argue that the leader equips the follower by providing the necessary tools, equipment, and other resources for the follower to complete the assigned tasks successfully. The CEOs of state-owned enterprises in South Africa seem to be challenged in getting the required support from their superiors to successfully implement turnaround strategies. The former CEO of the South African Airways (SAA) resigned from his duties due to a lack of support from his principals (Donnelly, 2019; Gernetzky, 2019). He resigned quoting interference by government (Oxford Analytica, 2020) and lack of assurance to provide funds required for the execution of a turnaround plan (Omarjee, 2019; Oxford Analytica, 2020). Bureaucratic processes which caused delays in making decisions required to turn around the organisation also contributed to his resignation (Omarjee, 2019). The issue around the resignations of the CEOs in SA SOES impact the outcome of the turnaround as the CEOs leave the organisations while in the process of implementing turnaround strategies. Eskom, SAPO and Telkom have had high turnovers of the board and executive management (Thabane & Snyman-Van Deventer, 2018).

Moore (1999) states that the success or failure of the turnaround effort is the ultimate responsibility of the CEO. However, it should be a team effort involving the board, executives, managers, staff, union, suppliers and customers. The team effort, particularly from an external point of view, comes from a notion of resource dependence theory which prescribes that the success of the organisation is influenced by external resources (Pfeffer & Salancik, 2003). Resource dependence theory is leaning on the resources that are obtained from the environment which the organisation would like to obtain and utilise (Fraczkiewicz-Wronka & Szymaniec, 2012).

In South Africa, it is the norm to appoint interim CEOs to run with the execution of a

turnaround strategy while awaiting the recruitment of a permanent CEO (Makoni, 2015). According to Makoni (2015), the objective of appointing an acting CEO is to allow the institution to continue with day-to-day operations while the recruitment process for a permanent CEO unfolds. Among other challenges faced by the CEOs of the SOEs is to manage the urgent situation for continuation while also fixing chaos performed by the predecessor (Makoni, 2015). The study by Ballinger and Marcel (2010) suggest that the use of an interim CEO affects the performance of the organisation negatively, particularly in cases whereby they appoint someone instead of the chairman. The impact may be long-term as per Ballinger and Marcel, and this might be the case in the SOEs in SA.

Drawing on the work of Van Melle Kamp and Hofmeyr (2013), South African CEOs in general, are among others challenged with a scarcity of resources, over-regulation, a complex socio-economic business environment, such as, for example, black economic empowerment and transformation imperatives, as opposed to their peers in other countries. In addition, the ability to balance the interests of the shareholders with that of the broader stakeholders. It would be interesting to observe if the above challenges are also present in the SOE environment.

2.3 Chief Executive Officer (CEO)

This first part of literature on the CEO begins by reviewing the role of a CEO in general. The second part focuses on the CEO in a SOE.

2.3.1 Upper echelons theory

Upper echelons theory is a management theory by Hambrick and Mason (1984). Glick (2011) highlights the fact that the upper echelons theory has evolved into a strategic leadership theory. The upper echelons theory assumes that the values, personalities and experiences of the executives impact their understanding of the situations they face, thus affecting their choices (Hambrick, 2007) and the performance of the organisation (Hambrick & Mason, 1984). Furthermore, this theory argues that the outcome of the organisation is a reflection of the top managers' values and cognitive biases, and in addition, the managerial background predicts the organisation outcomes (Hambrick & Mason, 1984).

The upper echelons theory provides guidance necessary to assess the values, personalities, and experiences of the CEOs during recruitment. “The top level management (TMT), as the members of the organisation‘s upper echelons, view and interpret strategy using their personal experience, personality and values” (Saidu, 2019b, p. 2). Hambrick and Mason (1984) share three benefits that the enquirers into the upper echelons theory could benefit from, namely, prediction of the organisational outcomes, selection and development of executives and the prediction of a strategy choice (Hambrick & Mason, 1984). The upper echelons characteristics are depicted below:

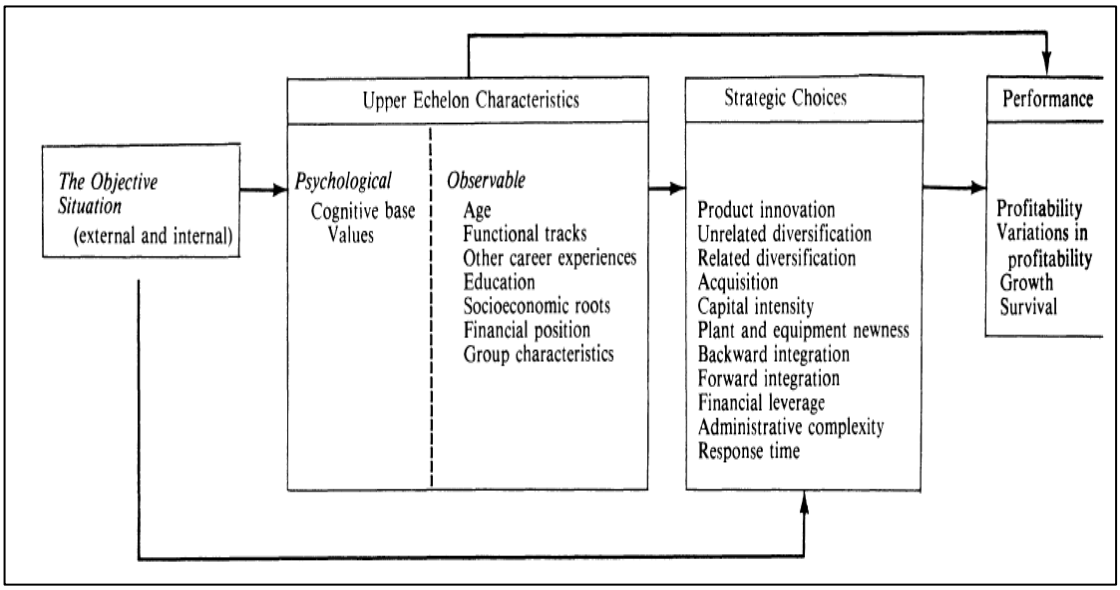


Figure 2: Upper Echelons Perspective of Organisations (Hambrick & Mason, 1984)

As upper echelons theory suggests that the outcome of the organisation is somewhat predicted by top management characteristics (Hambrick & Mason, 1984), the theory considers the role of a CEO as a top management team member (TMT) (Qiao, Yang, & Yin, 2021). Inquest into this theory will aid the powers responsible for selection and development of the turnaround CEOs to know which characteristics to look for during recruitment and of course, basing that on the organisational characteristics. For the purpose of this research, one can assume that aspects such as the CEO’s attributes, capabilities and values may predict the outcome of the turnaround in the SOE. According to the upper echelons theory, the executives have their career experiences as integral parts of their cognitive and emotional base (Hambrick & Mason, 1984). Previous studies that used upper echelons theory as a base focused more on demographic characteristics such as tenure, age, education, etc., however this research does not cover

demographics such as age, gender, and tenure. Socio-economic background, financial position and group heterogeneity are also not included in this research. This research went beyond what the scholars of upper echelons normally study by including the cognitive side of CEOs of turnaround. Andalas et al. (2017), in their research that was limited to demographic traits of CEOs, suggested that future study should consider including psychological dimensions to derive a clear explanation of CEOs' performance in a turnaround situation

This research utilises the upper echelons theory to identify the CEO's characteristics in the form of capabilities, attributes and values of a CEO who can be successful in executing a turnaround strategy. The research is focusing mainly on psychological characteristics (cognitive base and values) and to a certain extent, on observable characteristics namely: education, functional tracks and career experiences (industry experience). Furthermore, this research utilises upper echelons theory to analyse the influence the CEO of SA SOEs has on the outcome of turnaround.

Based on upper echelons theory, Miglani (2014) examined the association between various CEO characteristics and the turnaround outcome for the private firms in Australia and found no association between the CEO's functional background and turnaround. Wang, Holmes Jr, Oh, and Zhu (2016) found CEO prior general experience, prior industry experience and formal education to have a positive relationship with future performance of the organisation. Ren, Xu, Zhou, and Liu (2020) found the CEO's humble leadership behaviour to influence the performance of start-up enterprises positively. Abebe (2010) found no direct relationship between the characteristics of top management and turnaround success. In contrast, Andalas et al. (2017) found a direct relationship between top management characteristics and turnaround performance. Andalas et al. (2017) found CEO's educational level to have a negative relationship with performance. It appears that previous scholars of upper echelons theory have differing opinions on whether the attributes and values of top management have an influence on organisational performance.

2.3.2 Leadership theories

Theory refers to a set of systematically interrelated concepts, definitions and propositions that are advanced to explain and predict phenomena or facts (Cooper & Schindler, 2014).

In the leadership field there is limited theory that focuses on leadership in a state-owned enterprise (Jing et al., 2008). This research makes use of leadership theories as a base for analysing the leadership of the CEO. The main leadership theory that underpins this research is a transformational leadership. The study by Haron, Rahman, and Smith (2013) found that corporate turnaround success is the result of an effective leadership style which motivates and support the employees while on the other hand, makes strategic changes such as organisational capital, operations and financial well-being.

Leadership style explains the approach the leader takes in directing and motivating employees to achieve the objectives of the organisation (Al Khajeh, 2018). A leadership style is defined by Herrmann and Felfe (2014), as a recurring pattern of behaviours portrayed by the leader that represent a certain leadership concept or style. Van Wart (2012) explains the definition of a leadership style as a summative of traits, skills, and behaviours, and further argues that behaviours are observable patterns of leader activities which are mainly used to connect related tasks. One can argue that a leadership style may be shaped by factors such as culture, values, personality, as well as the skills of the leader.

None of the leadership styles are perfect for either a private or a state-owned enterprise. Each leader should assess the environment and adopt the style conducive to the environment. This view is supported by Farkas and Wetlaufer (1996) who suggest that in effective companies, the CEOs adopts the approach that will best meet the needs of the organisation and the business situation at hand, as opposed to simply adopting the leadership approach that suits their personality. Van Wart (2015) also suggests that the leaders must refine and modify their style for different situations. Tracy (1994) supports this view by specifically stating that the CEO should first recognise their leadership style and be flexible to adapt it to each situation. This thinking backs Fiedler (1964) contingency theory of leadership which states that a leadership style should suit each situation, therefore implying that the selected leadership style will determine the effectiveness of the leader.

It appears to make sense that the leadership style has to be altered to suit each situation. An example would be those leaders that are appointed to manage a crisis in the organisation. They will have to adopt a different leadership style than the one in an organisation which is functioning optimally. The CEO's leadership style has an impact on the effectiveness of the organisation in totality (Bhal, Bharule & Gautam, 2003). Successful leaders seem to be able to

adapt their style when needed (Zirgami et al., 2004). This thinking is in line with Slatter, Lovett, and Barlow (2006) who pointed out that an autocratic leadership style limits people development and creativity and therefore, has a negative impact on the organisational climate and outcome. However, it is necessary during the initial stages of a turnaround which will enable quick decisions to ensure survival.

Fry (2003) argues that the previous leadership theories have focused in varying degrees on one or more aspects of the physical, mental, or emotional elements of human interaction in organisations and have neglected the spiritual component. The purpose of spiritual leadership is to create vision and value congruence across the empowered teams and individual levels; and is ultimately to foster higher levels of organisational commitment and productivity (Fry, 2003). Fry acknowledges that there is a major need in the personal and professional lives of leaders to deeply integrate spirituality with their work.

In South Africa, particularly within the SOEs, the integration of spirituality into the workplace by leaders is not common and the reason could be that spirituality is not a common practice at work. The poor performance of the SA SOEs and unethical behaviour could stem from a lack of spirituality practice. Employees who work for organisations they consider as spiritual are less fearful, more ethical, and more committed (Fry, 2003). Cash and Gray (2000) argue that the practice of spirituality through meditation, visioning, or spiritual contemplation, has become increasingly prevalent in the United States work environment and has remained less controversial and less subject to regulation as an employee rights' issue than formal religion. Noting the viewpoints of other researchers on the subject of spiritual leadership, it then becomes prevalent for the leaders, particularly of the SOEs, to integrate spiritual practices in the workplace in order for them to be effective and portray ethical behaviour.

The leadership theories below were formulated decades ago. These theories are classified as traditional leadership theories, as opposed to new-genre leadership. Avolio et al. (2009) distinguish traditional leadership theory in such a manner that the unit of analysis is often the leader, the leader and follower, the leader and group, and so forth. Burns (2012) defines leadership as leaders persuading followers to perform certain objectives that portrays the values, motivations, needs, wants, aspirations and expectations of both leaders and followers. A leader who is able to encourage people to perform towards a common objective has leadership skills (Bhasin, 2019). Recently, leadership is defined as “the ability to step outside

the culture that created the leader and to start evolutionary change processes that are more adaptive" (Schein, 2004). Schein's recent definition of a leader appears to articulate what a turnaround leader is expected to do. A leader is a person who selects, equips, trains and influences one or more followers, has diverse gifts, abilities and skills and focuses the followers of the organisation's mission and objectives causing followers to willingly and enthusiastically expend spiritual, emotional, and physical energy in a concerted co-ordinated effort to achieve the organisational mission and objectives (Winston & Patterson, 2006).

Drawing on the work of Avolio et al. (2009), new-genre leadership emphasises charismatic leader behaviour, visionary, inspiring, ideological and moral values, as well as the qualities of a transformational leader.

a) Great Man theory

The Great Man theory assumes that leaders are born and not made. In other words, this theory suggests that leadership cannot be taught and, therefore, leadership is a talent that one is born with. In contrast, Sethuraman and Suresh (2014) found that leadership is not only inborn but one can develop it by focusing on the inborn preferences. This Great Man theory assumes that the leaders are individuals who are gifted with great characteristics and heroic abilities (Winston & Patterson, 2006). This view basically means that leadership is not something that can be taught or acquired through education; it is dependent on the natural talents that one is born with. Great Man theory portrays leaders as strong and smart but also as geniuses who develop long-term plans that foresee most possibilities (Mouton, 2019). Mouton suggests that Great Man Theory is applied in corporate and political spheres where great men are presented as geniuses who out play the opponents. The Great Man theorists are of the view that there is nothing great about great men, it is suggested that they operate in chaos without any strategy or plan. Great Man theory often describes great leaders as heroic, mythic, and meant to rise to leadership when needed (Madachian, Noordin, & Taherdoost, 2016). This theory appears to be discriminatory in terms of gender as it assumes that leadership is a male figure.

It has been observed on various occasions that the public raises concerns about leaders who are not qualified to be in their positions due to their lack of a formal tertiary education. The Great Man theory, in some way, insinuates that leaders without a formal education are leaders due to the natural talents that they were born with. The theory further emphasises the emergence of

some of the great figures such as Martin Luther King, George Washington and Napoleon who had a substantial effect on society (Van Wart, 2015).

The Great Man theory was formulated pre-1900 by Thomas Carlyle, therefore it would be interesting to find out if the theory is still relevant if one has to consider the challenges that the world is faced with regarding incompetent leaders, particularly within the SOEs in South Africa. One would think that, to some extent, the Great Man theory could be applicable to SA SOEs if one had to copy the leadership styles of the great figures such as Nelson Mandela, who had a positive impact on society. In general, the Great Man theory is considered to be outdated. Kirkpatrick and Locke's (1991) view is that the Great Man theory evolved into the trait theories early in the 20th century. Great Man theory could still be relevant in this era if one had to look at what the theory prescribes. This theory could even be more relevant in the SOE environment considering that a great man is a great figure who is portrayed to be a genius.

b) Trait theory

According to Winston and Patterson (2006), trait theory describes individual leaders as people who have specific characteristics that help or enable them to be good leaders. One can assume that the trait theory supports the notion that skills can be acquired, as opposed to the Great Man theory which assumes that leaders are born and not made.

On the other hand, Kirkpatrick and Locke (1991) specify that trait theories did not make assumptions as to whether the leadership traits were inherited or acquired; they merely stated that the leaders' characteristics are different from non-leaders. The trait theory was also formulated decades ago, from 1900-1948. Kirkpatrick and Locke posit that there are certain core traits which significantly contribute to a business leader's success. Kirkpatrick and Locke assert that the leader's key traits help the leader acquire the necessary skills, formulate an organisational vision and effective plan for pursuing it, and enable them to take the necessary steps to implement the vision. The leader's core traits, as stated by Kirkpatrick and Locke, include drive, motivation, honesty, integrity, self-confidence, cognitive ability, and knowledge of the business.

Although the trait theory was formulated decades ago, it could be relevant in this era considering the core leader traits prescribed by the trait theorists. SOEs in South Africa seem

to have leaders who possess some of the core traits, however not all. Honesty and integrity appear to be in short supply in the leaders of SA SOEs. It is suggested that empirical research to determine the less possessed traits by the CEOs in the SA SOEs be conducted.

c) Transformational leadership

Transformational leadership theory was invented by James MacGregor Burns in 1978. Transformational leadership is described by Avolio et al. (2009) as leader behaviour that transforms and inspires followers to perform beyond expectations while transcending self-interest for the good of the organisation. Transformational leaders inspire followers to achieve extraordinary outcomes by providing both meaning and understanding (Boerner, Eisenbeiss, & Griesser, 2007). It is argued that transformational leadership theory works in a similar way as Maslow's hierarchy of human needs in a sense that Maslow prescribes that humans should inspire for the highest level of needs, while the transformational leader motivates and inspires others to reach the highest level of performance. Transformational leadership behaviour creates awareness of what is important to the followers, raises their interest for higher-level needs on Maslow's hierarchy, and moves followers to surpass their own self-interests for the good of their group, organisation or society (Bass, 1999). Transformational leadership can be learned, it can be part of training and development for management (Bass, 1990).

The study of Koech and Namusonge (2012) conducted in an SOE in Kenya found transformational leadership to have a strong positive relationship with organisational performance. Bass (1990) confers that a transformational leader achieves organisational objectives by being charismatic towards the followers. They inspire and meet the emotional needs of the employees and stimulate them intellectually as per Bass. Bass and Riggio (2010) argue that transformational leaders align the objectives and goals of individual followers and the larger organisation, and provide the followers with support, mentoring and coaching. Puffer and McCarthy (2008) postulate that it is the fundamental job of a transformational leader to establish a culture of trust within the organisation, as well as between the organisation and other stakeholders.

Bass (1990) suggests that transformational leadership should be encouraged as it can make a substantial difference in the firm's performance at all levels. In the study conducted by Eresia-Eke and Mabasa (2018) to investigate the leadership styles of top black managers in SA SOEs,

the results imply that the top black managers predominantly display a transformational leadership style which is reflective of the South African 'Ubuntu' philosophy.

Is there really transformational leadership? In view of the state of the SOEs in South Africa, this predominant leadership style (transformational leadership style) does not seem to be effective. Al Khajeh (2018) examined the impact of leadership styles on organisational performance and found that democratic, transformational, bureaucratic, and autocratic leaderships to be having a positive impact on the performance of the organisation while charismatic and transactional leaderships have a negative impact. In view of Al Khajeh's finding, one would suggest that every situation is different and so too, leadership styles. Charisma is a characteristic within transformational leadership theory, it raises contradictory argument in suggesting that charismatic leadership impacts the organisation negatively while the opposite is the same with transformational leadership theory. One would assume that there could be no logical conclusion on this, hence empirical data has to be collected to answer the objectives of this research, which are among others, to identify the capabilities, attributes and values of the CEOs which contribute to the successful implementation of the turnaround strategy.

Though transformational leadership is regarded as an effective leadership by many scholars of leadership theories, it has its own shortcomings. In view of the characteristics (charisma, inspiration, intellectual stimulation, and individualised consideration) of a transformational leader, one would suggest that the issue with transformational leadership could stem from the fact that it is not situational and therefore cannot be generalised as effective for all the situations, an example in this case being an SOE which has embarked on turnaround. Turnaround situations can be complex and therefore one would assume that not a specific leadership style would be effective. Though there is always some kind of transformational behaviour relevant for effective leadership, it is not every type of transformational behaviour which might be relevant for every situation (Yukl, 1999). Furthermore, transformational leadership theory lacks clear identification of a situation where transformational leadership is disadvantageous.

d) Servant leadership

Servant leadership theory was developed by Robert Greenleaf in 1970. The theory suggests

that servant leadership begins with a natural feeling to serve first, followed by a conscious decision to serve (Greenleaf, 1970). Heyler and Martin (2018, p. 114) define servant leadership as "an (1) other-oriented approach to leadership (2) manifested through one-on-one prioritising of follower individual needs and interests, (3) and outward reorienting of their concern for self towards concern for others within the organisation and the larger community". This kind of leadership is necessary in the State-owned enterprises due to the mandates that the SOEs are driving. This theory further assumes that servant leader ensures that the main needs of the people are served first as opposed to chasing leadership first, then servant leadership, as this choice may be motivated by material and a need for power.

Parris and Peachey (2012) suggests that servant leadership can provide the ethical grounding and leadership framework needed to help address the challenges of the 21st century, such as technological advancements, increased communication, the internet, rising terrorism, the threat of global warming, war and violence, disease and starvation, and other unsolved issues. If one has to interrogate the description of servant leadership, a deduction could, to some extent, be made that this is the kind of leadership that the South African SOEs require.

"There is an urgent need to focus on the aspect of leadership, whereby those who serve in SOEs will be appointed based on merit and the spirit to apply servant leadership in order for SOEs to realise their social, economic and infrastructure development with an ultimate goal of making South Africa a prosperous country" (Sithomola, 2019, p. 77).

The servant leader possesses a number of characteristics which are depicted in the following table (Table 1). The characteristics of a servant leader encompass some elements of the Batho Pele principles. Batho Pele is a Sesotho adage meaning 'people first', as described by Fox, Bayat and Ferreira (2007) who elaborate that Batho Pele is a government initiative to transform public service delivery to citizens and is based on the basic principles contained in the South African Constitution. The eight principles of Batho Pele, as entailed in the White Paper, are explained below (Republic of South Africa, 1997):

1) Consultation – consulting the citizens about the quality and level of public services that has been received and where necessary, they should be given service choices.

2) Service standards – creating awareness to citizens about the level and quality of services to be offered to manage expectations.

3) Equal access – citizens should be given equal access to the services to which they are entitled.

4) Courtesy – treating citizens with courtesy and consideration.

5) Information – providing full and accurate information to citizens about the services to which they are entitled.

6) Openness and transparency – informing citizens about how the national and provincial departments are managed, costs and people in charge.

7) Remedying mistakes and failures (Redress) – in cases where the services offered are sub-standard, apology with full explanation, effective and speedy remedy. If complaints are laid, the citizens should receive sympathy and a positive response should be issued.

8) Value for money - the citizens should be given the best possible value for money through the provision of economical and efficient public services.

Table 1: Characteristics of a servant leader: Adapted from (Spears, 2010)

Characteristic	Explanation
Listening	Seeks to identify the will of a group and helps to clarify that will. He or she listens receptively to what is being said and unsaid.
Empathy	Strives to understand and empathise with others.
Healing	A potential for healing one's self and one's relationship to others.
Awareness	General awareness, and especially self-awareness, strengthens the servant-leader. A servant leader is able to view most situations from a more integrated, holistic position.
Persuasion	Reliance on persuasion, rather than on one's positional authority, in making decisions within an organisation. The servant leader seeks to convince others, rather than coerce compliance.
Conceptualisation	Seeks to nurture their abilities to dream great dreams. A servant leader stretches his or her thinking to encompass broader-based conceptual thinking.
Foresight	Understands the lessons from the past, the realities of the present, and the likely consequence of a decision for the future.
Stewardship	Assumes first and foremost a commitment to serving the needs of others. Emphasises the use of openness and persuasion, rather than control.
Commitment to the Growth of People	Nurtures the employees and colleagues' personal and professional growth. She/he is deeply committed to the growth of each and every individual within the organisation.
Building Community	Seeks to identify the means for building community among those who work within a given institution.

Fox et al. (2007) suggest that Batho Pele principles apply directly to central and provincial governments, but they are also relevant to other areas of the public sector such as local government and parastatals (SOEs). It appears that Batho Pele principles are not applied in the SOEs in SA if one had to examine the state of the SOEs and the standard of services provided to the citizens. In fact, there appears no sign of a servant leadership presence within the SOEs.

Servant leadership came into being in the 1970s, and the emphasis of this leadership style, as stated by Van Wart (2015), is ethical responsibilities to followers, stakeholders and society.

e) Transactional leadership

Transactional leadership is described as leadership which is based on transactions between a manager and employees (Bass, 1990). Avolio et al. (2009) also explain that transactional leadership is largely based on the exchange of rewards, which are contingent on performance. Eresia-Eke and Mabasa (2018) state that as transactional theory relates to the contingent reward facet, the leader sets common goals which are linked to a reward, clarifies expectations by discussing with the subordinates what is expected of them, and provides them with the resources to execute the tasks. Organisations in which the leaders are transactional are less effective than those whose leaders are transformational, especially in cases whereby they are practising management by perception (passive) transactional leadership (Bass, 1990). One should take cognisance of the fact that transactions can take many forms and can be modern and exciting if one had to examine the components of the transactions. Transactional leadership consists of the following factors (Bass, 1990):

- Contingent reward – The leader and follower agree on the organisational objectives and standard for performance. The leader will reward and recognise the follower upon achievement of the objectives.
- Management by exception (Active) – The leader sets standard for performance, tracks and monitors the performance. He takes corrective actions for deviations, and he/she may punish the follower for any deviation.
- Management by exception (Passive) – The leader does not set any agreements and standards for achievement of a task however he/she intervenes when there are deviations. Bass suggests that this kind of leadership style could be a problem particularly if a leader relies on it. Intervening only when the tasks are not achieved could pose a risk for organisations as the leader only waits for things to be broken before they fix (Bass, 1990). Bass further suggests that a passive management by exception leader may impose disciplinary threats as a corrective measure for deviations in performance which could be ineffective and be counterproductive in the long run.
- Laissez-Faire – The leader abandons the responsibilities and decision making is

avoided.

Transactional leadership does not seem to be having a lot of shortcomings as it is perceived by scholars of leadership theories, the only bad side appears to be with adoption of laissez-faire and management by exception (passive) transactional leadership.

The study by Koech and Namusonge (2012) found contingent rewards and active management by exception to have a medium positive relationship with organisational performance. In view of the findings by Koech and Namusonge, it would be fair to assume that transactional leadership could advantage the organisations, particularly those with employees who advocate reward and recognition programmes. Anh and Nhàn (2021) revealed that the SOEs in Vietnam practice more transactional leadership while transformational leadership style is applied more strongly in non-state-owned enterprises and FDI enterprises. It would be interesting to investigate if transactional leadership at the SOEs in Vietnam has a positive impact on performance. Transactional leadership theory appears to be comprising some of the transformational leadership behaviour as the leader praises and recognises the employee at a personal level and this behaviour is also present in transformational leadership behaviour (Yukl, 1999).

f) Situational leadership

Situational Leadership Theory (STL) was developed by Paul Hersey and Kenneth Blanchard in 1969. Situational leadership suggests that there is not one-size-fits-all leadership style (Hersey & Blanchard, 1997). According to Hersey and Blanchard, successful leaders adapt their leadership style depending on the situation. Furthermore, the style of leadership is influenced by the maturity of the followers. It appears that there are similarities between Situational leadership Theory and Fidler's contingency model which suggests that there is no single best leadership style that exist, therefore the leaders' abilities must align with the changing needs of the organisation (Fiedler, 1964). The contingency model of leadership effectiveness was developed in 1960 by Fred Fiedler. The model further suggests that the leader's abilities is among some of the predictors of group performance. Fiedler's contingency theory further suggests that effective leadership is not only dependent on the leading style but on having control of the situation (Fiedler, 1958).

The reason why situational leadership is important is that each situation is different therefore the leader should be in a position to adapt the leadership style where necessary. An example in this regard is that some employees perform better working with an autocratic and directive leader while others prefer to be independent and therefore work better with a leader who empowers them to take decisions (Bhasin, 2019). The study by Anh and Nhàn (2021) found that a good leader does not rely on one leadership style throughout the leadership phase but adjusts per situation/condition/times. The reason for failure of SOEs in South Africa could be attributed to one leadership style that is applied in these institutions. SOEs leaders could improve the performance of their organisations through the adaptation of their leadership styles to meet the turnaround environment.

2.3.3 CEO in general

The CEO role is known to be the head of an organisation (Asuquo & Obaretin, 2019; Jain & Yadav, 2017) and therefore the driver of the corporate strategy (Jain & Yadav, 2017). Asuquo and Obaretin (2019) suggest that the CEO is the head of the executive team in any organisation. The position of CEO is the highest ranking executive office in the organisation (Jain & Yadav, 2017; OECD, 2015a; Wilson & Lohmann, 2019). Ireland and Hitt (2005) support this view by suggesting that the CEO is the top leader but to manage the organisation successfully he/she must utilise the diverse skills and knowledge sets of the Top Management Team (TMT). Mukherjee and Sen (2022) found diverse TMT to be giving an organisation a competitive advantage as a result of unique human capital. In some organisations, the CEO is the Managing Director or President of that organisation (Jain & Yadav, 2017). The title differs from organisation to organisation, with a job description which varies per organisation, however the main responsibilities are similar (Jain & Yadav, 2017). Finkelstein et al. (2009) posit that in the US, particularly the public listed institutions, the CEO is also the chairperson of the board.

The major responsibility of the CEO, according to Jain and Yadav (2017); Stata (1988); Wheelen and Hunger (2012), is leadership, to clearly articulate the desired end state (vision) and active participation in the management of key areas of the strategic plan, thus ensuring that the vision is achieved or increases the likelihood of the success of the key programmes. The success or failure of the organisation is often attributed to the CEO.

Successful CEOs globally: Around the world, there are successful CEOs who are perceived to

be transformational leaders. The CEOs in question, to name a few as mentioned in Wheelen and Hunger (2012) are: Bill Gates of Microsoft, Steve Jobs of Apple Computer, Bob Lutz of General Motors and Louis Gerstner of IBM. The Harvard Business Review study conducted by Hansen, Ibarra and Peyer (2013) revealed that the top four performing CEOs in the world are: Steve Jobs (Apple), 2) Jeffrey Bezos (Amazon.com), 3) Yun Jon-Yon (Samsung Electronics) and 4) Roger Agnelli (Vale). Jain and Yadav (2017) posit that above investment performance, for the CEO to be able to lead and generate value, he or she should possess strategy vision, long-term planning, and authenticity skills. Based on the above list of successful CEOs who are transformational, one would assume that transformational leadership could be key in turning around the failing SOEs in SA. Drawing on Jain and Yadav's assertion on CEO's skills, it would be fair to suggest that these successful leaders are authentic, visionaries and possess planning skills that are long-term in nature.

Academic research on the CEO is limited and outdated (Glick, 2011; Wood & Vilkinas, 2007). The role of a CEO is an inquiry that has not received much scholarly attention (Abebe & Tangpong, 2017; Wood & Vilkinas, 2007).

The role of the CEO in every organisation is critical, as Finkelstein et al. (2009) explain that the CEO is an executive responsible for the overall performance and conduct of the organisation and for making top-level managerial decisions (Cannella, Hambrick, Finkelstein, & Cannella, 2009; CFI, 2015-2020a). Zhong et al. (2018) and Adriaanse (2016) and have a similar view that the CEOs play a key management role and are responsible for the performance of the organisation. This is in line with Johnson et al.'s (2007) thinking that the CEO has the responsibility for instigating strategic change as well as setting the organisation's strategic direction and providing guidance to ensure realisation of the plans. A significant number of scholars (Amedu & Dulewicz, 2018; Andalas et al., 2017; Asuquo & Obaretin, 2019; Beaver, 2002; Glick, 2011; Hambrick, 2007; Ireland & Hitt, 2005; Jain & Yadav, 2017; Waldman et al., 2004; Wilson & Lohmann, 2019) have written much about the crucial role the top executives, particularly CEOs, play in a corporate turnaround and in an organisation in general

The upper echelons theory, which has evolved into the strategic leadership theory, suggests that organisations are true reflections of their top leaders (Glick, 2011). Hambrick (2007) suggests that the upper echelons theory assumes that the experiences, personalities, and values of the executives influence their choices. This theory, as per Saidu (2019b, p. 2), provides

insights into the actions of the managers based on “their traits and practical experience in improving firm performance”.

The CEO should possess certain qualities to be able to lead the organisation to achieve its mandate. The characteristics required of a CEO are reflective of the nature of the organisation challenges and unique dynamics in the organisation surrounding the turnaround situation (Zimmerman, 2011). Steiner, Kunin and Kunin (1981) argue that the CEO should be an astute administrator by having sufficient knowledge of the organisation’s technical and economic characteristics while also carrying out social responsibilities. Charismatic leadership is another quality that the CEO requires to influence the employees to achieve the objectives of the organisation while also considering the environmental factors that influence the organisation (Steiner et al., 1981). Van Melle Kamp and Hofmeyr (2013) share the same thinking by pointing out that the key characteristics of successful executives are visionary and charismatic leadership. In the same breath, Van Melle Kamp and Hofmeyr point out that it is known that not all successful CEOs are charismatic and transformational. A charismatic leader, according to Hayibor, Agle, Sears, Sonnenfeld and Ward (2011), is a visionary leader who possesses a combination of personalities and behaviours (e.g. honesty, integrity and good customer service) and relationships with followers. He/she motivates the followers to perform exceptionally towards the vision (Hayibor et al., 2011). The CEO should be in a position to balance the interests of various stakeholders. Stakeholder theory emphasises active management of the business environment, relationships, and the promotion of shared interests (Freeman, 2001). stakeholder theory is applicable in this research as an SOE environment has large number of stakeholders, apart from the shareholders. In addition, the CEO plays an advocacy and spokesperson role for the organisation and therefore it is expected of the CEO to be a good communicator and an intellectual. Moreover, the CEO should be more of a strategist (Beaver, 2002; Rao, 2019; Steiner et al., 1981), crisis manager and trouble-shooter (Rao, 2019), and is required to have a global perspective and also be politically conscious (Steiner et al., 1981).

The CEO reports to the chairperson of the board. He/she is responsible to execute the policies developed by the board (Boggs, 2006). The duties of the CEO are mostly similar in every organisation. However, each organisation may tailor the duties depending on their circumstances or the nature of the business. CFI (2015-2020a) argues that there is no standardised list of roles and responsibilities of a CEO, nevertheless, the list includes:

- Communicating with shareholders
- Government entities and the public on behalf of the company
- Leading the development of the company's short- and long-term strategy
- Creating and implementing the organisation's vision and mission
- Evaluating the work of other executives within the company
- Maintaining awareness of the competitive market landscape, expansion opportunities, industry developments
- Ensuring that the organisation maintains a high social responsibility in its business dealings
- Assessing, monitoring, and minimising the organisational risks
- Setting the strategic goals and ensuring that they are SMART (specific, measurable, achievable, and relevant).

The leadership of the CEO is crucial considering the duties associated with the role, which can break or make the organisation. The role and function of the CEO is challenging and demanding, as alluded to by Beaver (2002). The CEO wears a number of hats and Beaver (2002) claims that the effective CEO is a notable public figure who manages the board and advises the Chairman and acts as the organisation's activist.

The focus of the CEOs in research on executive leadership stems from the assumption that CEOs, given their formal and symbolic power, have a significant impact on both organisational activities and performance (Finkelstein & Gupta, 1988). Amedu and Dulewicz (2018) attest that in the western world, and more so in emerging economies, a company's market performance is primarily attributed to its CEO. In a turnaround situation, the CEO as a turnaround practitioner or turnaround executive, has the ultimate responsibility of achieving a turnaround of an organisation in distress (Slatter et al., 2006). A turnaround executive usually comes in as a Chairman or CEO with full authority for decision-making within their set boundary (Slatter et al., 2006). In some cases, for example in a family owned businesses, they will assign a Deputy Chairman or Chief Operating Officer as a turnaround professional to do the job and in that case they will be "*de facto*" CEO (Slatter et al., 2006). It is therefore important to research the leadership of the CEO to determine the impact it has on the organisation. In this research, the analysis is on the CEO in a turnaround situation in the SA SOEs. Transformational theory is the main theory which is used as a base to analyse the

leadership of a CEO. This theory, inclusive of other leadership theories in support of the CEO, is discussed below:

2.3.4 CEO recruitment

The selection of a CEO is a critical task that the recruiters, in the case of an SOE being the board, should pay attention to ensure the selection of the right candidate. CEO selection is not done frequently but it is a crucial decision that requires substantial time and cautious analysis (Hoffman et al., 2004). Howard (2007) suggests that CEOs contribute 14 percent of the organisational performance variance and therefore the right selection comes with benefits. If selection of the CEO is not done correctly the organisation is bound to lose a substantial amount as it is a costly exercise. In normal circumstances, the responsibility for the selection of the CEO lies with the board. Abernethy, Kuang and Qin (2019) point out that the corporate strategy influences the selection of a particular CEO. Organisations, for instance, that pursue a prospector-type strategy opt to appoint a CEO with a high social capital as opposed to defender-type strategy (Abernethy, Kuang & Qin, 2019). The advantage in this regard is that such CEOs will be in a position to acquire the information and resources required for effective operations (Abernethy et al., 2019).

Personality traits play an important role in recruitment, and some of the personal traits, such as the internal locus of control, core self-evaluation and narcissism of the CEOs who possess these traits have self-confidence and a greater sense of control in the decision-making process. Since transformational leaders are considered to be effective leaders, Bass (1990) argues that the factors associated with transformational leadership should be incorporated into the managerial assessment, selection, placement, and guidance programmes, along with the related assessments of relevant personal dimensions and individual differences.

Upper echelons theory assumes that top management background characteristics predict organisational outcome (Hambrick & Mason, 1984). Based on this theory, it can be argued that those responsible for the recruitment of the CEOs could benefit from applying the upper echelons theory as it provides benefits from both selection and development point of view. For example, if a recruiter becomes aware that the CEO that is being considered possesses some kind of a narcissism, (not that a narcissistic is regarded as a bad trait), then one will have to look at how a narcissistic personality conducts themselves and assess if the personality matches

the position or organisation for which they are recruiting. Gupta, Nadkarni, and Mariam (2018), for example, explain that narcissistic CEOs create environments of dependency whereby the employees are submissive and do not oppose anything that the CEO says.

The Strategic Goal Programming (GP) model for CEO selection, developed by Hoffman et al. (2004) states that the CEO selection process should encompass the following steps: 1) stakeholder analysis wherein the stakeholder values are factored when appointing the CEO; 2) mission statement analysis wherein the mission statement of the organisation is considered as it defines the existence of the business and provides guidance on what should be done to achieve the mission; 3) internal analysis (strength and weaknesses), this step has to do with the analysis of an internal environment wherein the strength and weaknesses of an organisation are identified; 4) external analysis (e.g. PESTEL), this step entails the analysis of an external environment wherein the opportunities and threats are identified; 5) goal formulation (based on step 1 to 4, the board then formulates the most crucial attributes of a CEO required to run the organisation. Generally, a number of 25 attributes are used in the selection of a CEO as per the model. In this step, the board examines the most significant attributes considered to be crucial for the success of the CEO, referred to as the "targeted attributes". Furthermore step 6) involves the development of the GP model to be used in the selection of a CEO, 7) evaluation and 8) selection of the CEO.

Some of the attributes that are assessed using the Strategic GP model are vision, administration and communication skills, work experience on diversity and turnaround, as well as successfulness. The benefit of this model is that it identifies crucial criteria to be utilised in the CEO's final selection and eliminates bias during decision making (Hoffman et al., 2004). Therefore, it is advisable for the organisations to utilise this model and also include characteristics of a successful leader as part of pre-screening. However, for the selection of the CEO in the turnaround situation in the SA state-owned enterprise, the model and attributes should be expanded to suit the environment. The other positive side of the model is the fact that it is computerised, as opposed to manual (Hoffman et al., 2004). However, the disadvantage is that as a pre-screening tool, one can manipulate the system by responding to the questions, as deemed necessary, in order to go through to the next process which is the interview. It is advisable to include some of the assessment questions in the interview as follow-up questions to validate the truthfulness of the responses. In addition, the assessment centre

should include some of the aspects of the model. Botelho, Powel, and Raz (2018) affirm that the interview questions of the executives should be based on the scorecards to determine the skills, competency, track record and temperament to lead the organisation successfully.

2.3.5 CEO tenure

Andalas et al. (2017) state that organisational tenure is known as an indicator of experience within a particular job, while tenure is the period that the CEO has spent within the industry of the observed company. Choi, Kim, and Yang (2018) argue that the CEO's tenure in the previous organisation plays an important role in determining their career outcomes. Tenure can therefore be used as an inverse proxy for talent.

A short tenure at the CEO's prior firm is a sign that the CEO has greater opportunities to continue his/her career at the new company. It is suggested that the length of tenure in the previous company be considered when recruiting the CEOs, particularly CEOs required to lead turnarounds to avoid interruptions during the turnaround process. PWC (2019b) reported that the average tenure of the CEOs in South Africa on the JSE for the period from 1994 to 2018 is 4.3 years. Research on the average tenure of the CEOs in SA SOEs is three years or less (Mfeka, 2019b). This short tenure is caused by suspensions or resignations of the CEOs before their term expires (Makoni, 2015). Some of the CEOs at SOEs are either suspended or resign before the end of their term (Makoni, 2015). SAA had a high turnover rate at Executive level, as stated by Thabane and Snyman-Van Deventer (2018) that they had seven CEOs within four years. SABC, Eskom, SAPO and SAA are among the SOEs with short tenure CEOs (Thabane & Snyman-Van Deventer, 2018).

2.3.6 CEO coaching

CEO coaching is not a subject that has been receiving much attention in the workplace. It is suggested that executive coaching is either overlooked in the sense that the CEO is the highest executive and therefore one might think that they do not need coaching as they have acquired sufficient experience and skills required in that position or it could be that it is not effective. The benefits of executive coaching as stated by Kombarakaran, Baker, Yang, and Fernandes (2008, p. 7) are that change will be visible in the following areas: "people management,

relationships with managers, goal setting and prioritisation, engagement and productivity; and dialogue and communication".

CEO coaching is tackled under executive coaching which is defined by Hannafey and Vitulano (2013) as a partnership between a coach and an organisation to develop the executives to be more effective. Executive coaching is a new area which has developed as a result of the pressures of being in senior management. Its main purpose is to aid the executives to perform better in the organisation (Axmith, 2004). It is suggested that executive coaching should be conducted to ensure that the company remains competitive in the marketplace. Furthermore, the leadership styles have evolved, the world is moving towards the fourth industrial revolution, and it is therefore argued that executive coaching is a necessity.

The study conducted by Larcker, Miles, Tayan and Gutman (2013) point out that two-thirds (66%) of the CEOs and about half of the senior executives who participated in the study are not getting any kind of external coaching or leadership advice. In the past, coaching was associated with non-performance and therefore was seen as an intervention to aid those in a workplace who were struggling to meet the job objectives. In this context, it would be acceptable for one to argue that the aforesaid could be the reason why coaching for the CEOs or executive leadership is not a common practice at that level. However, the results of the study by Larcker et al. (2013) assert that the CEOs are open to outside coaching and advice and also showed their willingness to act on feedback from the coaches should they be given an opportunity to undergo such. 78% of the CEOs who are receiving coaching initiated it. Moreover, the study by Larcker et al. (2013, p. 4) found the following to be on top of the list of skills or behaviours that the CEOs would like to develop: "Conflict management, delegation, mentoring, sharing leadership and team building; motivational skills, empathy and persuasion skills".

Axmith (2004) discusses the situations whereby executive coaching is utilised by organisations:

a) In transitioning a newly appointed leader in the organisation; particularly if the leader is from outside the organisation.
b) Assisting an executive to address a particular performance related issue by acquiring new skills and changing behaviours.

c) Assisting a potential employee earmarked for senior roles in developing necessary leadership skills.
d) Helping the executives in assessing the issues, identifying stumbling blocks and devising a plan of action.

Is executive coaching embraced in state-owned enterprises? It would be thought-provoking to establish whether the CEOs of turnaround in state-owned enterprises are utilising executive coaching services and if they are effective.

2.3.7 The CEO in SA SOEs

CEOs in the private sector have a significant effect on the firm's performance than CEOs in the public sector (Quigley, Chirico, & Baù, 2021). Quigley et al. (2021) suggest that public firm CEOs are confronted with high levels of regulation from government agencies, investors and boards of directors which impact the CEO's flexibility to steer the organisation into a desired state thus reducing their impact on performance. Gavin (2014) is of the view that CEOs with power choose the strategies that are suitable for them. In addition, Gavin suggests that powerful CEOs are generally known to be more effective compared to weak CEOs as they have the ability to influence the aspects that improve the success of the organisation in the marketplace. The negative side of a powerful CEO, according to Gavin, is that they tend to utilise organisational/project resources for their own benefit. There are leaders who portray such behaviour of powerful CEOs, they are known to be pseudo-transformational leaders as they are personalised, self-serving, power hungry and engage in immoral actions (Bass, 1999). They are authoritative, Machiavellian, and narcissistic, according to Bernard M. Bass. Drawing on agency theory, the CEO will act out of self-interest in cases where they are not monitored (Gavin, 2014). Bass (1999) suggests that a true transformational leader considers all the constituents of the organisation, such as shareholders, consumers, management, community, and employees and strives to augment diverse interests. There is scarce literature on the CEO in the turnaround, hence the objectives of this research. Van den Steen (2007) studied the attributes needed for a CEO of a turnaround. Miglani (2014) examined the association between various CEO characteristics and the turnaround outcome for the private firms in Australia. Joyce (2004) explored leadership behaviour during a successful turnaround in a public services organisation in the UK. Andalas et al. (2017) investigated top leadership's (i.e., the CEO) effect

on the performance of the organisation under the condition of a turnaround strategy.

Since the SOEs are outperformed by the private companies, it can be assumed that the CEOs in the SOEs are challenged with meeting the strategic objectives of the organisation. Bezuidenhout, Bussin and Coetzee (2018) state that the poor performance of some SOEs with highly remunerated executives solicits the question of whether CEOs in South African SOEs deserve the high salaries they receive. Do CEOs of SOEs have power? One would assume that high levels of regulation and conformation to norms render them powerless and this could be the reason for the high turnover rate of the CEOs in SA SOEs, however one needs to take note of the findings of Gavin's (2014) study which suggests that there is no sufficient explanation of the relationship between CEO power and firm performance. The findings of the study conducted by Brahmana, You and Kontesa (2020) assert that high CEO power results in high firm performance and high retrenchment, which implies that CEO power can lead to an effective retrenchment strategy which in turn, significantly affects the organisational performance.

2.3.7.1 Functional background

Rajagopalan and Datta (1996) claim that functional background is considered an essential predictor of the kinds of knowledge and cognitive biases that top managers bring to their jobs. This is in line with Gupta's (1984) thinking that although the top managers, particularly the CEOs, have a generalist view, they are often functionally specialised, therefore bringing knowledge and skills to their jobs that are partially shaped by their experience. Wilson and Lohmann (2019) define a functional background of a CEO as the job function that the candidate held for years prior to becoming a CEO.

Education background could also be an important factor that contributes to the top managers' knowledge; however, the study conducted by Andalas et al. (2017) suggests that the CEO's educational level has a negative relationship with performance. Moreover, the results point out that the CEO with a high educational level will have difficulties in leading her or his company in a turnaround situation as education level is associated with cognitive complexity which delays the turnaround process as highly educated CEOs tend to consider more options. The results further explain that the CEOs with an output-related functional background are associated with innovativeness, flexibility, and the ability to understand external stimuli that

are needed for ensuring a successful turnaround. Education to a certain degree reflects the knowledge and skill base of a person, it indicates the values and cognitive preference (Hambrick & Mason, 1984).

A study conducted in Brazil investigated if the CEOs and their backgrounds matter for the performance of state-owned enterprises (SOEs), exploiting the fact that these companies had different CEOs (with different backgrounds) in different moments in time (Musacchio, Lazzarini & Bruschi, 2012). The results suggest that military CEOs are different and usually led firms to be more profitable, especially when those military CEOs also had a technical background relevant to the objective of the firm (i.e., if they were technical-military CEOs) (Musacchio et al., 2012).

Furthermore, the results suggest that the CEOs who attended elite universities in Brazil also had a positive effect on a company's performance. This notion is supported to some extent by Miglani (2014) in that the demographic characteristics of CEOs play a crucial role in the achievement of a successful turnaround strategy. The participants of the study in Brazil were SOEs in general, and not the SOEs in a turnaround situation; therefore, it would be interesting to conduct such research in a turnaround environment in the SOEs to determine if the outcome is the same.

2.3.7.2 Attributes and capabilities

The Highlands Company Ability brochure, as cited by Winston and Patterson (2006), states that everyone is born with natural abilities, irrespective of education or experience and that by the age of 14, the natural abilities of each individual have matured enough to be defined and measured. Van Wart's (2015) view is that leadership entails the development of numerous leadership traits and skills. Therefore, it is important that the leaders utilise and develop natural talents and sharpen acquired skills into a comprehensive set of leadership characteristics. Winston and Patterson (2006); Yukl (2012) describe skills as the function-related knowledge and abilities that contribute to the success and efficiency in executing a task. Van Melle Kamp and Hofmeyr (2013) explain that the essential skill for any CEO is the aptitude to think strategically, to provide strategic guidance and to implement the strategy. A number of past researchers, such as Avolio et al. (2009); Wheelen and Hunger (2012) ; Rao (2019); Gioia and Chittipeddi (1991); Johnson et al. (2007); Kirkpatrick and Locke (1991) emphasised the above

as the main skills required of a CEO.

Rao (2019) suggests that, to get into the position of the CEO, it is necessary to acquire essential qualities such as adaptability, learning, strategic vision, engaging employees, networking, balancing stakeholders and managing VUCA (volatility, uncertainty, complexity, and ambiguity). The case studies by Botelho, Powel and Raz (2018) suggest that to become a successful CEO, the following behaviours are required: reliability, decisiveness, effective stakeholder management without fear of conflict and boldness; these behaviours are formed through experience and practice. In addition, Botelho et al. (2018) argue that to become a CEO has nothing to do with a background nor luck. One needs to learn, practice and master the behaviours that makes a CEO. Birla (2005) explains that in future, the traditional skills set of CEOs should be expanded to include: interface with government, provide inputs into policies, talent search, interact with academics, and keep abreast of technology and countries' local laws, and global trade issues. The study by Van Melle Kamp and Hofmeyr (2013) that explored the South African CEOs' journey to the top, pointed out a need for future CEOs to acquire international experience and exposure in various functions. It could be argued that the CEO's profile is not a one-size-fits-all as each industry is different in terms of characteristics. On the other hand, the researcher could also argue that the characteristics of the industry do not matter when it comes to the profile of the CEO to lead in this industry, all that matters is the suitable profile for either a State-owned enterprise or Non-profit organisation or Privately-owned enterprise.

Beaver (2002) argues that numerous CEOs are appointed in their positions through their capabilities in certain activities of business such as finance, sales, and marketing, and more recently, information technology. Furthermore, the appointments of CEOs are based on dedication, determination and focus (Beaver, 2002). This is in contrast with what is happening in South Africa, particularly in the SOEs. In South Africa, the appointment of CEOs in some of the SOEs is not based on the capabilities or skills of the CEO, but the loyalty that the CEO brings to the table (Mfeka, 2019b).

This issue is also experienced in other places like Namibia, Europe, and China, to mention a few. Böwer (2017); Jing et al. (2008); Links and Haimbodi (2011) stated that in Europe, China and Namibia respectively, affiliation and connectedness surpass skills, experience and expertise when it comes to the appointment of the CEOs and directors. Mfeka's (2019a) view

is that corrupt politicians require flexible and loyal CEOs who will succumb to their demands, particularly to enable influence and access to the supply chain. Benmelech and Frydman (2015) found that military CEOs appears to perform well during an organisation's hardship and are less likely to be involved in fraudulent activities in the organisation.

In cases where there is corruption, Udogu and Zack-Williams (2009) suggest that recruitment into the civil service is likely to be based on the ability and willingness of the prospective employee to pay bribes, rather than on his/her competence, qualifications and potential for performing the job.

2.3.7.3 The CEO, values, and culture

Jackofsky, Slocum and McQuaid (1988) infer that to understand the behaviour of the CEO, one has to first develop an understanding of the values their culture embraces. This might not be true to some extent as one should take cognisance of the fact that the national culture may not be the only determinant of the behaviour of the CEO as the CEO is the individual with certain traits that she/he was born with and as such, they may deviate from the societal or national culture.

Shili (2009) points out that it is widely accepted that organisational culture is defined as the deeply rooted values and beliefs that are shared by personnel in an organisation. Schein (1984) defines organisational culture as the pattern of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid to be taught to new members as the correct way to perceive, think, and feel in relation to those problems. The values, beliefs and personalities of the team members influence culture and this is normally reflected in the team's standards, rules and protocols to which they prescribe (Zaccaro & Klimoski, 2001).

Tsai (2011) describes organisational culture as the beliefs and values that have existed in an organisation for a long time. Culture provides a framework for formulation and implementation of strategies (Ireland & Hitt, 2005). The organisational culture is the heart of the organisation as it has a tremendous effect on how employees behave in their day-to-day work, and how they treat clients and stakeholders in general. Paais and Pattiruhu (2020) suggest that organisational

culture is a foundation for creating an ideal organisational climate. An unhealthy culture is the result of negative behaviour that has been practiced over time and ultimately, becomes a habit, which in turn, becomes embedded in practices. Organisational culture is a norm that is applicable in an organisation, as per Paais and Pattiruhu (2020). Caliskan, Zhu and Practice (2020) state that organisational culture promotes an environment which impacts the values, assumptions, and beliefs. Naturally, it is expected of leaders to teach employees the values of the organisation since they are responsible to bring together these employees into the organisation (Lorda & Brown, 2001). Leaders need to inculcate the values of the organisation in a formal or informal way for employees to understand the organisation's vision and goals and ensure that they are a fundamental part of the cultural system of the organisation (Lubis & Hanum, 2020). The leader's role is crucial in the establishment and change of organisational cultures (Lee, Kim & Cho, 2018). One would assume that it is the responsibility of the CEO at the top executive to establish and demonstrate the values, culture, and behaviour of the organisation.

Desselle, Raja, Andrews and Lui (2018) posit that more and more, a healthy organisational culture is regarded as key for positive results. A healthy organisational culture is imperative for the stability and success of the organisation in the long term (Gulua, 2018). It provides an environment that could motivate employees to achieve and surpass strategic objectives (Burgess, Adkins, & Suniga, 2021). It was stated by Farokhi and Murty (2014) and Vukasović (2019) that management plays a critical role in shaping the climate of the organisation through organisational goals, organisational structure, communication approach, decision-making processes and organisational values. One would therefore suggest that in the SOE environment, it is the responsibility of the CEO, as a leader, to create a healthy culture which leads to a positive climate. Organisational climate is a perception of people towards a certain environment (Monika & Kaliyamurthy, 2017; Shintri & Bharamanaikar, 2016). It narrates how an organisation is different from others as per Monika and Kaliyamurthy. According to the study by Vukasović, a positive organisational climate is made up of some of the following dimensions that were measured: a) effective internal communication and information sharing, b) favourable relationships, c) organisational loyalty, d) motivation and commitment, e) leadership, f) remuneration, g) career development.

The organisation could be more effective if there is two-way communication, employees are

co-operative and motivated (Farokhi & Murty, 2014). Moreover, management is concerned about the employees, there is a regard for human resource development, participative decision making, interpersonal relationships, favourable policies and technology, and the leadership style suits the diverse needs of various employees, based on demographic factors.

Drawing on what the scholars (Farokhi & Murty, 2014; Pecino et al., 2019; Vukasović, 2019) of organisational culture and climate have articulated, one would suggest that a positive organisational climate is an atmosphere wherein the employees work together and each employee's contribution is valued. There is teamwork and communication flows. Furthermore, diversity is embraced, employees are treated fairly, there are performance systems in place, and the employees are rewarded, recognised and developed accordingly. Farokhi and Murty (2014) suggest that a favourable organisational climate results in improved human relations and higher employee satisfaction and productivity which would in turn, lead to organisational effectiveness. Pecino et al. (2019) has the same view as stated, that a positive climate is vital as it improves and nurtures the employees' and ultimately, leads to satisfied workers.

The assessment conducted by Al-Tameemi and Alshawi (2014) reveals how poor leadership and people practices lead to weak organisational performance. In a turnaround situation, sometimes only changing the strategy and structure is not sufficient to turn around the organisation. One should look into changing the culture of the organisation should it be found to be not conducive for employees to execute their duties as expected. Schein (1984) suggests that organisations that have reached a stage of maturity, decline due to mature markets and products or excessive internal stability and comfort that prevents innovation, and thus they may need to change parts of their culture, provided they obtain self-insight.

Lorda and Brown (2001) assert that values are a foundation for producing the behaviours that are aligned to a group or social units. Glick (2011) argues that a transformational leader has a focus on integrity, however, integrity alone will not ensure strong organisational performance. The study by Hayibor et al. (2011) that involved CEOs as participants, assessed the extent to which the values were perceived by the CEOs as important to the organisation, found the following to be value domains held to be key in an organisation: 1) Firm reputation which entails integrity, honesty, firm's reputation, customer service, product quality and innovation, 2) Social performance which comprises value to the community, service to the general public and protecting the environment, 3) Financial performance which consists of budget stability,

organisational stability, organisational growth and profit maximisation. Drawing on the study by Giberson et al. (2009), the CEO's personality and values impact the organisation's social environment, and the actions and decisions of the CEOs. This basically means that the behaviours of the organisational members are influenced by the values and personalities of the CEO. The model by Lorda and Brown (2001) below illustrates that the behaviours can be directly and indirectly motivated by values. Indirect motivation may be attributed to identities and identity-related goals connections.

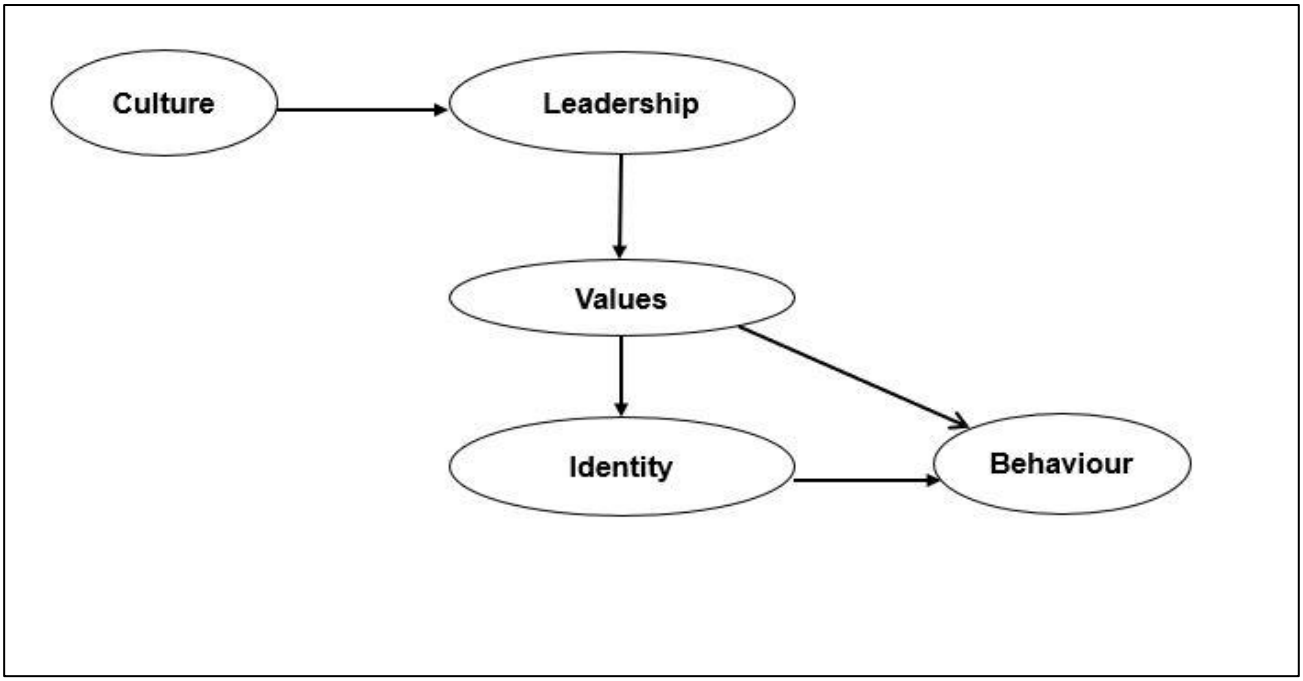


Figure 3: Linkage of exogenous factors (Culture & Leadership) to subordinates' internal self-regulatory structures (Values & Self -Concepts): Adapted from (Lorda & Brown, 2001)

2.3.7.4 CEO turnover

CEO turnover is defined as a change in the CEO's identity (Goyal & Park, 2002). Farkas and Wetlaufer (1996) state that research shows that between 35% and 50% of all CEOs are replaced within five years. PwC (2019a) reported that the average tenure for CEOs on the JSE for the period from 1994 to 2018 is 4.3 years. That it is a costly exercise for any organisation as there is no company that can afford to lose its leader without losing some sense of its identity and direction, according to PwC. Kostyuk and Barros (2018) suggest that CEO turnover has a significant influence on the financial performance of the organisation. The SA SOEs are characterised by turnover challenges at the CEO level (Makoni, 2015; Mfeka, 2019b; Thabane

& Snyman-Van Deventer, 2018). SABC, Eskom, SAPO and SAA are some of the SOEs with high turnover of CEOs (Thabane & Snyman-Van Deventer, 2018). Some of the CEOs at SOEs are either suspended or resign before the end of their term (Makoni, 2015).

The high turnover of CEOs in SOEs in South Africa, and also in the public sector, is concerning as the average tenure is three years if not less (Mfeka, 2019b). Makoni (2015) confers that CEO turnovers at SAA is an indication of failed New Public Management (NPM) principles. The study conducted by PwC in 2018 which included 2500 largest public companies around the world indicates a CEO turnover rate of 17% which is 3% higher than in 2017 (PwC, 2019c). This is above what has been experienced in the last decade, as per PwC. Moreover, the results show a rise in the number of CEOs who were forced out of their jobs for ethical reasons, rather than financial performance. In South Africa, some of the resignations and dismissals in the SOEs took place in the process of a turnaround which had an impact on the performance. Examples in this case are the resignations of Vuyani Jarana (SAA CEO), Phakami Hadebe (Eskom CEO) and many more, in the midst of a turnaround. The high turnover of CEOs and senior managers led to the failure of turnaround strategies implementation at SAA (United Nations; Economic Commission for Africa, 2018). Donnelly (2019) states that Vuyani Jarana, the CEO of South African Airways (SAA), resigned citing poor shareholder support as a contributing factor in his resignation. He could not steer a turnaround strategy as a result of state bureaucracy and lack of funding (Gernetzky, 2019).

The CEOs of the SA SOEs have been receiving much attention from the media recently, and the poor state of the SOEs is covered by the media. Bruce (2019) cites the statement by the chairman of PRASA who mentioned that, as a board, they cannot emphasise their expectations of the CEO. This statement was issued when welcoming Sibusiso Sithole, the new CEO of PRASA. All of these is evidence that the role of the CEO is significant in the day-to-day operations of the SOEs and also that the turnover rate of the CEOs in the SOEs is a concern such that it affects the implementation of turnaround strategies and perfomance. It is public knowledge that leadership stability is a concern in the SA SOEs and thus impacts governance (Chauke & Motubatse, 2020; Nyatsumba & Pooe, 2021). Resignations and suspensions of CEOs in the SOEs has resulted in leadership void and instability which in turn, led to lack of confidence by the stakeholders and investors (Makoni, 2015).

Moody’s rating agency has raised their dissatisfaction on the Land Bank prolonging the

appointment of the CEO (Buthelezi, 2020). Succession planning is not given attention in the SOE's sphere, hence the appointment of interim or acting CEOs, who at times lack capacity or skills for the job (BusinessTech, 2015). Although the dealings of CEOs of the SA SOEs are covered by the media, one cannot discount the role that the media plays in influencing the perception of the public. The main challenge with the CEOs leaving in the process of a turnaround is continuity as a result of lack of succession planning. King III prescribes that the board must ensure that a succession plan for the CEO and senior executives is in place (Thabane & Snyman-Van Deventer, 2018). Lack of continuity has an impact on the outcome of turnaround. Baporikar (2021) found succession planning and the performances of state-owned enterprises to be having a strong correlation. Since it takes a while to obtain a replacement for the CEO in a SA SOEs, the norm is to get an acting CEO until such time as the appointment of the CEO is concluded (BusinessTech, 2015; Makoni, 2015). It is concerning that the SOEs in SA are managed by acting CEOs regardless of their strategic importance (Makoni, 2015). Ballinger and Marcel (2010) found that the interim CEO succession is associated with low performance during the acting period.

The turnover rate of CEOs in SOEs in South Africa is high (Mfeka, 2019b; Thabane & Snyman-Van Deventer, 2018). There are several reasons that lead to the resignations of the CEOs in the SOEs, among others, non perfomance of the the SOEs, lack of support from the oversight bodies, political interference, and corruption (Donnelly, 2019; Gernetzky, 2019; Kimanzi, 2021; Makoni, 2015; Mfeka, 2019b; Omarjee, 2019). In this regard, the CEOs find themselves being pressured to resign. Other factors include involvement in unethical practices which lead to suspensions and ultimately, dismissals (PwC, 2019c).

Mfeka (2019a) argues that the high turnover of the executives at the SOEs and in the public service, both in South Africa and internationally, is caused by a poorly defined interface between administration and politics. Turning around a company ethically, financially and strategically requires a compelling vision to motivate executives and employees (Puffer & McCarthy, 2008). Corruption can compromise the ability of the Government to build and sustain a professional, competent and efficient civil service (Udogu & Zack-Williams, 2009). Corruption is rife within the SA SOEs (Chitiga-Mabugu et al., 2021). This could be one of the reasons for the high turnover rate of the CEOs.

2.4 Turnaround

This part of the chapter commences by introducing 'turnaround' as a concept, followed by the process, turnaround role players and successful turnarounds. The section also discusses the CEO in the turnaround of SA SOEs.

2.4.1 Resource dependence theory

Resource dependence theory was developed by Pfeffer and Salancik (1978) which suggests that the outcome of the organisation is dependent on the acquisition of external resources which is the case in the SOE environment. Resource dependence theory further asserts that the need for resources inclusive of financial, physical and information acquired from the external environment led to organisations dependent on the resources' external sources (Pfeffer & Salancik, 2003).The success of SOEs' turnaround is dependent on the availability of external resources, failure to obtain such resources could render SOEs ineffective.

Resource dependence theory suggests that the decisions made within the organisation are a reflection of the pressures stemming from the environment (Pfeffer & Salancik, 2003). This theory provides a framework for understanding organisational behaviour (Johnson Jr, 1995). Resource dependence theory attempts to explain the organisational and inter-organisational behaviour regarding the critical resources that the organisation should possess in order to survive and operate (Johnson Jr, 1995).

Furthermore, resource dependence theory assumes that the board should make provision for external resources through their social networks and also provide guidance and support to ensure the survival of the organisation. One would suggest that the CEO alone will not be able to turn the SOE around without the availability of relevant resources and the board's guidance. Winston and Patterson (2006) assert that irrespective of how capable or efficient employees or followers are, without sufficient resources, it is impossible or difficult to complete the tasks of the organisation. Lack of resources could be one of the contributing factors for the failure of some of the SA SOEs in a turnaround situation. The SOEs in South Africa are not financially sustainable, they are dependent on state bailouts (Butler, 2022; Phakathi, 2021) which is a resource dependence issue. The SOEs in SA are also characterised by the high turnover rate of

the CEOs. Some of the CEOs resign in the process of turnaround citing lack of shareholder support and funding (Donnelly, 2019; Gernetzky, 2019). Andalas et al. (2017) posit that resource dependence theory is more applicable in understanding turnaround events as declining organisations require additional resources such as expertise, capital and political support.

2.4.2 Turnaround concept

The turnaround that is referred to in this research is a corporate turnaround. Schendel, Patton and Riggs (1976, p. 3) argue that turnaround is a "decline and recovery in performance". Ghazzawi (2018) posits that turnaround is a significant improvement in the financial and operating margins of an organisation. Andalas et al. (2017) state that a turnaround is an attempt by the organisation to restore organisational performance. Turnaround is a corporate ailment whereby the organisation will require some upliftment for motivation and refocus (Sands, 2020). Turnaround merely refers to the process that the organisations undergo to transform themselves to either remain competitive or sustainable, or to address challenges that impede the achievement of the objectives of the organisation. The organisation will embark on a turnaround strategy, which will later be translated into a turnaround plan, to ensure that all the challenges identified during the environmental scanning phase are addressed. According to Cucaro (2019), turnaround should not only be regarded as possible strategies for dealing with crises but a radical change process for ensuring organisational growth regarding value.

Turnaround is a process, and therefore it entails a number of phases through which the organisation should go. Turnaround and restructuring terms are normally used interchangeably, although the meaning differs. Turnarounds are corporate changes which take place when a firm undergoes a survival-threatening performance decline, whereas restructurings can take place if a firm is not facing a deep crisis but rather a slight decline, or is simply looking for new business opportunities (Gatti, 2002). Turnaround is regarded as corporate turnaround which has to do with organisational changes to move the organisation into the right direction whereby it delivers the services as mandated by ensuring that the right corporate strategy is developed and supported through effective and efficient structures, processes, people and systems. Turnarounds can either be strategic or operational. Angwin, McGee and Sammut-Bonnici (2015) cite that operating turnarounds are concerned about the efficiency of the organisation, such as process improvements and increasing the firm's sales (Bruton, Ahlstrom & Wan,

2003). Strategic turnarounds focus on changing the corporate strategy. Bruton et al. (2003) suggest that strategic turnaround has to do with the organisation's strategic directional changes such as refocusing its position, geographic location, and product line.

There are a number of strategies that the turnaround leaders can adopt to turn the organisations around. O'Neill (1986) points out the following turnaround strategies: a) Restructuring strategy, which entails organisational structure changes, b) Growth strategy, which is executed through market share increase, increasing a product line, etc., c) Management strategy which focuses on redefining the business, replacing the top management team inclusive of the CEO and e) Cutback strategy which focuses on costs cutting, for example, by closing down some of the facilities that are not generating sufficient revenue. Referring to the above turnaround strategies by O'Neill (1986), it is evident that the powers that be do not just wake up and decide on changing the organisational strategies, a decision to embark on strategic change or turnaround journey is always informed by something concrete. There are numerous indicators of organisational decline which would serve as a wake-up call for organisations to embark on a turnaround. Zimmerman (2011) outlines the signs of decline being liquidity, collection, quality, profit, employee, organisational and ethical problems. Sloma (2000) cites poor organisational performance as an indicator of a turnaround situation.

Fredenberger, Lipp and Watson (1997) argue that the owners or directors of an organisation faced with crises tend to recruit a turnaround manager either in the form of a CEO or consultant. These turnaround managers are employed to do what the previous manager could not do by initiating corrective measures to turn an organisation around (Fredenberger et al., 1997).

2.4.3 Turnaround process

Turnaround process is defined as a combination of managerial skills, processes, systems, values, character traits that are being portrayed, furthermore the activities involved in turning around the organisation (Zimmerman, 2011). Gatti (2002) suggests that the most difficult task new leaders face is not to initiate the turnaround process, but to actually perform it and guide a process of cultural renewal which progressively reduces the firm's fragility. To enable the organisation to turnaround, there should be a turnaround strategy to direct the implementers of the turnaround in terms of approach, guidelines, and processes. Turnaround strategy refers to an organisation's attempt in a particular set of time or period to sustain or change the

company's unique superiority and to reinstate its function as a profit-making instrument (Harker & Sharma, 2000).

The following is one of the turnaround models that organisations planning to undergo a turnaround should consider adopting. One has to consider the fact that models are not a-one-size-fits-all. Each model should be tailored according to the organisation's needs and circumstances.

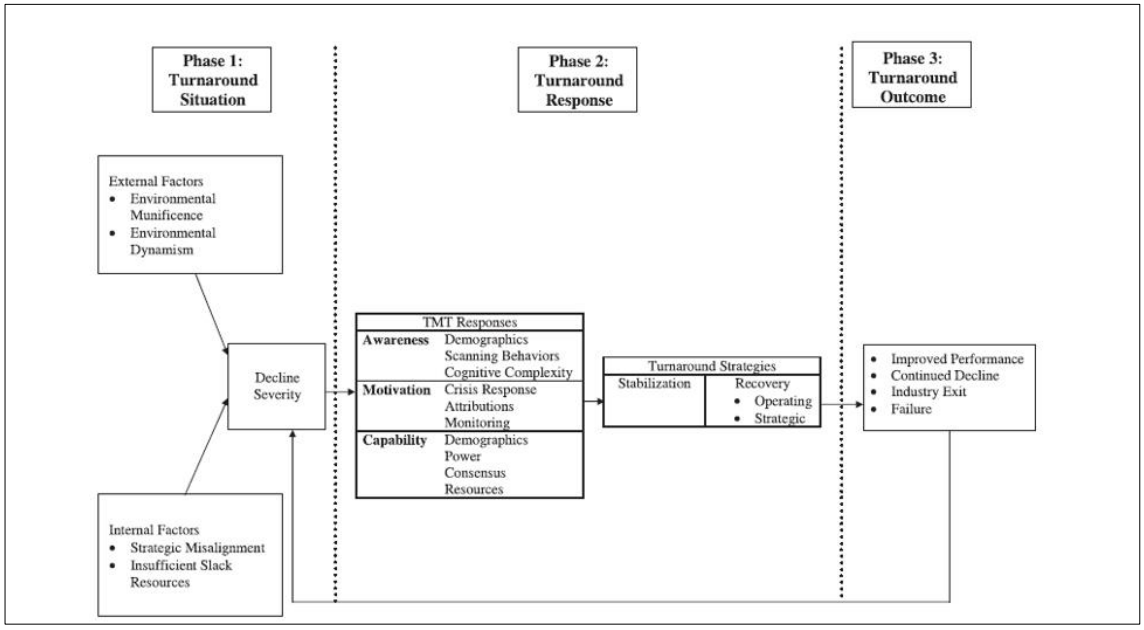


Figure 4: Expanded Model of turnaround process (Lohrke, Bedeian & Palmer, 2004)

The turnaround process model by Lohrke et al. (2004) is standard and easy to follow. Due to recent developments in the turnaround process, and also considering failed turnarounds in SA SOEs, this calls for the researcher to develop a model tailored for the SOE environments; a model which will be easy to apply. It is advisable for the turnaround process model to encapsulate the high-level change management activities to aid the implementers to ensure the process runs smoothly with minimal resistance.

A study by Gioia and Chittipeddi (1991) revealed the processes for initiating a strategic change which in this regard, is seen as a turnaround initiation process. The process commences by creating sense-making wherein the CEO attempts to make sense of the turnaround condition by envisioning the change. Secondly, the CEO establish sense-giving through communicating the change vision to all the impacted parties (Signalling). Thirdly, the impacted stakeholders

attempt to make sense of the vision presented to them (Re-visioning). Lastly, the stakeholders respond to the proposed vision by influencing the change (Energising). Overall, this model entails elements of sense-making and sense-giving which comprise activities to achieve understanding and influence of the change. The process is depicted below:

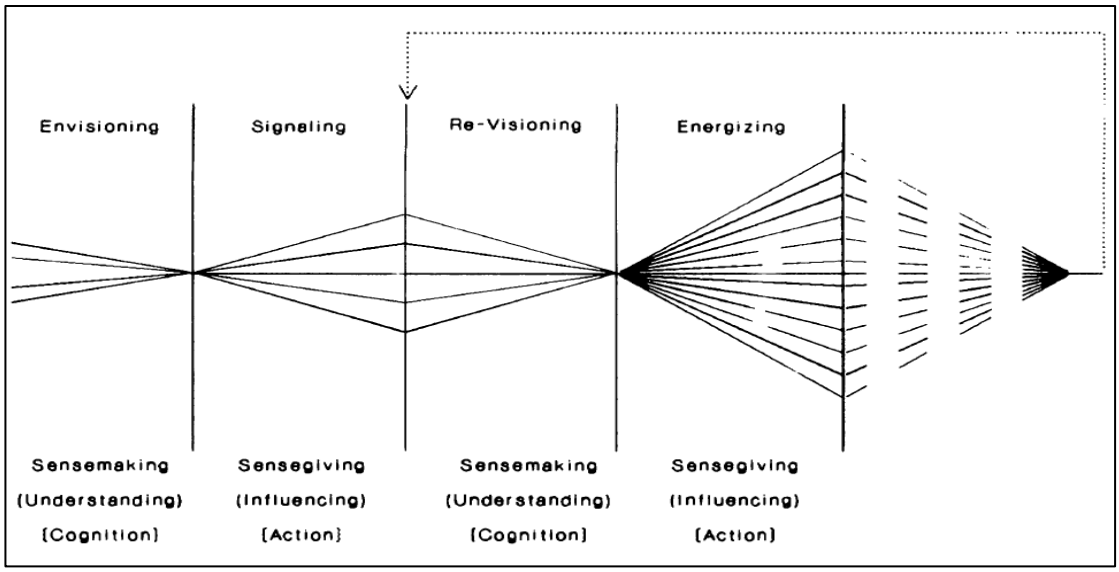


Figure 5: Initiation of strategic change process (Gioia & Chittipeddi, 1991)

It can be noted that the initiation of the strategic change process provides an overview of what one can expect CEOs to do during a strategic change or turnaround.

A normal turnaround process, according to Garvin and Roberto (2005), comprises two phases namely, plan development and implementation. Garvin and Roberto suggest that in a turnaround situation in order to get a turnaround plan to be accepted and adopted, the CEO has to develop a persuasion campaign which will assist in creating a conducive environment for change. The aforesaid turnaround process, including the persuasion process, is depicted below:

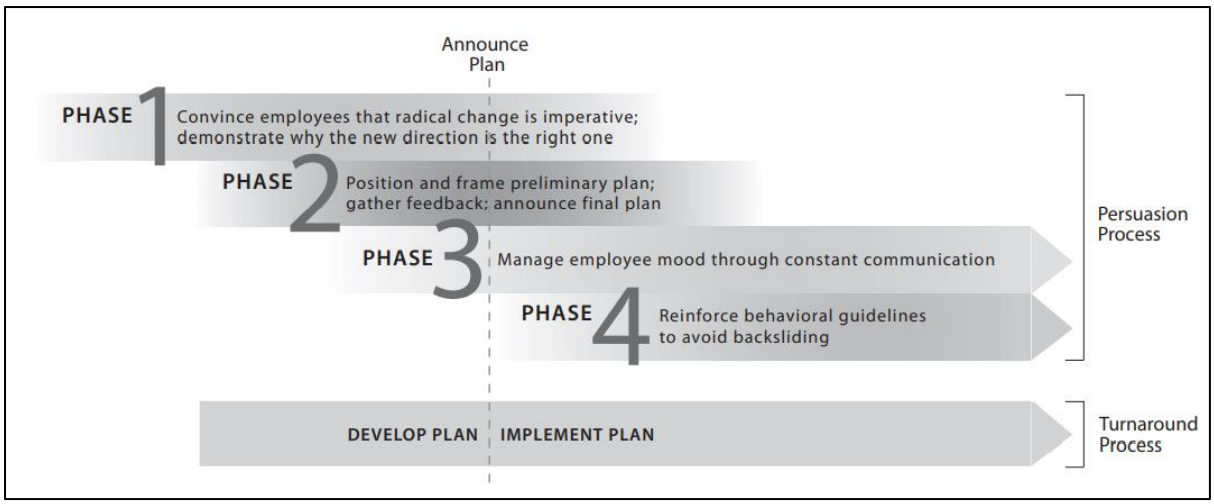


Figure 6: Four phases of a persuasion campaign (Garvin & Roberto, 2005

Garvin and Roberto's persuasion campaign denotes a change management process (Persuasion process) for turnaround or any change initiative. The process however, does not equip one with key implementation activities for turning around an organisation, instead it provides a turnaround process which only reflects development and implementation plans which seems to be meaningless for SOEs planning to turnaround.

Zimmerman's (2011) framework of a successful turnaround process prescribes that a successful corporate turnaround process entails improvement of a company's market position in the form of low cost, differentiated products and services and competent leadership in possession of industry related technical expertise and are fair in their dealings with the creditors, suppliers, employees, shareholders, and customers. The framework is depicted in Figure 7.

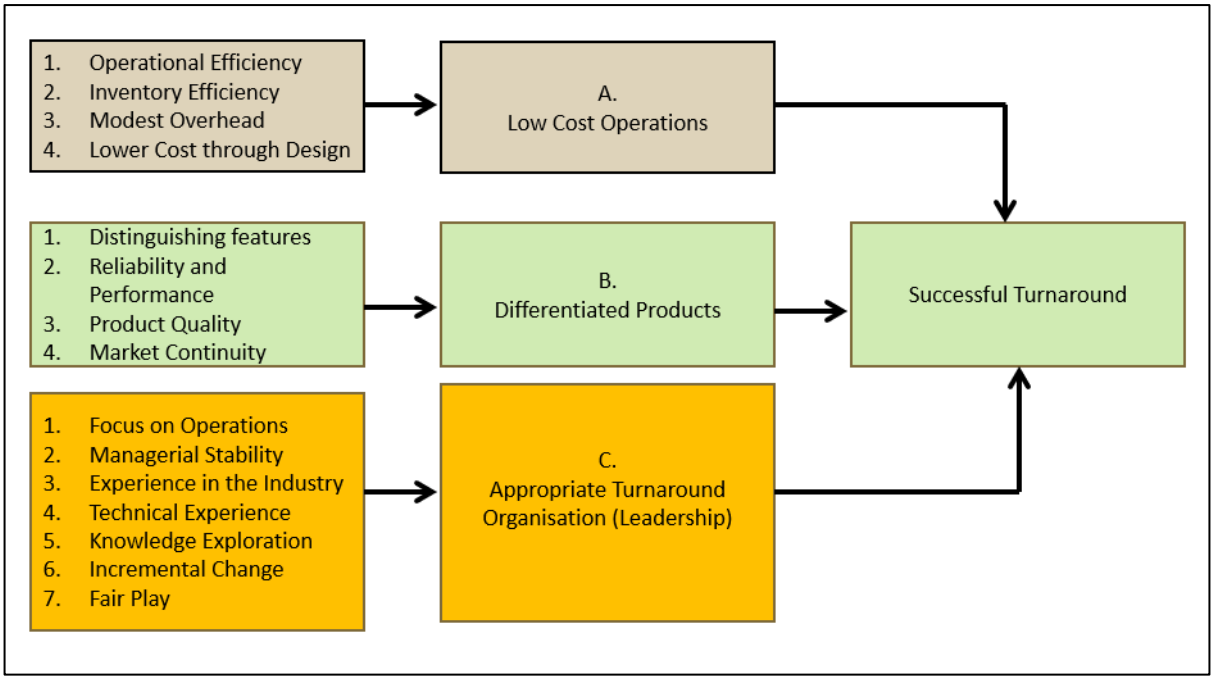


Figure 7: Framework of a successful turnaround process: Adapted from (Zimmerman, 2011)

Zimmerman's framework appears to be a suitable framework that SOEs could use to turn their inefficient operations, competency issues and leadership stability challenges characterising these SOEs around. Though this framework seems to be perfect for turnaround, it seems to be missing an important element that enables turnaround. The People change element is missing. One would suggest that by incorporating either Garvin and Roberto's turnaround process or Gioia and Chittipeddi's persuasion campaign into Zimmerman's framework will give a complete picture of a turnaround framework which encompasses both technical and people elements to enable turnaround.

2.4.4 Turnaround role players

Past research on turnaround did not dwell much on the role players during turnaround, but top management team could be key. Scherrer (1992) argues that turnarounds are never accomplished by one person, even in cases whereby one person can be given credit, in reality the team is the one. The turnaround team comprises members who inspire internal and external stakeholders, according to Scherrer. The turnaround team should be composed of the CEO as the main driver of the turnaround (Jain & Yadav, 2017; Moore, 1999; Pretorius & Holtzhauzen, 2008; Safarova, 2013; Slatter et al., 2006). One would suggest that the shareholder representatives are also among the role players of turnaround playing an oversight role by

ensuring that funds are provided to the organisation to enable turnaround as well as providing strategic intent and monitoring of the SOE's performance (World Bank, 2014). The board is also a role player in turnaround as the World Bank (2014) states that they are responsible for providing the strategic direction of the SOE and for performance. The study of Abebe and Tangpong (2017) makes reference to the board of directors, shareholders and consultants as role players in turnaround. Abebe and Tangpong (2017) suggest that in a turnaround, the boards of directors, shareholders, and consultants who sometimes partake in the management of turnaround should consider keeping and supporting the founder CEO. The CEO's role in a turnaround situation is to ensure that turnaround is successfully executed as a turnaround plan's principal architect (Moore, 1999). The CEO and executive members of the SOE should play an active role in executing the turnaround strategy. Each strategic objective should be assigned to the executives as the CEO's direct reports who will in turn, assemble teams to execute the turnaround.

It is crucial to have a project manager to manage and co-ordinate the resources to ensure the successful implementation of a turnaround strategy. In some cases, a turnaround specialist or Chief Restructuring Officer (CRO), on a contract basis, is appointed to oversee the execution of the turnaround strategy. Slatter et al. (2006) point out that a CRO is a new classification of a turnaround leader who provides turnaround related advice at line management and board level. The role of a CRO, according to Sands (2020), is similar to that of a turnaround consultant, however the latter has more control and could either be the employee of an organisation, corporate officers or independent consultants. Slatter et al. (2006) state that a CRO is a qualified recovery expert who focuses on crisis stabilisation, stakeholder management and financial restructuring. Eskom is an example of a state-owned enterprise that has appointed a CRO to oversee the execution of their turnaround plan. The President of South Africa, Cyril Ramaphosa, spoke about the appointment of the CRO at Eskom who is expected to reposition Eskom financially with careful attention to the mix between revenue, debt and cost structure of the company (Laher, 2019). Slatter et al. (2006) posit that a CRO role is not a permanent position in the organisation, but the role is crucial in the organisation. CROs lead financial restructuring and are normally special advisers to the Board, Chairman or CEO (Slatter et al., 2006). Bearing in mind the level of political interference in the SOEs in South Africa, it would be interesting to examine whether the CRO at Eskom was given full authority over the execution of the turnaround strategy and if he will remain in the position until such

time as the turnaround strategy has been implemented.

Ngwenya, Sibanda and Zana (2016) point out that a turnaround management specialist needs to be appointed to assist the organisations through turnaround. This is not clear as to whether the turnaround management team comprises the new CEO or it is just a specialist team to assist the CEO in turning around. It is suggested that further studies explore the team composition in a turnaround situation. Turnaround specialists are managers who have acquired skills and experience in managing or turning around the underperforming organisations and those in financial distress.

2.4.5 Successful turnarounds

A turnaround is successful when the company's value has been restored to competitive levels by reversing the performance crisis and sustaining its financial situation (Clapham, Schwenk, & Calwell, 2007; Gatti, 2002). In the same breath, Zimmerman (2011) pointed out that successful turnarounds are experienced when the company has an improved balance sheet, profitability and its competitive position has been restored. Francis, Ayiecha and Katuse (2014) suggest that the organisations need to ensure that the organisational strategy is successfully implemented in order to realise the strategic objectives. Successful turnaround denotes that the turnaround strategy was implemented successfully, and that achievement of the turnaround objectives have been met.

Wheelen and Hunger (2012) confer that strategy implementation is a process of putting the strategies and policies into action, by means of programmes, budgets, and procedures and could entail cultural, structural and management changes in the organisation. Gatti (2002) argues that successful turnarounds involve the replacement of a top management team and focus on the implementation of the three areas of business actions which is organisational, strategic, and financial. "I have never seen the team that managed a company into a crisis be able to get it back on track" (Brinneman, 1998, p. 7). Fisher, Lee and Johns' (2004) study suggests that the outcome of a corporate turnaround is not influenced by the replacement of the chairman or the CEO of the organisation nor the ownership or an organisation. O'Kane and Cunningham (2012) state that leadership change or no changes can be equally important on the outcome of turnaround. Gatti (2002) points out that the establishment of a new leadership generally implies the replacement of the chairman and/or CEO and/or the COO or members of the top

management team (O'Kane & Cunningham, 2012). Each situation is different. In some organisations, the establishment of a new leadership encompasses all top management and, in some cases, also middle management team, while other organisations only replace the board and the CEO, or the chairman and the CEO, or only the CEO. Ngwenya et al.'s (2016) study does not make any references to leadership change being a factor in the success of turnaround, instead the study argues that some turnaround strategies are more effective than others. The study further highlights that the turnaround strategies that are aimed at improving critical processes, costs cutting, and restructuring are more successful compared to others.

Slatter et al. (2006) propose that successful turnarounds require new strong leadership (change of CEO and top management), effective stakeholder management, aggressive cash management (crisis stabilisation), strategic focus, organisational change (e.g., structural changes), critical process improvements and financial restructuring.

It seems South African SOEs require what is referred to as an 'ethical turnaround' as opposed to just a business turnaround, considering the challenges faced by these SOEs. Wherever an ethical turnaround is needed, it is because the organisation's reputation has either not yet been established or has been severely damaged by the unethical and even illegal actions of its executives (Puffer & McCarthy, 2008). According to Puffer and McCarthy (2008), an ethical turnaround requires the leadership to restore the ethical foundations, revamp the corporate culture based on that foundation, and establish corporate governance policies and practices reflecting those fundamental values. An ethical turnaround in developed economies is regarded as applying to companies that have run into major problems through unethical and often illegal behaviour on the part of the top management team (Puffer & McCarthy, 2008).

Failure to turn schedule 2 SOEs in South Africa around necessitated a need to analyse the leadership of the CEO in the turnaround of SA SOEs. It is the purpose of this research. In South Africa, Denel, a state-owned arms manufacturer, is among the few SOEs to conduct the analysis and that successfully implemented the turnaround strategy few years ago. The issue with the SOEs in South Africa is that the turnarounds are not sustainable. Once turnaround has been initiated, it has to be sustained (Moore, 1999). Denel started with the implementation of its macro turnaround strategy in 2006 (United Nations; Economic Commission for Africa, 2018). According to the United Nations; Commission for Africa, it appeared that the turnaround strategy was successfully implemented through the reduction of losses, improved

solvency and cash utilisation. It could be noted that though there are SOEs in South Africa that have been successful in turning around, the success was short lived. The case in point is Denel. Despite the successful turnaround which became evident in 2013/2014 financial year, the company had a loss of R1.749 billion in the financial year 2017/2018 (United Nations; Economic Commission for Africa, 2018), today Denel is struggling to pay employees' salaries and service providers, it is dependent on state bailouts to survive (Parliament of the Republic of South Africa, 2022; Rupiah, 2018).

Telkom is also another entity in South Africa that has previously succeeded in turning around (Mawson, 2017; McLeod, 2019; Mutize & Tefera, 2020). Resource dependence theory assumes that the outcome of the organisation is the result of external resources (Pfeffer & Salancik, 2003). In this case, it could be that the success of turnarounds in the SOEs is influenced by the availability of critical resources.

Non-performance of SOEs is a global issue but some of the ailing SOEs around the world have managed to turn themselves around (Eberhard, 2003; United Nations; Economic Commission for Africa, 2018). Eberhard (2003) highlights that governments worldwide supported privatisation as a result of decades of poor performance of the SOEs in order to promote economic growth, reduce dependency on state bailouts and achieving macroeconomic stability. Approximately one-third of SOEs in Latin America and the Caribbean (LAC) are reporting losses annually while in other countries it might be 70% of the SOEs (Huber, Jara, Kim, Ter-Minassian, & Wagner, 2019). India and Brazil are examples of nations whose failing SOEs have turned around and now contribute to the wellbeing of its citizens as well as the overall economic success of the nation (News24, 2014). In India, 24 of the largest non-financial SOEs resulted in 17 percent (ROE) return on equity in 2010, moreover the profits have nearly doubled in the past five years (Worldbank, 2014).

Internationally, there are also a number of SOEs that succeeded in turning around. Within BRICS, Scooters India Limited (SIL) is a classic example. SIL is a motorised two-wheeled scooter manufacturer which is based in India. The company was established in 1972 with central government of India, Innocenti of India and Automobile Products of India Limited (API) owning shares (Maheshwari & Ahlstrom, 2004). Drawing on the study by Maheshwari and Ahlstrom (2004), the business environment, organisation's decision-making process, leadership characteristics and stakeholders' responses have an impact on the action choices and

the turnaround process of the organisation.

Despite the challenges that the SOEs are facing globally, one should not disregard the fact that there are still SOEs that have been successful since inception. Posco, a steel maker company based in Korea, was launched in 1968 with a shareholding of 70% by Government (Yi-chong, 2012) and it is still going strong. The company has been surviving throughout until a stage of privatisation in 1993 and went global in 2003. The CEO of Posco, Jeong-Woo Choi, grew within the ranks of the organisation. He joined the organisation in 1985 and occupied several positions. Jeong-Woo Choi was the head of a number of departments (i.e. Corporate Audit, Finance, Financial Planning, Corporate Strategy, Senior Vice president, Executive Vice President, CFO, President and currently the CEO since 2018; he obtained a BA Economics in 1983 (Posco, 2020). One could argue that successful CEOs grow in the company by exposing themselves to different functions of business. Van Melle Kamp and Hofmeyr (2013) found that future CEOs need to acquire international experience and exposure in various functions.

The study by Ngwenya et al. (2016) that explored the extent of successful implementation of turnaround strategies in Zimbabwe found, among others, unhealthy cultures, tight government policies and budgetary constraints, lack of buy-in from the employees, old equipment and lack of liquidity to be the major factors that negatively impact on the implementation of turnaround strategies. Ngwenya et al. (2016) assert that the outcome of a turnaround strategy is a matter of a strategic choice. Considering the challenges above such as government policies, lack of funds, one would argue that the main issue is availability of external resources which, in this regard, is a reflection of the resource dependence theory.

2.4.6 The CEO in the turnaround of SA SOEs

In a turnaround situation, the CEO is expected to drive the turnaround process, thus ensuring that the turnaround is executed effectively. In some cases, a turnaround specialist is appointed to assist with the turnaround process; however, the overall responsibility still lies with the CEO (Jain & Yadav, 2017; Moore, 1999; Safarova, 2013). The state-owned enterprises in South Africa are highly politicised (Mafukata & Musitha, 2018; Mashamaite & Raseala, 2019). It is also in the public domain that the leaders are not appointed on merit (Kanyane & Sausi, 2015; Sithomola, 2019). The question in this case would be whether the leadership at the CEO level is a key factor in ensuring the success of turnaround strategies in state-owned enterprises.

It would be of further interest to examine the suitable styles of leadership required to ensure successful turnarounds in the SOEs in South Africa. Van Wart (2015) argues that leadership at the applied level is complex as it involves, among other things, a range of assessment skills and a series of characteristics (traits and skills) that the leader brings to a certain setting, as well as a wide variety of behavioural competencies. The characteristics of the leaders affect the outcome of organisational change towards turnarounds (Kumalo & Scheepers).

“The best turnaround leaders are able to develop and articulate medium to long-term strategic vision for a sustainable recovery and embed a new organisational culture which ensures that the company does not slip back into crisis” (Slatter, 2011, pp. "What is Turnaround Leadership", para. 12).

Do CEOs have power? The role of the CEO is critical in reversing the company’s decline by replacing denial with dialogue, blame with respect, isolation with collaboration, and helplessness with opportunities for initiative (Kanter, 2003). Implementation of a turnaround strategy is a complex process Harker and Sharma (2000) which requires a distinctive skill to be able to see the process through. This view is supported by Kanter (2003), as leading a corporate turnaround is not a one-size-fits-all process; it requires the CEO to pay attention to the specifics of a company’s problems and leaders bring their own preferred approaches to the task. In a turnaround situation, the CEOs significantly influence the top management team’s behavioural dynamics by strategy formulation and implementation (Lohrke et al., 2004). Clapham et al. (2007) contend that the statements of the CEOs who failed at turnaround and were replaced contained biases that could produce inappropriate strategic responses to change, as per the study conducted. During a strategic change, which in this context of research is turnaround, Gioia and Chittipeddi (1991, p. 446) postulate that the CEO should play a role of an “architect, assimilator and facilitator”. O'Kane and Cunningham (2012) explain that a turnaround leader should incorporate humility and more of an interpersonal aspect in their leadership approach.

Education and experience might not be sufficient to enable the CEOs to perform as expected. The researcher therefore supports the point made by Van Wart (2015) that leadership is complex. There should be specific traits that make the CEOs successful and therefore the attributes and capabilities of a CEO could have a direct impact on the outcome of the turnaround strategy. Botelho et al. (2018) point out that successful CEOs are decisive, therefore

a trait that differentiate the high performing CEOs is quality decision-making behaviours such as thoughtfulness and analytics. It appears that turnaround CEOs are scarce, as stated by Harrigan and Wing (2021) that it takes a considerable amount of time to source a CEO with relevant skills and experience to lead turnaround.

Leadership is broad and complex, it is therefore suggested that research on leadership should focus on a specific domain of leadership. In this study, the focus is on leadership at the CEO level. The CEO in this case is a turnaround leader with experience in leading turnarounds. Turnaround leadership, as stated by Slatter et al. (2006) refers to the role played in changing the organisation for better.

The SOEs in South Africa have adopted a habit of replacing the CEOs in cases where a turnaround strategy is adopted. Most of these CEOs fail in their endeavours to turn around the organisations. According to Clapham et al. (2007) not all successful turnarounds involve replacing the CEO. Kow's (2004) perspective is that some models of successful turnaround begin with the replacement of the CEO.

Gatti (2002) states that successful corporate turnarounds are dependent on the replacement of the current top management and actions to be taken simultaneously at strategic, financial, and organisational levels. The study conducted by Clapham et al. (2007) reveals that about 63% of the companies that were successful at turnaround achieved that through the replacement of the CEO. In contrary, Chen and Hambrick (2012) found that CEO replacement does not have any effect on organisational improvement. Abebe and Tangpong (2017) suggest that the boards of directors, shareholders and consultants who often participate in turnaround management should carefully consider retaining the founder CEOs and endorsing their leadership during the turnaround process. In this case, it is the founder CEO that should be retained. The suggestion by Abebe and Tangpong might not be relevant in the case of SOEs as the CEOs of the SOEs are not the founders of the SOE. However, the suggestion might be useful should one try to view the CEOs of the SOEs who were running the SOEs before the turnaround process in the same light as the founder CEO.

O'Kane and Cunningham (2013) argue that the actual leadership approaches that are adopted by CEOs in a company turnaround are based on whether leadership changes have taken place and the timing thereof. In the study conducted by Andalas et al. (2017), the findings are that a

turnaround process should be led by a leader who had a long enough period of serving as CEO as they have sufficient power to control, and obtain support from, the employees.

The model below by O'Kane and Cunningham (2012) based on their study depicts the reasoning for CEO changes during turnaround and the influence of such changes on leadership approaches and the outcome of turnaround.

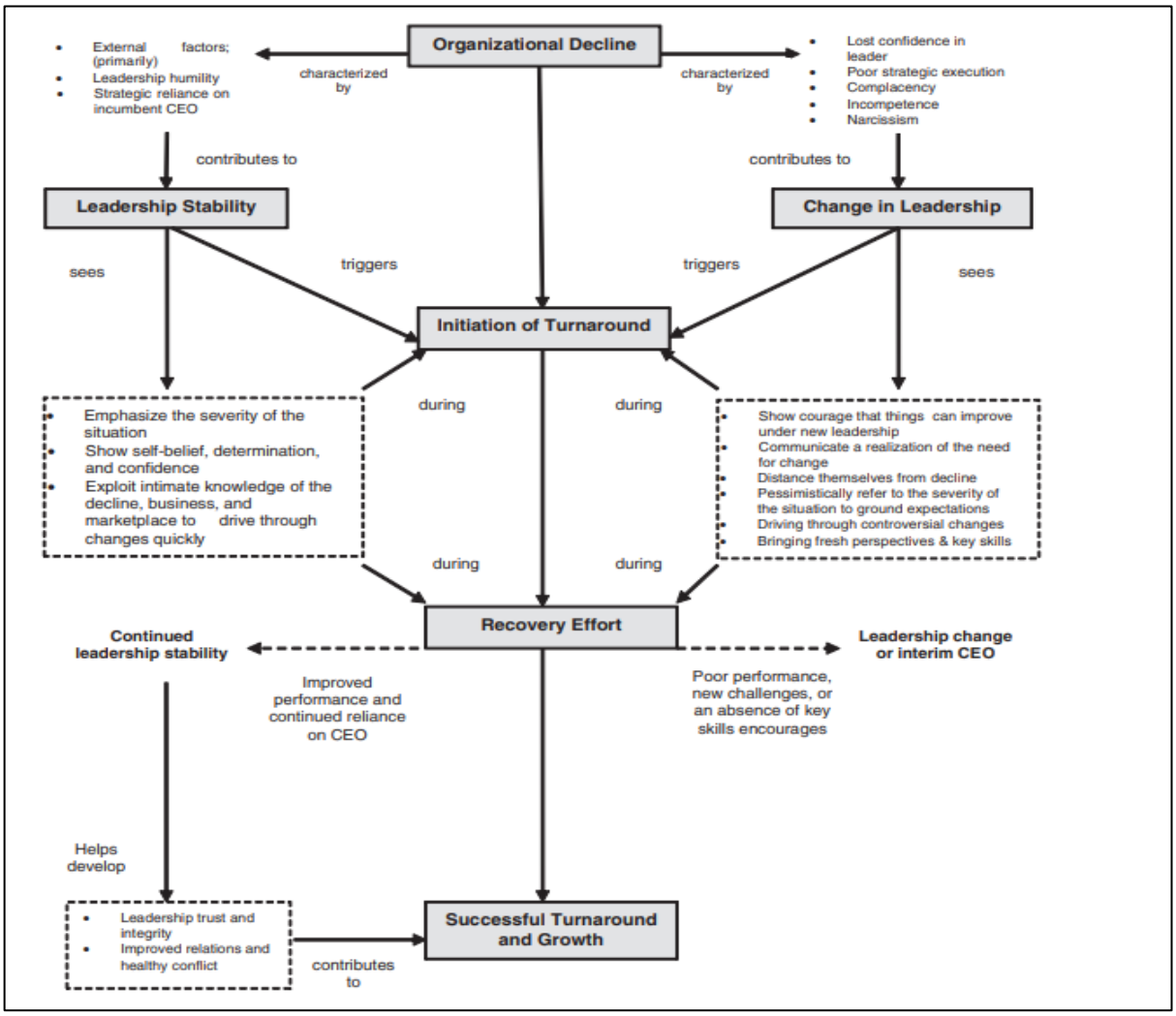


Figure 8: Rationale for leadership changes in turnaround and influence on leadership approaches (O'Kane & Cunningham, 2012)

To some extent the model above is a true reflection of what the organisations experience with change or no change of CEOs in a turnaround situation; however, this should not be conclusive. It is suggested that the model be expanded to reflect a situation whereby no change of a CEO results in a negative outcome due to their emotional attachment to the organisation to make drastic changes that might be beneficial to the organisation. Should the model by O'Kane and

Cunningham be expanded to include the above suggestions, it could be a good framework for organisations planning to undergo turnaround to base their decisions on whether to replace or not replace the CEO, however the characteristics of the organisations should be key to conclude the decision.

There is sufficient literature that prescribes what a successful CEO looks like. However, there is a gap in the literature stating what successful CEOs responsible for turnaround strategies should look like. It is suggested that when recruiting managers and people in general, the hiring powers make an assumption of what attributes a successful leader should possess in terms of behaviour and personality.

In the study conducted by Zimmerman (2011), it was found that those that led successful turnaround efforts had manufacturing backgrounds. Contrary to the study of (Abebe, 2014), it was found that the CEOs who have output-based functional background (marketing, sales, R&D) show better turnaround performance opposed to the organisations with CEOs with significant throughput-related functional background (e.g. operations, production, engineering, accounting). On the other hand, Ofe (2012) is of the view that in today's era, there is a need for CEOs to have diverse background knowledge to be able to tackle complex business challenges such as regulations, governance, globalisation, and evolving technology. In general, successful CEOs, according to Wheelen and Hunger (2012, p. 60), "have a clear strategic vision, strong passion for their organisation, and an ability to communicate with others and are perceived to be dynamic, charismatic and transformational". Successful turnarounds are dependent on an integrated approach to overcome turnaround challenges. Leadership and strategic management abilities are the key skills of a turnaround manager (Pretorius & Holtzhauzen, 2008). Pretorius and Holtzhauzen argue that the turnaround manager depends less on accounting and legal skills. It would be interesting to also find out what a successful CEO of turnaround in an SOE possesses. It is the purpose of this research to establish a profile of a successful CEO of turnaround in an SOE.

In order for the leaders to implement a turnaround successfully they need to have confidence in the abilities and efforts of followers (DePree, 1992). O'Kane and Cunningham (2014) argue that effective turnaround leadership is less about a particular skill set or type of leader for different stages of the turnaround process, and more about their ability to purposefully navigate and balance apparently conflicting activities within these tensions. Slatter et al. (2006) have a

similar opinion that turnaround leaders should be aggressive and decisive, and therefore an autocratic leadership style in a turnaround situation is supported in the early phase of the turnaround for quick results. As opposed to the agency theory, CEO duality leads to the successful implementation of corporate turnarounds due to the efficient co-ordination and faster strategic decisions at the top level (Miglani, 2014).

Slatter (2011)) argue that turnaround leaders do not conform to one style of leadership, they are cognisant of the fact that different styles of leadership can lead to successful turnarounds. Theory is a foundation that prepares the CEOs to perform in a practical world. It paves a path for the CEOs to connect the dots that will enable the strategy of the organisation and make it possible to execute the strategy. In addition, the learnings that one acquires from theory shape the CEO's behaviour. Post-graduate education enables CEOs to apply theory and make it practical. Theory is then further put into practice in the real world; this is what makes a well-rounded CEO.

The public views indicate that the SOE boards could also be the reason for poor performance in state-owned enterprises. SOEs fail to deliver due to incompetent boards of directors that are appointed as a result of their political connections (News24, 2014). In addition, the replacement of the CEOs during turnaround could be the reason for failure of the turnaround strategies to some extent as the companies tend to lose corporate memory. The company may forfeit the CEO's experience with the company, including his/her contacts with the clients, customers and other stakeholders when he/she is replaced (Clapham et al., 2007).

Other factors to take into account when considering a change of leadership in a turnaround include the leaders' ability to provide fresh objective perspectives and critical skills and know-how (Boeker 1997; Castrogiovanni et al., 1992). A change of leadership during a turnaround will lead to the leaders no longer choosing to ignore inadequacies identified with outdated strategy, structure, or processes just because possible alternatives do not fit with the organisation's existing beliefs and mental maps (Barr et al., 1992; Grinyer & Spender, 1979; Nystrom & Starbuck, 1984; Probst & Raisch, 2005). Arogyaswamy et al. (1995), for example, find that leadership changes have a positive effect on turnaround success in stable or growing industries.

2.5 Conceptual framework

A conceptual framework is a network of interconnected concepts which provide a thorough understanding of a phenomenon or phenomena (Jabareen, 2009). It entails ontological, epistemological and methodological assumptions with each concept in the conceptual framework performing an ontological or epistemological role (Jabareen, 2009). Varpio, Paradis, Uijtdehaage, and Young (2020) suggest that a conceptual framework validates why the study should be conducted as it describes the state of known knowledge, normally through a literature review, identifies the phenomenon/problem gaps and outlines the methodological underpinnings of the research. Incorporating a conceptual framework in a research paper enhances the quality of a research (Adom, Hussain, & Joe, 2018).

The following conceptual framework is for analysing the leadership of a CEO in the turnaround of SA SOEs. The conceptual framework which entails the concepts and theories that underpin this research is depicted in figure 9 and is informed by the literature review. This is the researcher's conceptualisation based on the theoretical framework underpinning the study. In analysing the leadership of a CEO in the turnaround of SA SOEs, each concept needs to be analysed. The leadership component comprises the CEO's influence towards turnaround, the capabilities, attributes, and values of the CEO who can be successful in executing a SOE turnaround strategy. The challenges the CEO faces in executing the turnaround also forms part of leadership. The SOE, as a unit of analysis, together with the turnaround thereof, needs to be analysed. All the identified concepts result in the outcome (success/failure) of a turnaround.

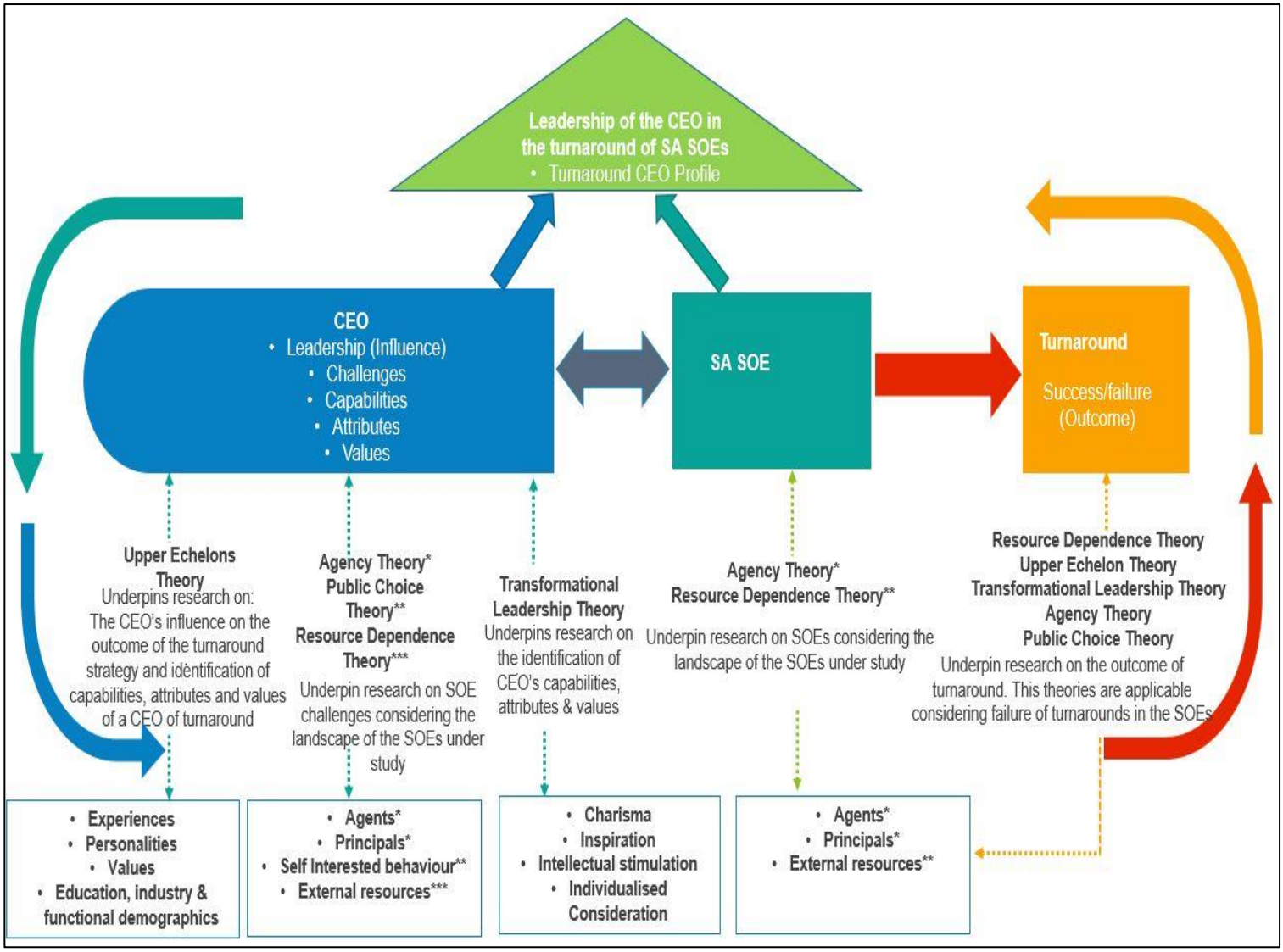


Figure 9: Conceptual framework (Researcher's own interpretation)

The *main theories* underpinning the three main concepts of the research (CEO, SOE, and turnaround) are: *public choice theory, upper echelons theory, agency theory, resource dependence theory and transformational leadership theory*. The theories are aligned with the objectives of this research and therefore assist in analysing the leadership of the CEO in the turnaround of SA SOEs. The theories relevant for this research were introduced in the previous sections under each concept (CEO, SOE, and turnaround) depicted in the conceptual framework. This research focuses on the main theories that are briefly discussed below in relation to the conceptual framework:

a. ***The Upper Echelons Theory*** underpins research on the CEO and on the impact his or her leadership has on the outcome of the turnaround strategy within the SOE in SA. The upper

echelons theory assumes that the values, personalities and experiences of top management team impact how they interpret the situations they face which in turn affects their choices (Hambrick, 2007) and organisational performance (Hambrick & Mason, 1984). In articulating the upper echelons theory, this research does not test it but utilises it to identify the attributes, capabilities and values of the CEO who can turn the SOE around successfully. The research focuses on psychological characteristics and only on education, functional tracks and career experiences (industry experience).as observable or demographic characteristics. Other observable characteristics such as tenure, socio-economic ad financial positions are not included in this research.

b. ***Public Choice Theory*** speculates that Government officials conduct themselves in a manner that maximises their self-interests (Buchanan & Tullock, 2003). The theory further suggests that relying on government to fix things might not be a solution but rather worsen the situation rather than resolving it (Buchanan, 2003). The application of this theory assists in remedying the challenges facing the SA SOEs. The SOEs in South Africa have been faced with numerous challenges which are mostly governance and performance in nature, hence this research is based on public choice theory.

c. ***Agency Theory*** assumes that organisational failure could be attributed to the agents and principals of the organisation (Eisenhardt, 1989; Jensen & Meckling, 1976). It is suggested that inquiry into the agency theory will benefit the scholars with suggestions on how to close the agent-principal relationship gap/issues for the sake of the interest of the public. In this research, it appears that lack of leadership to turn the SOEs in South Africa around is among the challenges faced by SOEs. It is for this reason that the researcher bases this research on the agency theory. This theory is applicable considering the landscape of the SOEs under study.

d. ***Resource Dependence Theory*** focuses on resources, flow of exchange of resources between organisations, dependencies and power differentials stemming from unequal resource exchange (Johnson Jr, 1995). In addition, the impact of dependence and the organisational leaders' efforts to manage the dependence. Since the resource dependence theory asserts that the survival of the organisation is dependent on the acquisition of external resources, turnaround success could therefore be dependent on these resources.

This explains the reason for basing this research on resource dependence theory.

e. ***Transformational Leadership Theory*** underpins this research, as it is considered the best for leading complex organisations and teams whereby the leader is not only expected to provide guidance to navigate uncertain environment but to challenge the followers and ensure that they are empowered and ultimately, loyal and high performing. Transformational leaders are charismatic, they inspire employees to perform beyond the expectation, they attend to each employee's emotional needs and stimulate the employees intellectually (Bass, 1990). Moreover, transformational leaders uplift the interests of their employees and motivate the employees to focus on the interest of the group rather than individual interest.

2.6 Conclusion of literature review and research questions

The literature on the CEO, SOE and turnaround is confusing as it contradicts itself based on the school of thought and discipline. It reveals that the success or failure of the organisation could be attributable to leadership which could be the CEO as responsible for development and implementation of a turnaround strategy. Furthermore, the literature suggests that the behaviours of the top leaders are reflected in their organisations. Corporate turnaround success appears to be attributable to an effective leadership style which motivates and supports the employees. The literature suggests that democratic, transformational, bureaucratic and autocratic leaderships impact the performance of the organisation positively while charismatic and transactional leaderships have negative impact (Al Khajeh, 2018). This appears to be contradictory as charisma is a characteristic of transformational leadership. Literature revealed that transformational leadership is characterised by charisma, inspiration, intellectual and individualised consideration (Avolio et al., 2009; Bass, 1990; Boerner et al., 2007). Though there is a suggestion for autocratic and transformational leadership for positive organisational performance, situational leadership scholars are of the view that good leaders do not conform to a specific style of leadership (Anh & Nhàn, 2021; Slatter et al., 2006).

In addition, previous scholars of upper-echelons theory have different views of whether the attributes and values of top management have an influence on organisational performance. Abebe (2010) found the characteristics of top management to have no direct relationship with

turnaround success. On the other hand, Andalas et al. (2017) found top management characteristics to have a direct relationship with turnaround performance.

Based on these contradictions from different schools of thought, it appears that the research questions are not answered thus necessitating a need for empirical research.

Furthermore, literature provides contradicting views on the CEO's functional background. Literature suggests that successful CEOs of turnarounds have manufacturing backgrounds (Zimmerman, 2011) while others are of the view that they have legal, finance, or general administration functional backgrounds. Some scholars are of the view that a functional background does not predict successful turnaround (Rajagopalan & Datta, 1996), while other authors suggest that an output oriented functional background affects organisation in turnaround positively (Abebe, 2009; Andalas et al., 2017) while yet others are of the view that several backgrounds result in favourable organisational success (Ofe, 2012).

Literature only reveals that successful CEOs are visionaries with a strong passion for their organisation and ability to communicate while they are perceived to be dynamic, charismatic and transformational. It does not reflect if the aforesaid capabilities of a CEO would lead to a successful turnaround in an SOE setting. The turnaround scholars argue that the most challenging task that the new leaders face is to execute the turnaround, as opposed to initiating it. The literature on turnaround is scarce, it is unclear as to whom the main role players of a turnaround are, apart from the CEO. It is suggested that successful turnarounds start with the replacement of the CEO, however, other scholars attest that the outcome of a corporate turnaround is not influenced by the replacement of a top management team.

The significant role of the CEO in the outcome of the organisational strategy has been articulated in the literature, but what is lacking is coverage of the influence of the leadership of the CEO in the turnaround of a state-owned enterprises. The challenges faced by the SOEs globally, inclusive of South Africa, were thoroughly discussed, and leadership and governance issues seem to be the main challenges. The literature on the challenges that the CEOs face in executing the turnaround strategy in an SOE was briefly discussed and much of it is written by non-academics.

The CEO in general, has been described as charismatic, intellectual, transformational, and

visionary. However, there is no detailed discourse about the values, attributes, and capabilities of a turnaround CEO, hence the third research question (What are the capabilities, attributes and values of the CEO who is successful in executing a SOEs turnaround strategy?). Based on these contradictions, a need for empirical research becomes evident as the research questions are unanswered. There is no logical conclusion on what this literature prescribes, and hence, empirical data has to be collected to answer the main questions of this research which are:

- What is the CEO's influence on the outcome of the turnaround strategy?
- What are the challenges faced by CEOs of SA SOEs in executing a turnaround strategy?
- What are the capabilities, attributes and values of the CEO who is successful in executing SOEs turnaround strategy?
- What is the profile of a CEO who is successful in executing SOEs' turnaround strategy?

CHAPTER 3: RESEARCH METHODOLOGY

This chapter describes the methodology followed to address the research objectives and the reasons for the selection of a qualitative methodology. The sample size and research instrument for the study is also explained.

3.1 Research approach

In this study, a qualitative (inductive) approach was followed to answer the research questions. Creswell (2003, p. 18) argues that the qualitative approach is the one where the researcher "often makes knowledge claims based on constructivist perspectives or advocacy or participatory perspectives or both". Furthermore, the kind of data that is collected is "open-ended, emerging data aimed at developing themes from the data".

Induction refers to a research approach which involves the development of theory as a result of analysing data already collected (Saunders & Lewis, 2012). According to Saunders and Lewis, the researcher will gain an understanding of the meanings humans attach to events. The selected research approach is informed by the chosen research philosophy of a constructivist-interpretivist. Jason and Glenwick (2015, p. 14) state that constructivists-interpretivists are of the view that "reality is constructed in the interactions and minds of individuals hence there are multiple, equally valid realities".

Saunders and Lewis (2012) define research philosophy as an overall term that relates to the development of knowledge and the nature of that knowledge in relation to research. The research philosophy adopted in this study is more of an interpretivist and constructivist. Interpretivism advocates that it is necessary for the researcher to understand the differences between humans as social actors (Saunders & Lewis, 2012). Saunders and Lewis (2012) further argue that interpretivism relates to the study of social phenomena in their natural environment. This view is aligned with Kivunja and Kuyine (2017) who stated that with the interpretivist paradigm, every effort is put into gaining insights into the viewpoint of the subject that is being researched, rather than the observer's viewpoint.

Furthermore, interpretivism is explained as a philosophical perspective that argues that firstly, social phenomena need to be examined as a whole, and secondly, that there is not one single reality but rather multiple realities (Howson, 2019). This view corresponds with Greener (2008) who stated that an interpretivist researcher aims to view the world through the eyes of the people being researched, permitting multiple perspective of reality instead of one single reality of a positivism. It is highlighted by Howson (2019) that qualitative research entails various theoretical and philosophical traditions which generally originate from an interpretivist view of the world.

According to Greener (2008), an interpretivism paradigm uses a qualitative research method, such as discourse analysis or unstructured interviews, to investigate perceptions and constructions of reality by the actors in the organisations, such as employees, managers and shareholders. Qualitative research is largely associated with interpretivism (Greener, 2008; Rietchie, Lewis, Nicholls & Ormston, 2014). Theory is usually created by utilising an interpretivist model (Greener, 2008).

The interpretivism paradigm is relevant for this study, considering the field of study and what the study is aiming to achieve. In addition, the researcher made use of semi-structured interviews to gather data from the former and current employees (CEOs, CFOs, and COOs) and shareholders, board members and regulators of SA SOEs. According to Lincoln and Guba (1985) and Morgan (2007), research conducted in terms of the interpretivist paradigm usually have the following characteristics:

- The belief that realities are multiple and socially constructed.
- The need to understand the individual rather than universal laws.
- The admission that the social world cannot be understood from the standpoint of an individual.

Kivunja and Kuyine (2017) pointed out that the interpretivist paradigm is sometimes referred to as the constructivist paradigm. This view is supported by Howson (2019) who indicates that constructivism is an interpretivist paradigm of learning that emphasises that people construct their own view of the world through their social experiences. Constructivism, as explained by Crotty (1998), claims that meanings are constructed by human beings as they engage with the world they are interpreting. The selected paradigms (constructivism and interpretivism)

enabled the researcher to answer the research questions through the development of theory based on the findings of research.

3.2 Research design

Research design is the general plan of how the researcher will go about answering the research questions (Saunders, Lewis & Thornhill, 2009). Blanche, Blanche, Durrheim and Painter (2006) also state that the research design is a plan of action segmented into sampling, data collection and analysis. This study is qualitative (exploratory) in nature. Exploratory studies aim to seek new insights, ask new questions, and assess topics in a new light (Saunders & Lewis, 2012).

According to Saunders and Lewis (2012), this method provides insights and a fuller understanding of an issue or situation and therefore it will guide the researcher to answer the research questions. The advantage of the qualitative method is that it produces in-depth and illustrative information in order to understand the various dimensions of the problem under analysis (Almeida, Faria & Queirós, 2017). Furthermore, qualitative methods are considered to be adequate tools for studying complex phenomena (Jabareen, 2009). Greener (2008) argues that the qualitative approach to research is likely to be associated with the inductive approach to generating theory, often using an interpretivist model, thus allowing for the existence of subjective multiple perspectives and constructing knowledge rather than seeking to find it in reality. The rationale behind the selection of this method is that it enables the researcher to answer the research questions. Furthermore, this method is in line with the research philosophy.

The research strategy adopted encompasses the elements of a phenomenological research. This research strategy is supported by the constructive paradigm which was chosen for this study. According to Kivunja and Kuyine (2017), the constructive paradigm prescribes that data should be gathered and analysed in a manner consistent with ground theory (Strauss & Corbin, 1990). According to Creswell (2003), phenomenological research identifies the essence of human experiences regarding a phenomenon as described by the participants in a study. Block (2014) supports Creswell's view by stating that phenomenology is a field of philosophy which studies people's views and experiences in relation to the phenomena. This is the case in this study as one-on-one, online video semi-structured interviews were conducted to enable the researcher

to explore the respondents' perceptions, experiences, and attitudes on the leadership of the CEO. According to Saunders and Lewis (2012), the semi-structured interview is a method of data collection in which the interviewer asks about a set of themes using some predetermined questions but varies the order in which the themes are covered and questions asked. The advantage of this method is the flexibility and richness of data deriving from the interviews. The interviewer can follow up on the questions where clarity is needed. Quantitative method would not have worked in this study considering what this research aimed to achieve and the number of follow up questions the researcher asked the participants, particularly around the challenges and levels of influence the CEO has on the outcome of a turnaround. The researcher was able to search for in-depth information to derive the findings that are trustworthy.

An interview guide in Appendix E was designed to cover aspects of leadership, turnaround, attributes, capabilities, and values. The interview guide was adapted for each stakeholder group, using the CEOs as a base. The questions were guided by the aim of research, and the order in which the themes are covered, and questions asked varies. The interviewer may choose to omit some topics and questions and ask additional questions as appropriate (Saunders & Lewis, 2012). Harvey-Jordan and Long's (2001) view on semi-structured interviews is that the themes are usually identified by the researcher prior to the interview; however, the interview schedule framework should be sufficiently flexible to allow themes that develop throughout the discussions to be explored.

3.3 Data collection methods

This section describes the method for the data collection and the reasons for the selection of the method. The amount of data required to answer the research questions is also presented.

The data collection method chosen for this study is semi-structured interviews. The semi-structured interview is a method of data collection in which the interviewer asks about a set of themes using some predetermined questions but varies the order in which the themes are covered, and the questions asked (Saunders & Lewis, 2012). The rationale for the selection of this method is the fact that the researcher can prepare preliminary interview questions, and the questions will then be grouped into the research objectives. In addition, Given (2008) explains that this method utilises various open-ended questions and a variety of probes that bring about

further information and builds rapport through the researcher's use of active listening skills. The type of information extracted is both open and close-ended questions/statements.

Semi-structured interviews as a selected method are relevant for this study as the interviewees were in a position to express themselves and it is a reliable method for this kind of research. Initially the researcher had selected one-on-one, face-to-face semi-structured interviews, however as a result of Covid-19 face-to-face interviews could not be conducted in order to maintain social distancing. The researcher had to modify the traditional face-to-face data collection method to Online platforms (MS teams and Zoom). Lobe, Morgan, and Hoffman (2020) point out that social distancing mandates are restricting traditional face-to-face investigations of all kinds which is the case in this research. It is important though to acknowledge the advantages associated with online data collection methods. The advantage of using online platforms is that it saves time and costs associated with face-to-face interviews such as travel costs and time as a result of travel to the participant's destination (Evans, Elford, & Wiggins, 2008). The participants in this research are scattered all over the country therefore it would have been costly to travel to their destination in terms of travel costs and time it takes to get to where they are.

The researcher conducted a total of 24 interviews (23 online and one face-to-face interviews) with former and current top managers (CEO, CFO, COO), union representatives, board members from eight SOEs that have undergone turnaround, in addition, data was collected from the regulators (oversight bodies) and shareholders (government departments) associated with these SOEs.

The interviewees were asked questions that assisted the researcher to meet the research objectives. The interview questions are informed by the literature. The interview guideline is presented in Appendix E. The guideline is targeted at board members and the CEO. It was adapted accordingly for the other groups. To test validity of the interview questions, the interviews were conducted with one board member and regulator to ensure that the objectives of research would be met and to revise the questions where necessary. In this research, it appeared during the first interviews that the questions were sufficient and valid to answer the objectives of the research.

3.4 Population and sample

3.4.1 Population

The population in this study is all the potentially knowledgeable respondents in the realm of management of SOEs in South Africa. Population is the full universe of people or things from which the sample is selected (Greener, 2008). Blanche et al. (2006) also posit that population is the larger pool from which the sample is selected and to which generalisation of findings is made. It is a total collection of elements from which inferences can be made (Cooper & Schindler, 2014). The population consists of former and current CEOs, CFOs, COOs, board members, regulators, shareholders, and union representatives from the SOEs in South Africa. The size of the population cannot be established considering the nature of the respondents, being the former and current CEOs, CFOs, COOs, board members, regulators, shareholders, and union representatives. There might also exist other experts with insights into the leadership of SOEs who are not publicly known.

3.4.2 Target population

The target population in this research is the former and current CEOs, CFOs, COOs, board members, regulators, shareholders, and union representatives from the twenty-one (21) SOEs classified as Schedule 2 in the PFMA in South Africa that had undergone turnaround in the past. In this research, it is not possible to reflect the exact size of the target population considering the nature of the respondents being former and current.

3.4.3 Unit of analysis

The unit of analysis in this study is schedule 2 SOEs that have been successful (or unsuccessful) with turnaround strategies between 2000 and 2018. The researcher selected ten (10) SOEs from a total of twenty-one (21) schedule 2 SOEs for analysis. The participants from the following schedule 2 SOEs (pseudonyms were given to the SOEs for anonymity purposes) participated

in the study: SOE1, SOE2, SOE3, SOE4, SOE5, SOE6, SOE7, SOE8, SOE9 and SOE10[1]. In addition, the respondents from the government departments (ministries) namely, RP3, RP4 and RP5[2], later referred to as SOEs' shareholders, also participated. The aforementioned SOEs are classified as Schedule 2 (Major Public Institutions) in the Public Finance Management Act (PFMA). The regulators, namely, RP1 and RP2[3] responsible for playing an oversight role on the SOEs also formed part of the study. Pseudonyms were given to the SOEs, ministries (shareholders) and regulators (oversight bodies) that participated in this study for anonymity purposes. The rationale for the selection of Schedule 2 SOEs is their significant role in delivering government's mandate. These SOEs are expected to be financially viable and independent, while Schedule 1 and 3 SOEs are largely dependent on Government and are not commercially viable.

3.4.4 Sample

The sample consists of management within the selected ten (10) schedule 2 SOEs in South Africa that had undergone turnaround in the past, between 2000 and 2018. The sampled participants have an insight into the role of the CEO in SA SOE turnaround. According to Saunders and Lewis (2012), a sample refers to a sub-group of the whole population. Greener (2008) attests to this by indicating that a sample is a section of a population selected for research. The view of Blanche et al. (2006) is also similar that a sample refers to a process of selecting cases for observation purposes.

In this research, a non-probability (purposive) method was used to select a sample. The type of purposive sampling in this case is judgement sampling which occurs when a researcher selects sample members to conform to some criterion. Purposive sampling refers to a non-probability sample that conforms to certain criteria (Cooper & Schindler, 2014). Saunders and Lewis (2012); Etikan and Bala (2017), as well as Saunders and Lewis (2012) describe purposive sampling as a sampling method informed by the judgement of the researcher to actively choose those who will best be able to provide answers to the research questions to meet the objectives

[1] Pseudonym – SOEs names changed to ensure anonymity in this research
[2] Pseudonym – Ministries' names changed to ensure anonymity in this research
[3] Pseudonym – Regulators' names changed to ensure anonymity in this research

of the research.

There is also an element of the convenience method used in this study as it was difficult to obtain access to some of the participants. Considering the fact that it is an emotionalised and politicised environment that the researcher is studying, the researcher adopted a convenience sampling method by focusing on the respondents whose contact details were accessible. Convenience samples are non-probability samples that are unrestricted (Cooper & Schindler, 2014). Cooper and Schindler (2014) argue that convenience sampling is the least reliable design, however it is the cheapest and easiest to conduct. In this case, the researcher chose whomever she could find, at the same time, ensuring that the selected sample meets the objectives of the study.

There are 715 SOEs in South Africa (PRC, 2013). The SOEs in this regard are classified as Schedule 1, 2, 3A, 3B, 3C & 3D (See Appendix A for a list of **Schedule 2** SOEs). A total of 45 people consisting of the former and current CEOs, CFOs, COOs, union representatives and board members from the selected Schedule 2 SOEs that had undergone turnarounds, as well as shareholders and regulators associated with these SOEs were initially sampled. The researcher was targeting six participants (CFO, COO, shareholder representative, regulator, and union representative) per SOE. The sample was selected on the basis that they are senior management and therefore they were involved in either the crafting, implementing, or overseeing the turnaround strategy and SOEs policies. In addition, all the participants have knowledge of the subject. The rationale behind the selection of the CEO, CFO and COO is that these are strategic roles, and, in addition, the CEO role is responsible for overseeing the overall performance of the SOE and therefore the CEO is expected to drive a turnaround strategy. In the case of the CFO, the role is responsible for financial management (budget, compliance, and audit) of the SOE. The COO oversees the SOE's business operations (HR, IT, Corporate services, Legal, Procurement, etc.). All of these roles report to the CEO and are responsible for providing direction and guidance and providing funds and resources during the implementation of a turnaround strategy. Consequently, the roles are actively involved in the development and implementation of a turnaround strategy and are best suited to respond to the research questions.

The shareholder in this regard is the State (South African Government with the Minister as a shareholder representative and in some cases, a public institution to which the SOEs report).

The senior representatives from RP3, RP4 and RP5 ministries/government departments participated in the study. The World Bank (2014) suggests that the shareholder provides or approves the capital investment into the company and monitors the performance of the SOE. The state is also responsible for establishing the broad outcomes expected of the SOE and negotiating these with the board (Worldbank, 2014). The board is responsible for the strategic direction of the SOE, and ultimately for performance (Worldbank, 2014).

The regulator sets up the policy objectives and also plays an oversight role. The union representative protects the interests of the union members. The senior representatives from the following regulatory bodies formed part of this research: RP1 and RP2. In the case of trade unions, two representatives from the unions were interviewed.

As a result of access difficulties and other reasons known to the potential participants, some of the potential participants refused to participate in this research while others just ignored the invitations. As a result, the sample size decreased from 45 to 24 and it is for this reason that the researcher adopted an element of snowball sampling whereby three interviewees were requested by the researcher to refer people who were fitting the profile of the participants. Only three participants out of 24 were recruited through the snowball method. At the time of data collection, the POPI Act was not in effect. Snowball is a sampling method which allows the initial participants relevant for research to provide information about other people from the target population (Frank & Snijders, 1994; Greener, 2008; Welch, 1975). Snowballing is mostly used in qualitative research as per Greener (2008). Etikan and Bala (2017) describe snowball as a sampling design process of selection usually done through networks. Snowball as a sampling method has its own disadvantages just like any other design methods, as stated that the choice of the entire sample "balances on the choice of individuals from the beginning of the stage, belonging to a particular clique or have ample biases" (Etikan & Bala, 2017, p. 2). This view corresponds with Welch (1975) who stated that the possibilities for bias on snowball sampling are high. This is not the case in this research as the number of referred participants is low considering that only three participants were referred, in addition, qualitative research is exploratory. Therefore, the probability of the referred participants making any significant impact towards the findings as a result of possible bias is extremely low.

Boddy (2016) suggests that the sample size in qualitative research is determined by context and partly by the research scientific paradigm. Guest, Bunce, and Johnson (2016) uphold that

the guidelines for determining non-probability sample sizes are fundamentally not in existence as the size is dependent on saturation. Saturation refers to a state whereby there is no occurrence of new data/information/themes (Guest et al., 2016; Morse, 2016).

Saturation became evident in the 9th interview when new information was no longer found pertaining to the challenges that CEOs face when turning around the SOEs. Regarding the analysis of the CEO's level of influence on the outcome of a turnaround, saturation was reached on the 16th interview. Saturation on the capabilities, attributes and values of a CEO who can turnaround an SOE successfully was reached in the 18th interview.

To assess if data saturation was reached, the researcher developed a saturation matrix in Excel reflecting the main themes and the participants per theme. This enabled the researcher to observe recurrence of information/data. Interviews were conducted past the saturation point up to the 24th interview where it was evident that the information was no longer useful. In the study by Guest et al. (2016), saturation was identified within the first 12 interviews. However, meta-themes occurred within the first six interviews. Sixteen or fewer interviews were sufficient to recognise common themes from the participants. Larger sample sizes of between 20 and 40 interviews are required to experience data saturation for meta-themes (Hagaman & Wutich, 2016). The researcher adopted the views of Guest et al. (2016); Hagaman and Wutich (2016)); Morse (2016) on sampling. The researcher ensured that the sampling size was not below 20 in order to experience meta-themes' data saturation. In addition, the researcher tried to increase the number of participants even after reaching saturation. Even after several attempts, the researcher could not increase the number of participants due to various limitations as outlined in 3.9. This does not pose any limitation to the study considering that saturation was reached.

Table 2: Profile of participants per institution (Researcher's own interpretation)

Description of participant type	**Total number of participants**
Board member	5
CEO	8
CFO	3
COO	1
Regulator	2
Shareholder	4
Union representative	1
TOTAL number of participants	24

The above profile of participants has been expanded to reflect details about the participants, interview dates and duration. This is presented in chapter 4 of this document.

3.5 Procedure for data collection

An email with a participant information sheet as an attachment was sent to the potential participants inviting them to participate in the study. Upon receiving feedback from the potential participants indicating their willingness to participate in the study, the interview details were provided to the participants through an email and in some cases, through WhatsApp. WhatsApp is a messaging platform with built in end-to-end encryption which allows the users to exchange messages in a secured manner (WhatsApp, 2022). The purpose of the study was explained, and interview details were provided. An interview guide detailing the questions was crafted and it was only distributed up-front to the two participants who made a request to have the questions in advance.

As a result of Covid 19, the researcher asked the participants to select the online platforms that best suited them. The researcher presented two platforms, MS Teams and Zoom, to the participants and they opted for either Zoom or MS Teams with one participant opting for a face-to-face interview. One of the participants initially opted for a telephonic interview in the first 30 minutes however, the remainder of the interview was done through MS teams. The

reason for presenting only these two online video platforms was due to security features that these platforms are offering and the researcher's positive experience utilising these methods. The researcher had to ensure that she had Internet connectivity and to test the speakers and audio prior to each and every interview.

Data collection started on the 26th of June 2020 after validation of the interview questions (instrument). Data was collected over nine months, up to the 13th of March 2021. The duration of the interviews with each participant were between 30 mins to 2.5 hours. Polkinghorne (2005) argues that in a qualitative interview, one-shot interviews are often not enough to produce the full and rich descriptions necessary for meaningful findings. It is suggested by Seidman (1991, as cited by Polkinghorne, 2005) that a sequence of three interviews is more likely to produce accounts of sufficient depth and breadth. In this study, the researcher was able to obtain sufficient and meaningful data in the one-shot interview as the participants are senior officials and therefore due to the nature of their work, some would not have been available for second and third interviews. There were two instances where a second interview was held to cover the rest of the questions as it was not possible to do so in one shot and another instance whereby one participant felt there was an important point that he forgot to mention during the interview and made that available through WhatsApp communication channel. The disadvantage of having more than one interview in this case, as experienced by the researcher, is that in one instance the researcher asked the same question that was asked in the first interview as a follow-up question and the response was totally different from the first interview. The researcher opted to take the latest response therefore rendering the first one invalid.

The participants were requested to complete a consent form after the interview as most of them needed to have insights into the questions first to determine the nature of the questions so they could make informed decisions as to whether to be anonymous or not.

The interviews were recorded and transcribed to capture the interviewee's views and resulted in approximately 500 pages of transcripts. During transcription the names of the people mentioned by the interviewees e.g., the names of the CEOs of SOEs that they regard as being successful etc. were replaced with pseudonyms for ethical purposes. Saturation became evident in the 9th interview when new information was no longer found pertaining to the challenges that CEOs face when turning around the SOEs. Regarding the analysis of the CEO's level of influence on the outcome of a turnaround, saturation was reached on the 16th interview.

Saturation on the capabilities, attributes and values of a CEO who can turnaround an SOE successfully was reached in the 18th interview. The researcher continued collecting data even after saturation was completely reached to ensure that information being provided was no longer useful. Marshall, Cardon, Poddar, and Fontenot (2013) confer that to justify data saturation in general, the researcher should continue conducting the interviews beyond saturation point to ensure that indeed the dataset was redundant.

3.6 Data analysis and interpretation

Thematic analysis was used for analysis whereby the concepts were grouped and manually coded. Thematic analysis is a method for identifying, analysing and reporting recurring ideas (themes) within data (Braun & Clarke, 2006; Jason & Glenwick, 2015; Riger & Sigurvinsdottir, 2016). Given (2008) describes thematic analysis as a data reduction and analysis strategy by which qualitative data are segmented, categorised, summarised, and reconstructed in the manner that captures the important concepts within the data set. This method facilitates the search for patterns of experience within a qualitative data set, as stated by Given (2008). In fact, the researcher has, as stated by Saunders and Lewis (2012), developed meaningful codes to describe the data, decided on the unit of data which are relevant for analysis, and attached relevant categories to the units of data. The reason why the researcher opted for thematic analysis as a method of analysis in this research is the fact that it is flexible in nature (Braun & Clarke, 2006).

Saunders and Lewis (2012) contend that qualitative data can either be analysed manually or by using computer-aided qualitative software. In this research, the analysis of data was done manually. All 24 interviews were transcribed and data from the transcripts was grouped into themes for analysis purposes and the findings were interpreted. Data analysis and interpretation are presented in chapter four and five respectively. In some instances, where necessary, the frequency count of coded concepts was analysed in a statistical fashion for results' visualisation purposes and also as a tool to determine if saturation had been reached; therefore the frequency count should not be interpreted in a statistical manner. Though the research approach is Qualitative, in research objective one which was intended to analyse the level of CEO's influence on the outcome of turnaround, the responses were also captured in a statistical manner to determine the level of influence in this regard.

The researcher followed the following steps, as in Castleberry and Nolen (2018), to analyse data:

1. Compiling

In analysing data, the researcher transcribed all 24 interviews and read the transcripts thoroughly to familiarise herself with data relevant for each research objective. The transcripts were reread to ensure that the contents were understood and organised in preparation for coding.

2. Disassembling

The researcher utilised a combination of deductive and inductive coding methods. According to Fereday and Muir-Cochrane (2006, p. 91), deductive coding results from the philosophical framework while inductive coding derives themes that emerged from the discussions with the participants. The advantage of combining the two methods is that the researcher remains open to data surprises while at the same time, staying attuned to theories in existence (Linneberg & Korsgaard, 2019).

In the transcript, as part of coding, the researcher marked the paragraphs or contents which apply to each research objective as follows: The contents for objective one was marked in green, objective 2 in amber and objective 3 in red and assigned the codes. The remaining data that was not belonging in any of the research objectives was assessed and a theme was created and the one that was found not to be meaningful for this research was left unmarked and therefore excluded from coding. The code serves as a label that the researcher used to "retrieve and categorise similar data" in order to be able "to pull out and examine all of the data across the dataset associated with that code" (Castleberry & Nolen, 2018, p. 809). The researcher, in a similar way as pointed out in Castleberry and Nolen (2018); Jason and Glenwick (2015), used "*In Vivo*" as a coding approach by using the participants' verbatim/spoken words and phrases from storytelling to explain the unit of data. "*In Vivo*" coding applied in this research uses the same principles as inductive coding. On the other hand, one would note that coding based on the research objectives takes the same form as deductive coding. It is for this reason that the researcher confers that a combination of deductive and deductive coding methods was utilised in this research.

3. Reassembling

The themes were identified for each objective and the participant's name was captured and, in some cases, the sub-themes were developed. "Themes capture an essence of the phenomenon under investigation in relation to your research question or purpose of the study" (Castleberry & Nolen, 2018, p. 809). Furthermore, themes are described as patterns in the codes that utilise a number of fragments of related code to indicate the entire perspective of what is being depicted. In this case, the researcher analysed data until there was evidence of saturation. Firstly, saturation became evident on data pertaining to the challenges that CEOs face when turning around the SOEs after analysing 39% of data. Secondly, upon analysing 70% of data, saturation concerning the analysis of the CEO's level of influence on the outcome of a turnaround was reached. Thirdly, saturation on the capabilities, attributes and values of a CEO who can turnaround an SOE successfully was reached after analysing 78% of data. The researcher continued analysing until 100% data was covered to ensure that there was no useful data that was excluded from analysis.

4. Interpreting

In this step, in a similar manner as Castleberry and Nolen (2018), the researcher concludes analysing data reflected as codes and subsequently, themes and sub-themes to ensure alignment with research objectives. In this research, this step ran concurrently with step 3. The researcher did not wait to conclude the previous step before commencing with interpretation. Castleberry and Nolen (2018) suggest that interpretation can already begin during the first three steps instead of waiting for analysis to be concluded. The researcher narrated the findings in relation to literature and proceedings from the Zondo Commission of inquiry that was related to what is being researched. Ultimately, a thesis report entailing the findings and recommendations was developed and presented in the next section (Chapter 5-7). The report provides an in-depth analysis of the leadership of a CEO on the outcome of a turnaround in an SOE in SA. The analysis is based on the insights provided by the former and current SOE management (CEO, COO, CFO), union representatives, board members and regulators from the institutions associated with these SOEs in response to the research questions.

5. Concluding

This is the last step in data analysis in which the researcher responds to the research questions. In this research, the researcher has captured the responses to the research questions in chapter 4. To validate that the steps used to analyse data in this research are valid, the researcher made a comparison with the other scholars' steps followed in analysing data. The outcome was that the steps used are similar to those used by other scholars. Below are the steps extracted from Braun and Clarke (2006) which have similarities to Castleberry and Nolen (2018).

Table 3: Phases of thematic analyses (Braun & Clarke, 2006)

Phase	Description of the process
1. Familiarizing yourself with your data:	Transcribing data (if necessary), reading and re-reading the data, noting down initial ideas.
2. Generating initial codes:	Coding interesting features of the data in a systematic fashion across the entire data set, collating data relevant to each code.
3. Searching for themes:	Collating codes into potential themes, gathering all data relevant to each potential theme.
4. Reviewing themes:	Checking if the themes work in relation to the coded extracts (Level 1) and the entire data set (Level 2), generating a thematic 'map' of the analysis.
5. Defining and naming themes:	Ongoing analysis to refine the specifics of each theme, and the overall story the analysis tells, generating clear definitions and names for each theme.
6. Producing the report:	The final opportunity for analysis. Selection of vivid, compelling extract examples, final analysis of selected extracts, relating back of the analysis to the research question and literature, producing a scholarly report of the analysis.

3.7 Credibility and trustworthiness

Jason and Glenwick (2015) are of the view that in qualitative research, trust or confidence could be established by replacing reliability, validity and generalisability as quantitative standards with standards that will aid in judging the trustworthiness of qualitative research. This is the case in this research, considering that the researcher was guided by quality criteria for trustworthiness. Trustworthiness refers to whether the research findings can be trusted (Korstjens & Moser, 2018). The following quality criteria were met to ensure trustworthiness of the findings of research:

3.7.1 Credibility

This establishes whether the research findings represent acceptable information drawn from

the participants' original data, and furthermore, that it is a truthful interpretation of the participants' original views (Korstjens & Moser, 2018). Credibility, according to (Jason & Glenwick, 2015, p. 18) is the precise "representation of multiple realities". Any form of bias in relation to the collection of data was eliminated or minimised by the researcher by recording the interview responses, probing for clarity, and following up on questions in need of clarity.

The researcher also ensured credibility through persistent observation by developing the codes, themes and sub-themes that assisted in examining the characteristics of the data. The researcher read the data thoroughly, examined it, theorised it, and recoded the codes and relabelled them. In addition, the researcher conducted a revision of the themes and sub-themes accordingly. The data was studied until the final theory provided the intended depth of insight. The researcher followed the theme analysis steps for qualitative data (refer to 3.6 for the steps), as suggested by Castleberry and Nolen (2018), for credibility purposes. The steps in this case are similar, however worded differently, to other scholars (Braun & Clarke, 2006).

Castleberry and Nolen (2018) suggest that by being transparent about the research analysis process, credibility will be ensured. Qualitative analysis has to be "rigorous and transparent in method as possible to allow the readers of research" to have insights into "how the conclusions and findings are achieved" (Greener, 2008, p. 83). This is the case in this research that the researcher has demonstrated the analysis process in a transparent manner.

3.7.2 Transferability

This refers to the extent to which the research results can be transferred to other contexts or settings with other respondents (Jason & Glenwick, 2015; Korstjens & Moser, 2018). The researcher facilitated the transferability judgement by a potential user by providing sufficient content about the research. Castleberry and Nolen (2018) affirm that for the reader to determine generalisability of the findings, the researcher needs to provide sufficient study details.

The researcher then described the behaviour and experiences, together with their context, in order for the behaviour and experiences to be meaningful to an outsider (Korstjens & Moser, 2018).

3.7.3 Dependability and confirmability

Dependability refers to the stability of findings over time and confirmability refers to the degree to which the study can be confirmed by other researchers (Korstjens & Moser, 2018).

Dependability was achieved by reflecting consistency of data in a manner that reflects repeating data. This was done in line with Castleberry and Nolen (2018) who pointed out that the researcher should show consistency in the research by indicating repeatability.

Korstjens and Moser (2018) further suggest that confirmability is concerned with establishing that the data and interpretations of the findings are not fantasies of the inquirer's imagination, but derivatives of the data. The researcher ensured confirmability by proving that the results are based on data collected from the participants and not the researcher's bias. In some cases, the researcher provided direct quotations in chapter 4 and 5 to prove that the research conclusion is informed by the interpretations of the themes; furthermore, as proof of coding and how the themes were established. This practice is informed by Castleberry and Nolen (2018, p. 814) as pointed out that in their study "direct quotes were used within the body of the manuscript to allow the reader to verify thematic coding and ensure that conclusions were then drawn from the interpretations of themes".

The researcher ensured that the dependability and confirmability criteria are met by keeping an audit trail throughout the research. The steps followed by the researcher from the start of a research project to the end were described in 3.3-3.6. of this chapter.

3.7.4 Reflexibility

This refers to the point at which the researcher acknowledges the importance of being self-aware about her bias in the process of collecting, analysing and interpreting the data, and examines the impact the bias will have on the findings (Jason & Glenwick, 2015; Korstjens & Moser, 2018). In this research, there was never a point when the researcher felt she has influenced the interview results. The researcher made notes in the journal on assumptions, biases, and subjective influences. The notes captured emotions and feelings experienced by the researcher during and post interviews. In the beginning, the interviews were overwhelming as a result of the nature of the participants, being high profile. The participants were welcoming

and humble to a point where the researcher felt they deserve “great man” accolades. The researcher’s experience in project management, change management and organisational development prepared her to handle the interviews better. The interviews were emotional, particularly the CEOs. The participants took the study seriously with some requesting a copy of the final report to be made available to them. They were very professional, and they felt free to talk to me in confidence. Some of the sessions seemed to be “venting” sessions giving the participants an opportunity to share their exciting lived experiences. No one had prepared the researcher for this. The researcher managed to be calm and composed throughout the interviews. The insights from the participants, that is the captains of industry made the researcher view public institutions differently and to withdraw some of the bias the researcher had. Post interviews, the researcher felt that SOEs leadership required counselling support as a result of the nature of their jobs which is demanding and a toxic environment in which they work.

The researcher is well aware of her own biases being, her political standing and that transformation is something that is close to the researcher’s heart, the quest to put people first as a servant and leader in the state-owned enterprise. Moreover, the researcher worked for a state-owned enterprise where she was involved in the implementation of a turnaround strategy. The researcher’s experience in implementing a turnaround strategy did not have any influence in the interviews. There was never a point when the researcher exercised any form of bias in the interviews nor in the analysis and interpretation stages. Throughout the research, the researcher was cognisant of the fact that she should not reflect any bias that might influence the outcome of this research. The researcher was professional throughout the interviews and there was never a moment when she tried to influence the responses in any way. Though the researcher is knowledgeable about some of the challenges that SOEs in SA are facing and also, as discussed at the Commissions of inquiry, the researcher noted the interviews “as is” without imposing answers that are out there in the public, even in cases where she might have felt that one or two participants were withholding information. The researcher has her own reservations around some of the responses however, taking cognisance of her biases, she maintained her professional and ethical status by not influencing or commenting on the responses provided. The insights from the interviews changed some of the perceptions the researcher had about SOEs’ leadership.

3.8 Research ethics

Research ethics is the appropriateness of the researcher's behaviour in relation to the rights of those who become the subject of a research project, or who are affected by it (Saunders et al., 2009).

The researcher provided the respondents with sufficient information about the research in order for them to make an informed decision about their participation. In the beginning of the project, the participants were informed of the consent forms that they needed to sign. The consent form is presented in Appendix H of this document. Most of them were adamant to complete the consent forms before the interview as they needed to assess the nature of the questions to determine whether to be anonymous or not. The consent forms were completed after the interviews and emailed to the researcher. Subsequently, research was conducted openly without withholding any information. The researcher made it clear to the participants that the research is a PhD student project which is essential for the completion of the degree.

The researcher respected the participants' request for anonymity and confidentiality. To achieve this, the researcher has preserved anonymity and confidentiality of the participants through the use of pseudonyms (false names) for both the participant and the organisation. Data obtained from the participants was captured electronically on a laptop which is password protected. A pseudonym was used to represent their participation in this final research report and publications. The information supplied during the interview is used for academic purposes only. In addition, it may be used for secondary analyses by other researchers. The researcher abided by the research and ethics guidelines issued by the University of the Witwatersrand.

3.9 Limitations

This research made significant contributions, particularly the development of a profile of a CEO of a turnaround however it is not without limitations. The limitations of this study are the following:

This research made significant contributions, particularly the development of a profile of a CEO of a turnaround however it is not without limitations. The limitations of this study are the

following:

The politicised and emotional environment of the study field had a negative impact on participation. A Commission of inquiry, as a result of "state capture," was taking place the same time as this research and some of the potential participants were kept busy by the Commission as a result of preparations. This could have influenced the participation rate. Initially, this study was aiming for 45 participants, however due to the aforesaid limitation, only 24 participants formed part of the study. In addition, the nature of this research could have posed a threat to the participants by confusing it with the Commission of inquiry. Political dynamics in South Africa could also have impacted participation due to trust issues and therefore leading to the potential participants thinking that by participating in the research they could be limiting their careers. This limitation was mitigated though as the researcher had a sense that saturation was reached in the last interview which allows the conclusion that 24 was a sufficient number.

Anonymity of the study which appeared to be a necessity in order to be able to collect empirical data and conduct the research, perhaps prevented a deeper or more concrete understanding of challenges, processes and learnings. It also made pinpointed recommendations impossible.

Academic literature in the field of turnaround and CEOs, particularly in the SOE environment, is limited and outdated, resulting in the complexity of the study. This research was only focusing on South African SOEs. South Africa, as a country, is complex with diverse cultures and political dynamics. Causal relationships are hard to establish since the research was not conducted in a controlled environment, such as an experiment, but rather in a real world that is influenced by many factors and subject to constant change. This made this research complicated and complex to plan and conduct. Considering the political landscape of South African SOEs, it is advisable for future researchers to be cautious when interpreting the results.

CHAPTER 4: DATA PRESENTATION AND ANALYSIS

This chapter presents and analyses the data collected through the interviews. The analysis is segmented into three parts and is aligned to the objectives of this research. The first part presents the CEO's level of influence on the outcome of the turnaround strategy in an SOE in SA. The second part covers the analysis of the challenges that CEOs of SOEs face in executing a turnaround strategy. The third part depicts the analysis of the capabilities, attributes and values of a CEO who can be successful in turning around an SOE.

4.1 Profile of interviewees[4]

Due to the anonymity of this study, the real names of the participants and the SOEs were not used, instead the pseudonyms were used to represent participation. This is in line with the ethics guidelines issued by the University of the Witwatersrand (University of Witwatersrand, 2020-2022). The participants of this research are high profile, movers and shakers, and captains of industries with much experience in both private and public sectors, while some have global exposure. These are highly qualified people who possess, amongst others, local and international post-graduate qualifications and academic qualifications up to PhD level. Some of them have received international executive coaching and peer coaching from highly qualified and experienced people. They play an extremely important role in steering the SOEs that contribute immensely to the economy of the country of South Africa. They have experience in both private and public sectors. The participants in this case have led turnaround projects both at strategic and operational levels, while others were indirectly involved. Though the focus of this research was on those who led turnarounds in Schedule 2 SOEs, there are a few, one or two who have turnaround experience in both Schedule 2 and 3 SOEs. Those that led turnarounds in their careers pointed out that the reasons for turnaround were mostly attributed to serious financial losses and productivity to an extent that some were almost bankrupt and insolvent and loss of stakeholder/customer confidence, if not reputational loss

[4] Due to anonymity of this study, the names of the participants and the SOEs were changed by giving them pseudonyms. This is in line with ethics guidelines issued by the University of the Witwatersrand.

and a need for growth.

The profile of some of these participants are individuals with humble beginnings who worked hard to get to where they are today and those that started practicing leadership at a young age through platforms other than work, which prepared them to be who they are and where they are in terms of career. The participants are very proud of the journey they walked to get to where they are and are still committed to serve and move SOEs to another level. On the other hand, there are those who have lost confidence in the public sector, considering their experiences. They are not ashamed to share the hardships they endured in their careers, in addition to proud moments and the learnings that groomed them to be who they are today. The participants not only shared their experiences but also advised on how to turnaround SA SOEs successfully. Their sense of humour and confidence is something that came out strongly as a highlight of the interviews the researcher conducted, not forgetting moments that felt like venting sessions, moments when the researcher felt the need to have a therapist on board. What was fascinating about the interviews was the observation that there are those CEOs who are strategic and those who are both strategic and operational.

The participants were proud to share what makes a successful CEO of an SOE in terms of capabilities, attributes and values. In addition, they shared their views around the CEO's level of influence on the outcome of turnaround and the challenges these CEOs face when turning around SOEs in South Africa. The following is a list of the participants and their organisations that participated in this research. In the list, CEO1 and CEO2 denote two participants who were CEOs in one SOE at different times. The organisations are SOE 2 and SOE 9. In SOE 2, the two CEOs that formed part of the study are (AB7) and (AB2). In SOE 9, the two CEOs that were interviewed are (AB9) and (AB10). AB10 served as a CEO in SOE 7 and 9 at different times. AB3 and SS2 is one individual who served as the CEO in SOE4 and as a shareholder at RP4. AB7 served as a CEO in SOE 2, 6 and 8 at different times. In total, eight CEOs from SOE 1, SOE2, SOE3, SOE4, SOE5, SOE 6, SO7, SOE 8, SOE 9 and SOE 10 formed part of this study. Twenty-four participants consisting of eight CEOs, two COOs, three CFOs, five board members, three shareholders, two regulators and one union representative formed part of the study.

Table 4: Detail list of participants per institution (Researcher's own interpretation)

Interviewee	Participant Reference code	Organisation Reference code	Interview location	Interview date	Interview time	Duration
CFO	AD1	SOE2	Zoom	30-Jun-20	09:00	1h30mins
Board member	AA3	SOE3	Zoom	01-Jul-20	14:00	1h46mins
Board member	AA1	SOE1	Zoom	25-Jun-20	07:45	2h30mins
				02-Jul-20	09:00	1h24mins
Regulator	RR2	RP2	Zoom	03-Jul-20	14:30	1h
Board member	AA5	SOE10	Face-to-Face	04-Jul-21	16:00	1h
CFO	AD3	SOE7	Zoom	10-Jul-20	10:00	30mins
Regulator	RR1	RP1	Zoom	11-Jul-20	10:00	1h17mins
CEO	AB3	SOE4	Zoom	15-Jul-20	11:00	1h50mins
Shareholder	SS2	RP4	Zoom	15-Jul-20	11:00	1h50mins
CEO	AB7	SOE2, SOE6 & SOE8	Microsoft Teams	17-Jul-20	17:00	1h
CEO2	AB2	SOE2	Microsoft Teams	20-Jul-20	11:30	1h24mins
COO	AC1	SOE2	Zoom	29-Jul-20	08:30	1h
CEO	AB5	SOE5	Microsoft Teams	11-Aug-20	11:00	1h
Board member	AA2	SOE2	Microsoft Teams	24-Aug-20	15:30	1h
CEO1	AB6	SOE7	Zoom	25-Sep-20	15:00	1h20mins
CFO	AD2	SOE6	Microsoft Teams	30-Oct-2020 08-Dec-2020	09:30 08:00	1h
CEO	AB4	SOE3		06-Aug-20	13:00	
			Zoom	11-Dec-20	11:00	1h13mins
Shareholder	SS1	RP3	Microsoft Teams	18-Dec-20	09:30	1h13
CEO1	AB9	SOE9	Microsoft Teams	09-Jan-21	14:00	1h
Shareholder	SS3	RP5	Microsoft Teams	26-Jan-21	14:30	30mins
COO	AC2	SOE3	Microsoft Teams	09-Feb-21	13:00	1h30mins
CEO2	AB10	SOE7 & SOE 9	Microsoft Teams	10-Feb-21	10:45	1h
Board member	AA4	SOE2	Microsoft Teams	12-Feb-21	13:00	1h
Union representative	UR1	SOE4	Zoom	13-Mar-21	19:30	42mins

4.2 Objective 1: The CEO's influence on the outcome of the turnaround strategy

This section presents and analyses the CEO's influence on the outcome of the turnaround strategy. The key themes emerged from the analysis: CEO's level of influence on turnaround, lack of authority - de facto and de jure power and non-supportive SOE culture, and these are discussed below:

4.2.1 CEO's level of influence on turnaround

This section presents the CEO's level of influence on the outcome of the turnaround strategy in an SOE in SA. On the scale of 1-5 using a Likert scale, 1 = very low, 2= low, 3 = moderate, 4 = high and 5= extremely high, the participants shared their analysis based on their experiences during turnaround by reflecting what they thought to be the CEO's level of influence. The CEO's level of influence on the outcome of turnaround, as described by the participants, is depicted below in figure 10.

This graph is not to be interpreted in a statistical way but as a visualisation of the results.

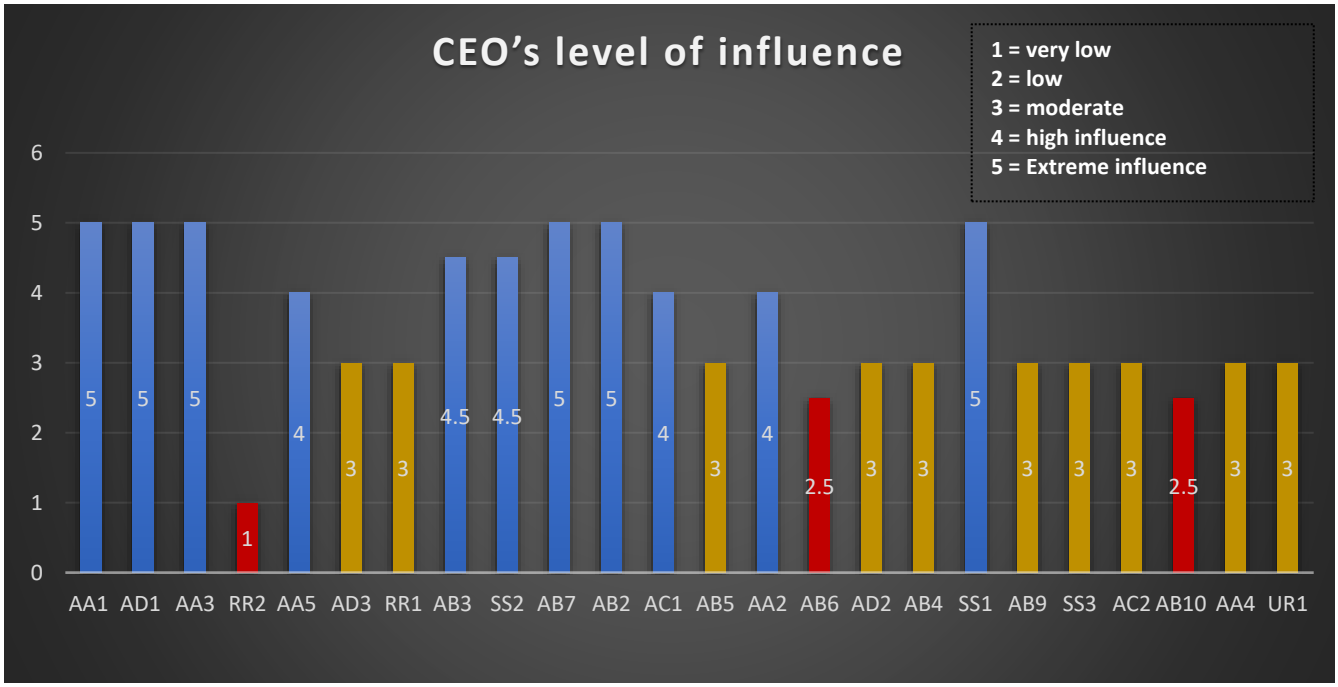


Figure 10: CEO's level of influence on the outcome of the turnaround strategy in an SOE (Researcher's own interpretation)

Overall, the CEO's level of influence on turnaround is perceived to be moderate as a result of factors outside the CEO's control. The level of influence is unacceptable as this will have a negative impact on the outcome of a turnaround. The responses of the participants capture the reasons or motivation for their rating which formed two themes namely: Lack of authority (*de facto* and *de jure power) and non-supportive SOE culture.* The aforesaid themes are discussed in this section and are also embedded in the next section (section 4.3) as challenges that hinder the success of turnarounds in an SOE in SA. The participants suggested that the CEO's level of influence in an SOE is influenced by limitations they have in the execution of a turnaround strategy and the involvement of other players in a turnaround, and this was expressed in the following statements:

4.2.2 Lack of authority – de facto and de jure power

The participants are of the view that the CEO's level of influence on turnaround is moderate (3) as a result of the factors that are outside their control, such as support from government and other decision makers. In the following statement, the participants indicated their level of influence to be moderate (3) as a result of support required from government and multiple centres of power. The participants shared their views regarding the CEO's level of influence below:

> *"I had very limited influence in that, the key pillars of the strategy, required me to get support from government"* (AB10, p. 2).

> *"The CEO should be 4/5 but, in an SOE, the current situation, it's a 3 because like I said, there are many centres of power. Even if you're doing the right thing, someone might be wanting something that you're not giving" (AB5, p. 6).*

CEOs of State-owned enterprises in South Africa are not always in control, they do not always have the power to make decisions (AA2, AA5, AB5, AB6, AB10, AD1, AD2, AD3, RR1, UR1). This challenge is further explained below:

> *"So how can you blame the CEO because he did not have absolute control over that? I would not hold the CEO responsible for mostly when there's a paper trail that shows that the CEO tried" (AA2, p. 11-12).*

> *"They have the influence on what is in their dedication, but their challenge is the influence on things that are beyond their dedication" (AD3, p. 3).*

- ***CEO's low influence on strategy formulation and implementation***

It seems that though the CEO crafts the strategy, they do not have full control, as other parties, such as the board and shareholder have to put a stamp on the strategy (AB5, AB10, AD2, AD3, UR1). The issue of limited control was elaborated by one participant as follows:

> *"I had almost more full control in the organisation, but on strategy formulation and implementation the level of influence was low, that is 2.5 on the strategy. I would be told, you can't go there (AB6, p. 12).*

Subsequently, when it comes to the implementation thereof, the CEO has no full authority whatsoever, as approval has to be granted by the same parties, so that could have a negative impact on the implementation of a turnaround strategy should approval of certain elements not be granted. The participants provided examples below of the things that limit them from having full authority on strategy implementation:

> *"So even if there's a business opportunity that can turn the business around, if we don't get treasury approval to do that, we can't go. So unlike in the private sector, if the board says, this is good for business, go. That's why the private sector will work better and realise successes better than the public sector because the matrix are fewer" (AB5, p. 1).*

> *"Which minister will allow to retrench people? People lose jobs and expect that the people will vote for them. So, they will say No! No retrenchment for this period! Therefore, you are sitting with the cost base that is affecting your success of turning around the business purely because of that" (AD3, p. 9).*

The participants mentioned that the management style of the board affects the level of authority the CEOs have in the SOEs (AB6, AB4, AB7, AA1). Strict orders are imposed on the CEOs, and they are expected to be adhered to. The challenges that CEOs are faced with prevent them from turning around the SOEs and ultimately, they are the ones that are blamed for failure. SOEs are dysfunctional, they lack things that support the organisations to run properly (AD1). The challenges in this case are presented in the next section (4.3). Furthermore, regarding the CEO's lack of authority it was stated that: *"It is de facto and de jure power, legally they do not have the power but factually, they have" (RR2, p. 4).* The above challenge could stem from the fact that the boards are political appointees that elbow out the CEOs (RR2). It is challenging to be the CEO of an SOE (AB9) and this was explained by the participant as follows:

> *"You come up with these initiatives, you want to implement, but they get stopped. Being a CEO is not easy, ordinarily you have sleepless nights" (AB9, p. 3).*

The participants reported that the CEO should be highly influential on turnaround. To elaborate on this, they highlighted the importance of a CEO in any organisation and the reasons why they should be highly influential in the following statements:

> *"The CEO is very key to the success of the turnaround, he is the one who drives, and champions turnaround and he gets the troops behind him to be able to turn around the organisation" (AC1, p. 11).*

> *"The CEO must be very very influential because the CEO is the driver. Yes, with the executives of course and with the authority of the board, but at the same time he's a cheer leader" (AB2, p. 2).*

> *"The custodian of the turnaround strategy is the CEO, is the accounting officer, remember we are talking about state-owned entities, so the accounting officer in this case in line with PFMA is the CEO who accounts to the board on the effectiveness and implementation of the turnaround strategy" (AA5, p. 2).*

The role of a CEO is to be the symbol of an organisation (AC1) and therefore, it is perceived to be the key driver of turnaround (AC2, SS1, AB2, AB3, SS2, RR2). This was further explained by a participant below:

> *"The Chief Executive Officers are meant to drive the strategy, they are actually meant to implement. So while the board plays an oversight role, you must remember that the board does not get involved in the day to day operations" (SS1, p. 3).*

> *"He or she heads the team, so he is the main person, he or she is the go-to people in terms of accountability. Let's look at Eskom, if there's load shedding, obviously you'd look at the Chief Executive Officer, not the board, you see him in the media almost every week" (SS1, p. 5).*

The CEO is an accountable authority of a turnaround, and he/she is therefore ultimately accountable for turnaround and all that happens inside the organisation (AB3, SS2, AC2). The CEO is the lead of turnaround, he involves all relevant stakeholders in turning around the organisation (RR1). He is the core driver of the turnaround, working with the whole organisation from the cleaner upwards in turning around the organisation (RR2).

- ***Power lies with the board or shareholder***

Though the majority of the participants claim that the CEO is a key driver of a turnaround, other participants are of the view that it is the board (AA2, AA3, AD3, SS3):

> *"Take into consideration that the strategy implementation needs the board's approval in terms of the delegation of authority. So, it's not a one-man show, it's together with the board of that entity. It would be the CEO and the board" (AD3, p. 10).*

"It's the board. I'm clear on that. It's the board that should be the driver, but the CEO should be responsible for execution and hold the CEO responsible and accountable for reporting on the execution of that" (AA2, p. 8).

"I would say it's the board of the state-owned entity at the end of the day, obviously working hand-in-hand with a shareholder representative" (AD3, p. 1).

Other participants stated that the CEO and the board are jointly responsible for turnaround (AB6, SS3, AD3). CEOs of SA SOEs often find themselves being appointed with certain objectives in mind that are not beneficial to the SOE, hence they find themselves not in a position to exercise their power (SS3). One participant clarified the power struggle by stating that the board is a decision maker on turnaround while the CEO and team is responsible for execution which should be enabled by the board:

"Decision making lies with the board, they control and influence turnaround, and then the execution is the CEO and the management, but the board must allow you to do it" (AB6, p. 13).

The participants, on the other hand, make a demarcation between a private and a public sector that the CEOs in the private sector have the support of the board to execute on the mandate of the organisation and they do not interfere in day-to-day activities:

"It's because of the very clear demarcation of authority in the private sector, the board knows their place" (AB4, p. 13). Therefore, when turnaround fails the board can hold the CEO accountable as a senior person in the organisation (AC2).

One participant is of the view that the shareholder is the key driver of turnaround while others believe it is the board, or the board together with the CEO, or the CEO in conjunction with the executives. The participant's view on the shareholder being the key driver of turnaround is expressed below:

"The key driver of a turnaround is a shareholder ministry, so that's why if you see that the roadmap was done by the SOE, the shareholder ministry obviously had to give input in terms of how it will change as an organisation when we adopt that roadmap" (UR1, p. 1).

- ***Level of influence diluted by multiple stakeholders***

Though the CEO is perceived to be influential on the outcome of turnaround, when turnaround fails, the blame cannot be entirely on her/him. The participants shared their views around a number of stakeholders consisting of the CEO, executive management, board and shareholder about who should be blamed when turnaround fails which clearly indicates the limited level of

influence the CEO has, as well as lack of authority:

> *"In the current phase in South Africa, it's very difficult to blame the CEOs when turnaround fails. It is the CEO that we kick out, but the board also wouldn't go scot-free because we would say the CEO has been working with the team which was the board and he was guided by the board" (RR2, p. 5-6).*

> *"So, when the strategy fails, there are a number of people that would take responsibility at different levels. For example, the CEO will be implementing operationally, shareholder ministry will be overseeing the mandate that they have given to the board. The board will be overseeing how the CEO is implementing and then the union then will be overseeing how that affects the employees in terms of the guarantee of their future" (UR1, p. 2).*

> *"I would think that the Minister in charge of that state-owned entity should take most of the blame. The Board and the Management team jointly should take some of the blame. So, it will be the Minister and the DG, the Board, and the Management team" (AB10. p. 10).*

Some of the participants are of the view that the ***CEO and the board*** are ***jointly responsible*** for failure of a turnaround (SS3, AD3, RR2). It is suggested that the board is expected to guide the CEO therefore decisions taken by the CEO are collective decisions involving the board implying that when the CEO's ship sinks, the board's also has to sink. The aforesaid applies in the case of a Top Management Team (Executives) that if the CEO empowers them or involve them in day-to-day decision-making, however in cases whereby they are disempowered or not involved in decision-making then they should not be affected when the board and CEO fall (RR2). One participant indicated that in the private sector the CEO is given decision-making authority and therefore that makes their level of influence to be high:

> *"What I gather in the private sector, when you are given the role of a CEO you are given all the powers to make all the decisions to run the organisation but in the public sector even some of the operational issues, there is too much interference from outside where you can't even make a decision" (RR1, p. 1).*

4.2.3 Non-supportive SOE Culture

The culture of the organisation could be playing a role on the CEO's level of influence on the outcome of turnaround strategy. Two SOEs (SOE1 and SOE2) were identified wherein the CEOs were playing a central role. In these institutions, it appeared that the CEOs were supported by the board and it is clear that they are/were the drivers, particularly in SOE1. *"The board supports the CEO of SOE1, they don't abuse the power and tell the CEO what to do" (RR2, p. 3).* It appeared that the CEO of SOE2 was also in control and therefore driving the

SOE however *"he was supported for a little while, then there was push back" (RR2, p. 3)* and he ultimately left the organisation (RR2). The board and minister's involvement in the operations of SOEs affect the influence the CEOs have in the organisation. *"I think the boards and ministers are too involved in operational decision making" (RR2, p. 3).* It was cited by the participant that officially, it is expected of the CEOs to drive turnaround of SOEs, however in reality, they are not authorised to achieve this objective:

> *"They are expected to turn the place around, but they are also expected to be gofers. A gofer is a person who is told, do that, do that, do that! How can you take responsibility for outcomes if you are not given the power to determine pathways?" (RR2, p. 3-4).*

Irrespective of the challenges that the CEOs are facing to turnaround the SOEs, the interviews revealed that in a turnaround situation, the power should lie in the hands of the CEO. This clearly indicates how highly influential the CEO should be in a turnaround process:

> *"CEOs' influence especially during turnaround is massively constrained by stakeholders, by the board, government, by the department, by the DDGs and so forth. So, then influence is massively constrained, however they remain the face of the influence" (AC2, p. 11).*

In contrast, the participants also revealed that as much as the role of a CEO during turnaround is key, political leadership of which is the ministry or shareholder in this regard should blamed when turnaround fails. This is due to the fact that CEOs in an SOE in South Africa do not have decision-making power (AC2, AB3, SS2, SS3), they only make recommendations (SS3): "*In my view it should be political leadership but because in terms of the Act and stuff, legally the board is the one that gets blamed" (SS3, p. 2).* In some cases, the CEOs of State-owned enterprises find themselves in a position whereby the turnaround is prolonging due to a number of things that were cited (AA1, AB6, AD3): Public Finance management Act (PFMA) section 54 applications taking a long time to be approved, the board or shareholders not approving retrenchment plans as explained by the participants below:

> *"You need to save money, but at the same time you are not allowed to make the decisions that will save money. Government and unions will say, no job losses. You cannot make people lose jobs" (AC2, p. 8).*

> *"Then the minister said no, you aren't going to do that because if you do that you are going to create unemployment problem" (AB3, SS2, p. 3).*

The SOE is a unionised environment which sometimes make it difficult for a CEO to implement retrenchment initiatives which are needed to turnaround the organisation:

> "*The organisation may not move without consulting the union. Operationally we were not influencing turnaround, we were just monitoring how it would affect the jobs, how it will affect employment security, how it might possibly lead to retrenchment" (UR1, p. 1).*

Since the unions play a crucial role during turnaround, the mistakes that they sometimes make during turnaround is to focus on the interests of the employees and ignore the business interests as by formation that is the primary mandate of the unions (UR1,). All of these affect the level of influence that CEOs have on the outcome of turnaround:

> "*In my case it was a partial success on turnaround, many other things could not be achieved, as a result of the things that were beyond my control. There are successes that we are proud of, but I think we could have done more" (AB6, p. 3-4).*

4.2.4 Summary of CEO's influence on the outcome of the turnaround strategy

The CEO's level of influence on the outcome of turnaround appears to be moderate (3) as a result of factors that are outside the CEO's control. The following themes emerged from the research as the reasons why the level of influence is constrained:

Lack of authority – de facto and de jure power – the CEOs of SOEs lack support to perform certain things that will enable turnaround, such as support from the shareholders and other centres of power and availability of funds. The CEOs have low influence on strategy formulation and implementation. Legally, the CEOs have power over turnaround however factually they do not have this, power lies with the board and shareholder.

Non-supportive SOE Culture – the culture of the SOE is not conducive for CEOs to exert power, they work under strict regulations and strict orders are placed on them by the board and shareholder. The CEOs of the SOEs that were able to turnaround had control in the execution of turnaround.

4.3 Objective 2: The challenges faced by CEOs in executing a turnaround strategy

In this section, the challenges faced by CEOs of SA SOEs in executing a turnaround strategy are discussed. In analysing the challenges, key themes were identified: political landscape and power struggles, inappropriate practices of board of directors, politicians and shareholders, leadership instability, ineffective turnaround strategies and processes, inefficient internal operations, legislation and corporate governance. The themes were further divided into sub-themes. The identified challenges are discussed below:

4.3.1 Political landscape and power struggles

Politics at departmental, board and the broad body politics have an implication on the outcome of a turnaround (AA5, AB4, AB5, AB9, AB10, AA3, AC2, AD1, SS1, RR1, RR2, UR1). *"I think most of them (CEOs) were on the right path, it's just that the environment is too political for them to finish their turnaround strategy" (UR1, p. 8).* The participants below also have a similar view as stated:

> *"The CEO is the political face of the state-owned entity, and consequently, the CEO faces enormous challenges trying to keep political stakeholders happy (AC2, p. 6).*

> *"Political interference damages the implementation of turnaround strategies, it damages the reputation of the company because it deprives the CEOs and the boards from implementing the board's resolutions accordingly without political interference, deprives the board from making independent decisions because the government's representatives have to influence some of the decisions that the board has to make during a board meeting" (AA5, p. 15).*

Considering the political landscape of the SOE, the participant is of a view that political backing is required for the CEO to be successful in turning around an SOE (UR1, AB10). This was explained further by the participant:

> *"So, unless you've got political support, and you're a very assertive person, I would advise executives to continue being in the private sector" (AB10, p. 11).*

4.3.1.1 Interference at board, shareholder, politician, union, industry, and community level

The CEO and the board need to be very careful about the role they play in the SOE environment, despite the political landscape, to ensure alignment as most of the problems are caused by them entering the political space or entertaining politics (AA5).

- ***Interference at board, shareholder, and politician level***

The participant shared the kind of interference that was experienced by stating that:

> *"There's not enough time to actually do your job because you try to appease so many factions, be it the board, be it the department, be it the broader body politics (AC2, p. 6).*

It was also indicated that the SOEs that failed in turning around experienced political interference and this was discussed below:

> *"The practice of politicians in interfering and meddling in board matters is a problem (AA1, p. 24).*
>
> *"There's way too much politics into the running of the SOEs and sometimes CEOs get caught in politics, they get caught in conflicting messages within the board" (AB7, p. 12).*
>
> *"There is too much interference where you come into an organisation, some employees who report to you might be aligned to your political leaders so if you do something to upset one of the employees who happen to be associated with the politician you might find yourself in trouble, you know something too simple like that" (RR1, p. 4).*
>
> *"It's political interference at all levels; at Ministerial level, at Director General (DG) level because sometimes you don't know how the functioning of the Minister and the DG works; so it becomes very complex for you to really navigate because different Ministers also work very differently" (AA1, p. 6).*

The participants are of the view that political interference is among the reasons for the high turnover rate of the CEOs in SA (SS1, AA5, AB9). The board should not get involved in the day to day running of the business, inclusive of procurement (AA1, AA3, AB3 &SS2, SS1, AB10, RR2):

> *"The driving force was the board chairperson; they get into admin and even get into who gets the tender" (RR2, p. 3).*
>
> *"That's why you want them in the war room, that's where we hold the board. Their job is to play an oversight role. They receive the information, they re-adjust the strategy, that's the*

whole point of monitoring. And then they instruct us on what to do" (AA3, p. 5).

"You'll see that the board is responsible for then dealing with day-to-day operations which should not be the case. That is why we have executives. Executives execute the plan, and then the non-executives from far …they are a sounding board just to look at it from afar on a monthly basis or quarterly basis where they look at the implementation of the strategy but not get involved in the day-to-day plans" (SS1, p. 4).

This challenge has been pointed out as one of the reasons affecting turnaround of SOEs and this is not an issue in those SOEs that managed to turnaround successfully. The role of a shareholder as far as turnaround is concerned, is that they should only provide the SOE mandate and also not be involved in the operation of the company. In the SOEs that are regarded as being successful, there is no board or shareholder's interference:

"Management was properly empowered; the board plays an oversight and governance role, and that's it!" (AA1, p. 5).

"The board was built purely on commercial expertise that the members brought to the table and the chairman also had strong business experience and was allowed to build the board. The ministers that worked with the board at that time didn't interfere at all in the board, even as I understand it, the Presidency did not interfere, even up to this point, there's no political interference whatsoever" (AA1, p. 3).

"Procurement is done by the CEO and the executives; they manage it in the way they see fit, and no director shall get themselves involved in the procurement process; by so doing conflict that may arise from the board is avoided" (AA1, p. 5).

Of course, as indicated by the participants, there is procurement of some big items where, due to delegation of authority that has been given to management, they have to come to the board for approval of those big items exceeding a certain amount, as per procurement policy. Other than that, delegation of authority empowers management as they should; they exercise their best judgement.

Corruption and political appointments are factors that impact SOEs from turning around as *"people don't do what is right for the business and our economy, they do what is right for their pockets" (AD1, p. 4).* The intention of the political appointees is not to deliver but to achieve a certain agenda (AD1, RR1, AB10). The practice of the political appointees in failing to deliver is elaborated further below:

"Their hearts and focus is on how quick I can fill my pocket... how quick and how much can I take from that entity before the next guy takes over" (AB10, p. 11-12).

Political interference affects the functioning of SOEs in a way that it leads to a clash between the CEO and the board and ultimately spills over to the executives and employees in general. The impact of interference by the board/shareholder/politician on the turnaround of SOEs is further described by the participants in the following statements:

> *"If I use examples like Eskom. You've seen how many CEOs have come and gone and the common denominator that you always hear is that there is too much interference from the politicians and the board of directors" (RR1, p. 1).*

> *"What tends to happen is that you get interference with the board. You've seen with the Zondo commission and the State capture commission where for example SAA, you know … would somehow involve themselves in some of the day-to-day operations (SS1, p. 4).*

> *"And I've seen this with my own organisation where there is conflict between the CEO and some of the board members, it ends up affecting the rest of the organisation, because there are staff members who are now going to be aligned to the board members, in the process undermining the CEO and as a result nothing gets done" (RR1, p. 1).*

It appears that in some instances the issue of interference also affects the boards themselves as explained:

> *"Some of the boards, I think a lot of them have brought competent directors but there was too much interference in the workings on the board that in some instances we've seen boards resign" (AA1, p. 6).*

There are exceptions whereby the politicians are permitted to interfere, that is when turnaround is not going according to plan, however, they should be cognisant of the fact that turnarounds take as long as three years to be completed (AA1). Interference by the shareholder does not only impact the board but also the CEO appointed to turnaround an SOE (AA1, AC2). *"Sometimes you can find yourself trapped in the power of the DG and Minister separately. They never let the board of SOE8 to go out there and do what they needed to do"! (AA1, p. 6-8).* This would have an impact on the CEO without political backing as he would appear to be a failure in his execution of a turnaround and ultimately, they will leave the organisation. *"He (CEO) couldn't tie his shoelaces without making it in the newspaper that he was messing up" (AC2, p. 17).*

One participant used a metaphor below to explain what the role of the board and shareholder should be:

> *"Shareholders play Commander in chief's role, we call that ownership control. They*

are the people who determine the purpose for which an organisation is about. The board plays the role of the Generals. They are out there to map out the strategy to win the war, then also monitor how we are doing. They then develop policies that control the whole organisation so that we do what is necessary and then the Executives led by the CEO are the Commanders. You don't expect the Commander-in-chief to now go and tell the General, this is how you're going to fight this war. This is why the Commander-in-Chief is not a Military expert" (AA3, p. 3-5).

- ***Interference at union, industry, and community level***

On the other hand, there are unions as key stakeholders that the CEO should deal with during turnaround, particularly if restructuring takes place. Interference from the Unions was mentioned as another factor affecting turnaround of SOEs (AB4, RR1):

> *"In South Africa the trade unions are very powerful. Where you are now trying to make difficult decisions like you find that the organisation is too bloated and you want to cut staff to become more efficient; you are not going to do that in a public sector" (RR1, p. 2).*

> *"The unions exercise so much political power that they actually influence what happens, and they do that behind the scenes (AB4, p. 6-7).*

Though some of the participants are of the view that the unions influence turnaround behind the scenes, there is an opposing remark from one participant (UR1) as stated that:

> *"Operationally unions are not influencing it, they are just monitoring how it would affect the jobs, how it will affect employment security, how it might possibly lead to retrenchment (UR1, p. 1).*

The service providers and communities' sense of entitlement also affect the SOEs from turning around. It appears that the private sector and communities are also given an opportunity to question or interrogate SOEs' turnaround strategies (AB5), the frustration in this regard is reflected in the statement below:

> *"And then there's influence from external factors apart from the industry people. It can be communities that will come in and complain that we have forgotten to execute the social mandate, now focusing on profits and everything else. So, everybody because it's a state-owned company, they believe that they have a right to always get business. They have a right to determine what the company should do and what it shouldn't do. So, everybody has a say about what should be happening. So, it becomes difficult for the execution of the strategy purely on commercial basis" (AB5, p. 3).*

4.3.1.2 Recruitment of CEOs and boards of directors

The recruitment of both the CEO and boards of directors is politically motivated (AA5, AB4,

AB10, AC2, AD1, RR2). The recruitment model of the CEOs is not appropriate, thus leading to the shareholder representative, in this case being the minister, getting involved in operational matters by appointing the CEO. The CEO of an SOE is ultimately appointed by the minister (executive authority), the board only makes recommendations for appointments (AA3, AA4, AD1, UR1, AB4, AB10, AC2, SS1). The appointment process and the challenges associated with the process was explained in detail in the following statements:

> *"The appointment according to the PFMA is that the board members will run with the recruitment in terms of the advertising, shortlisting, interviewing, ensuring assessments are done, everything is done. Thereafter they recommend three names, those three names are taken to the minister to approve, then the minister will choose one name from the list, and he appoints" (AA5, p. 13).*

> *"If you remember in the past few months, there was a huge publicity around the appointment of the Transnet CEO. The board has sent three names, and on the three names, the top candidate was a male which the board preferred. However, the minister selected candidate number three" (AA5, p. 13-14).*

One other disadvantage is that political alignment tends to surpass some of the business-related decisions that you are required to make as a CEO (AB4). In some instances, recruitment of CEOs in SOEs in South Africa is politicised, thus the best person for the job is not hired (RR2).

> *"You've got a committee that first looks into whether you have any particular political credentials or strong political connections, then looks into whether you are suitable for the position or not; so, suitability for the position is secondary" (AB4, p. 2).*

Appointments in a private sector are based on merit *"skilled and experientially based"* whereas in a public sector the appointments are politically motivated (AC2, p. 2). *"They are by definition political because they are politically appointed" (AC2, p. 2).* Those appointments that were politically motivated had CEOs who did not have the kind of commercial expertise required (AA1). The participant further highlights that those CEOs who had commercial acumen were driven to perform activities not beneficial to the SOEs. Their practices affected these CEOs badly as explained below; and it appears that most if not all were black:

> *"Those that have the commercial expertise were not empowered to operate thus leading to them satisfying other agendas other than commercial and that decimated some of the black talent. "We have a lot of black talent that tendered to political wings and are unemployable today" (AA1, p. 7).*

Other participants are also of the view that great CEOs have been sacrificed because of the thin political equity that they have (AB4). *"You can have somebody with big political equity and is*

an absolutely poor leader let alone a poor turnaround leader" (AB4, p. 2). The CEO of SOE1 which is among the few SOEs that managed to turnaround successfully was selected by the chairman of the board, as indicated by the participant below:

> *"The chairman handpicked a CEO of his choice, in other words if the CEO failed, the Chairman would've failed. So, it was the chairman's interest to make sure the CEO is supported as best as possible to make sure he makes a success. The board was led by a very brave chairperson" (AB10. p. 7).*

The participants also alluded to the fact that the issue of political appointments also applies to the board. The board members appointments are not done in an open and transparent manner:

> *"The appointment of board members is not an open and transparent process, it's done by a political party. And the people who appoint those members in the political party are not driven by performance, they are driven by loyalty and other things" (AB10, p. 10).*

4.3.1.3 CEO's multiple reporting lines, multiple and upward management of stakeholders

Multiple reporting lines, as well as multiple and upward management of stakeholders impact the outcome of turnaround strategies in the SOEs (AA1, AA4, AB5, AC1, AC2, AD, RR1, UR1). The implication of multiple reporting lines and upward management of stakeholders is that some CEOs even believe that they report to the minister and not to the board (AA4). The CEO should not engage directly with the minister but the board which in turn, engages directly with the minister (AC1, AA4, AD1):

> *"We tend to think we are not accountable to the board but to the minister who appointed us and then the politics can be very tricky if the board feels that the CEO is too close to the minister and are being undercut" (AC1, p. 7).*

A CEO in the state-owned enterprise is far more at risk of interference from the department which the private sector does not have (AC2). One participant explained one of the major reasons for political interference as stated that *"as a CEO of an SOE there is too much upward management of stakeholders as opposed to running a business" (AA1, p. 6).* The interference that CEOs of SOEs are subjected to, as well as upward management of stakeholders is explained below:

> *"They should not be getting instructions from the minister. It does happen, and that's very problematic…good governance requires that they only get directions from the board, and the board gets directions from the minister" (AA4, p. 10).*

"I would get summoned at short notice by the DDG or the DG of Department RP5 would demand my presence, and would demand explanations" (AC2, p. 2).

"As a CEO you report to the board, but you get instructions from the department on certain things. The department doesn't go through the board to you. They come directly to you" (AB5, p. 4).

It seems the CEOs are not only faced with upward management of stakeholders but by also large number of stakeholders who have direct or indirect influence on the turnaround of an SOE. The participants elaborated the upward management of stakeholders' issue in the below statements:

"The stakeholder list is a bit long, and the interests vary from different levels of stakeholder to others" (UR1, p. 2).

"You have to spend most of your time engaging instead of running the business because if you miss any of the stakeholders, the problem is that the execution or the implementation of the strategy will take much longer because it's gonna be challenged" (AB5, p. 3).

4.3.1.4 Multiple and parallel lines of decision-making and bureaucracy

Everyone is a decision maker, and these decisions are not discussed and synthesised (RR2). The issue of multiple decision makers is narrated below by the participants:

"There's corporate politics that come in the problem is that everybody has a say in terms of implementing the strategy and that becomes a problem and everybody becomes an expert, and that becomes a problem" (AB5, p. 3).

"I believe that some of the board members and government bodies in general have not understood their responsibility…This thing of overriding board members and this causes tensions between the CEOs and the board" (AA2, p. 10).

"So unlike in the private sector, if the board says, this is good for business, go. That's why the private sector will work better and realize successes better than the public sector because the metrics are fewer" (AB5, p. 1).

It is argued that there has to be one driver of the implementation of a strategy in order to achieve turnaround as currently in the SOEs the control lines are too long in the structure. The board is involved in making major decisions and therefore leaving the CEO and Management team feeling disempowered. *"I still find it awkward that you have boards that are part-time involved, but they make all the major decisions" (AB6, p. 9). "Accountability tends to be diffused, responsibilities tend to be diffused" (AB3, SS2, p. 15)* and when turnaround fails, the CEO is

the one to be blamed. *"Oksalayo the CEO is the one! (AB3, SS2, p.15)".* "Oksalayo" is a Zulu word which means "ultimately".

The challenge in this case as per the participants is that *"in reality whenever there are updates to Parliament, Ministry doesn't show up" (AB4, p. 4).* The implication is that the CEOs end up taking instructions from Parliament whereas in fact, the request from Parliament should be channelled to the Ministry who will then pass them over to the SOE through the Board (AB4). *"My recommendation or advice is that each structure must operate within their own parameters" (AA5, p. 14).*

4.3.1.5 CEO's lack of authority

The participants are of the view that the CEOs of SA SOEs lack authority to implement a turnaround strategy. In private companies, the CEO's level of influence is high as opposed to SOEs. *"We are not holding the CEO accountable, we are holding the Minister accountable, and we are also holding the board accountable" (RR2, p. 3).* As a result of the "*multiplicity"* of the stakeholders, one has to allow these stakeholders to also have an influence on turnaround strategy *(AB3, SS2, p. 18).* On the other hand, it was argued that though there are numerous role players in a turnaround situation, the CEO should be accountable. *"There can only be one person in the steering wheel, the others can help with the navigation" (AB3, SS2, p. 17).* The participants however, highlighted the fact that the CEO cannot be held fully responsible for the outcome of a turnaround strategy as a result of the following key factors:

- CEOs of SOEs in SA do not have the resources and necessary levels of support from the Department/Shareholder to enable turnaround (AC2).
- The Board in a Public sector has the ability to influence the direction of a turnaround in the manner that the Board in the Private sector cannot (AC2).
- There is also a confusion for the CEOs to respond to different principals.

In theory, the CEOs of SOEs have authority to implement a turnaround strategy/plan however in reality that is not the case (AC2).

> *"So, you may decide that the structure of organisation ABC is unaffordable, therefore we are going to go through a process of early retirement and to get the number of people down and therefore get the costs down and you therefore give effect to this. What you don't know, is that the board may decide, no. Stop. Stop all of that" (AC2, p. 11).*

In the private sector, the set-up is different from the public as CEOs are given powers to make decisions on matters pertaining to the organisation without having to consult with unnecessary multiple stakeholders (RR1). The participants suggest that the failure of turnaround should not be attributed to a single person, which is the CEO, in this case. The cause of failure should be analysed to determine whether the reasons *"were solely as a consequence of poor decision-making, poor execution by the CEO, or whether it was departmental influence, or lack of support or whether it was board's influence" (AC2, p. 6).* Lack of support is a major disabler for successful turnarounds as automatically the CEOs will not have authority to fully implement the turnaround strategy. The participant below narrated his experience on lack of shareholder support:

> *"They would not allow me to reduce staff compliment. So, you have a shareholder who talks about the strategy, but they are not prepared to put their heads on the block and support the management team in implementing the strategy" (AB10, p. 2).*

4.3.1.6 Misalignment of turnaround plans and centres of power

The participants identified misalignment between the board, CEO and shareholder and misalignment as impacting the outcome of turnaround negatively.

- ***Misalignment of turnaround plans***

The participants are of the view that misalignment of turnaround plans is a contributing factor to failure of turnarounds in the SOEs (AA1, AA4, AB2, AB4, AB5, AB10, AC2, SS3, UR1). SOEs' turnaround plans are not long-term, they are aligned to the political calendars of the shareholders who are politicians and are short-term in nature. *"The strategies are therefore not market-driven, they are tied up to the political calendars, which are much shorter" (AB4, p. 15).* This was discussed further by the participants below:

> *"You've got the executive authority, who is the shareholding minister who could be fired any time or reshuffled any time. So, when they are there, they are like how much can I do whilst I am here because the cabinet could be shuffled anytime" (AB2, p. 8).*

> *"So, you join, and the board says we want you to be doing ABC in a very short time, the department says, No we disagree with that suddenly your mandate changes (AC2, p. 8).*

Misalignment of turnaround plans is also experienced between the CEO, board, and the executive team.

"When you're talking to the CEO, he's got five years in what he needs to achieve. So he's got a bit of a sense of urgency, which is five years which is completely different to an executive that you are instructing to go and do something who's got like I've got 20 years ahead of me, his target is retirement. Above him or her, you've got a board which has got three years. So, you see the misalignment, it's not a matter of the next elections or something like that. So, you see immediately that in your mind what plays is that a sense of urgency is completely misaligned" (AB2, p. 9).

- ***Misalignment between centres of power***

Misalignment between the CEO, board and shareholder was cited as impeding CEOs from turning around SOEs and it was also pointed out to be one of the things that contribute to the CEO's sleepless nights as explained below:

"Misalignment from the political principals right to say to the executive level, complete misalignment. And that misalignment makes the change, if you need to respond to situations, the sense of urgency is different. If we say we cannot tolerate to lose ten (10) percent of revenue every year, everyone needs to understand that, if we lose 15 percentage it should be a crisis" (AB2, p. 8).

"They've got an agenda completely different from yours, they are going to break you. The only time they are not going to break you is if you've got political support (AB10, p. 10).

The participants shared their views on the board being a big feature in the success of a CEO to turnaround SOEs (AA1, AA4, AB10). This strongly indicates the necessity of alignment between the CEO and the board. In linking what the CEO does always goes back to the board (AA1). The participants narrated their experiences around misalignment as follows:

"You can have a genius of the CEO, you can have the Steve Jobs or the Bill Gates etc. there, if there is a dysfunction of the board, that CEO is good as dead; they are finished, they will never succeed" (AA1, p. 5).

"And if as the CEO you are not in line with the Minister or Parliament, whatever you say, then the Ministers and Parliament go against you and they contradict you. so that also causes eruptions" (AD2, p. 4).

"The starting point is that the people who get appointed on the board are carrying agendas of their principals. So, they sit on the board because they are going to open an opportunity for Mr. or Mrs. A. So, as an executive team, your focus is not on implementing the strategy, your focus is on executing the plan that each board member has. And each of these board members have got different plans" (AB10, p. 11).

The shareholder has also been indicated to being a big feature in the success of the CEO considering what the participants have mentioned:

"So, what is encouraged in terms of the relationship between the minister and the CEO is to

have a good working relationship so that when there are challenging political dynamics, the minister can easily be able to support the CEO in this regard" (AA5, p. 8).

The issue of misalignment between the centres of power has an implication of a high turnover rate of the CEOs in an SOE as it was discussed that:

"The reason why most of the CEOs leave, it's when the interest of the board and the interest of the department are not aligned. If they're not aligned, the CEO is not gonna last because these are two centres of power. If you are lucky as a CEO to have alignment between the two, then you'll succeed" (AB5, p. 4).

4.3.1.7 Non-supportive SOE Culture

The unhealthy SOE environment appears to also be playing a crucial role on the outcome of turnaround (AB2, AB4, AB10). It seems that the SOE environment affects to some extent, black CEOs when turning around SOEs. They are expected to fulfil high expectations as per the participants. As a black CEO you are subject to many expectations such as doing favours for service providers, and one has to survive under those circumstances (AB4). The challenges of being a black CEO in an SOE in South Africa are verbalised by the participants in the following statements:

"So as a member of the executive, you are running from one board member to the next to carry out their instructions. If you refuse, you are marked. You make a normal business mistake; it gets blown out of proportion. (AB10, p. 11).

"You are continuously put in a space and reminded that you are basically here at our mercy. You are serving at our mercy and it's not only the board that says that, is also the minister that says that, and that's why you're seeing a high turnover of CEOs because it's just difficult to last in an environment like that. It's toxic! I'll say in general, the environment at the top of SOEs is toxic. It is generally toxic!" (AB2, p. 14).

"It becomes very emotionally drowning when you are trying to do something and you can see that you are not making any progress" (RR1, p. 4).

To further elaborate on the unhealthy SOE environment when asked the participants to give other CEOs advice on how to turnaround SOEs, one participant responded that black executives should refuse taking positions in the SOEs as the environment is unhealthy. The response is captured in the below statement:

"A talented Black executive, addressing Black people in particular, Black men and Black women, I would advise all of them against taking over the running of an SOE. Most Black executives have paid with their own lives, some of them their careers have been ruined

completely" (AB10, p. 11).

> *"You know, you actually get scared to go into state owned entity's now because you're saying, okay, I'm going to bloody my good name, and to what end? Because you want to go and do good there. But if it ends up that your name is then messed around, then I've damaged my career, but that entity goes on" (AD2, p. 7).*

The environment is so toxic that it also affects the health of the executives: *"He started complaining about health issues. He shouldn't be having health issues as a CEO, which means there is a problem in terms of your support structure" (AB2, p. 15).*

4.3.2 Inappropriate practices of board of directors, politicians, and shareholders

The participants are of the view that lack of commitment, incompetency, poor leadership, and board's management style are hindrances to the SOEs turning around successfully. In addition, a lack of commitment, lack of board and shareholder support, lack of decision-making, empowerment and accountability, diversity of interest, interference by either the board, shareholder and politicians and delineation of responsibilities are also among the challenges faced by SOEs. The aforesaid challenges are presented in the section below:

4.3.2.1 Board's incompetency and lack of commitment

The above challenges were identified by the participants as key challenges that impede the CEOs for turning around. Turnaround is not business as usual, therefore there is a need for a special kind of board that is required in cases like this whereby the board will be available whenever they are required by the CEO. *"The board must be available, it is not business as usual, you need more support in that situation than in a normal business situation" (AB6, p. 9).* The board's incompetence and lack of commitment is depicted in the following statements from the participants:

> *"They are hugely inefficient, hugely ineffective, but they carry a lot of political weights. This is not a retirement place. It's also not a political rally, the board should be there because they deserve to be there" (AB4, p. 3-20).*

One of the participants alluded to the fact that the SOEs' boards do not listen, read nor prepare for the boards' meetings (AB6). The implication in this regard is that the board will not provide any valuable input during the meetings. In addition, the boards do not take kindly to different

views. If one had to compare South African boards with those across the globe, the difference that could be spotted is that SA boards are focusing on governance and the reason for this could be resulting from a state capture (AB6), whereas European boards are focusing on performance. The participants elaborated further on their reasons why other countries' boards are better compared to South Africa:

> *"I prefer to work with European boards because they are absolutely business-focused, they focus on business performance and enablers" (AB6, p. 21).*

> *"If you talk about Singapore, you talk about China, you know that the board is a bunch of professionals with success behind their names in business" (AB10, p. 10).*

Compared to what the boards in the private sector do in terms of thoroughness in doing things for the good of the organisation, the SOEs boards are far below the private sectors:

> *"SOEs boards are operating at plus or minus 25% of what the boards in the private sector do (AB4, p. 3).*

> *"SOEs are made up of boards that many have never been in a business or are academics who have no commercial acumen and therefore the ability to question and interrogate the strategy becomes difficult" (AA1, p. 10).*

> *"In a private sector, the people who sit in those boards are people who could be CEOs themselves, or who have been CEOs. So, it's very capable people" (AB10, p. 2).*

Furthermore, to indicate the magnitude of incompetencies and lack of support at the board and shareholder levels respectively, the participants raised their concern around having shareholders who lack qualifications and business acumen, weak chairmen and inexperienced board members in the following statements:

> *"So, from the word "go" you've got an incompetent board that is expected to take responsibility for running a massive organisation, a sick organisation. You've failed from the word "go" (AB10. p. 10).*

> *"Sometimes you tend to have a very weak chairman of the board or very weak or inexperienced board members as sometimes the board members get parachuted because they know someone within the shareholder ministry, and they don't have anything to add to the institution. Some of them have never been on executive level or senior management of the organisation; if you make them board, how are they going to help the CEO run the institution, when they themselves do not understand what it takes to be a leader in an institution"? (AB7, p. 13).*

> *"You are dealing with a minister who probably doesn't have a qualification in the field of the entity that they are responsible for. You are dealing with MPs of whom some of them have actually never seen an income statement before" (AB4, p. 5).*

The decision makers at board and ministry level do not have an understanding of the difference between schedule 2, 3A, schedule 3B and 3C SOEs (AB2). This was captured in the following statement by the participant: "*Very few people understand those differences or at least appreciate them even if they understand them, especially at political principal level" (AB2, p. 10).* Lack of understanding in this case lead to these role players questioning things unnecessarily and not being able to provide oversight support due to lack of knowledge on what the purpose of each type of SOE is and how they are funded (AB2). One participant highlighted that one of the success factors for a turnaround is to have a shareholder who has business acumen (AB10). SOE7 was able to implement a turnaround strategy successfully as a result of a competent minister who was responsible for the entity at the time, as stated below:

> *"Another success factor for a turnaround is to have a shareholder who has business acumen. The minister might be a politician, but at the time he was very commercial. He understood that to make this entity's work, bring top class management and give them cover and he did that successfully" (AB10, p. 1).*

4.3.2.2 Poor leadership and board's management style

The CEOs seem to be challenged by the board's management style which ultimately affects the outcome of a turnaround (AB6, AB4, AB7, AA1). The participants shared their frustrations around poor leadership and management style as follows:

> *"Board management style was a serious frustration for me, it was like a paternalistic style. You appoint somebody of my caliber and you treat them like primary school kids, you tell them what to do and what else they should not do. As the CEO I wanted to be acknowledged and respected for what I've done and what I've achieved. You must choose a good CEO and then you must believe in him and support him" (AB6, p. 23).*

> *"There is another matter of board selection and composition where you have boards that manage rather than boards that are leading or stewarding the organisation. This is a major disabler in SOEs (AB4, p. 28).*

> *"When you have the board becoming too much involved, they would cause confusion, they will confuse your message, they will confuse the employees" (AB7, p. 8).*

> *"The board is there to ensure that there is governance in place and that execution to the strategy that has been agreed. The function of the CEO and the management team is to execute, not the board" (AA1, p. 30).*

Poor leadership was identified by the participants as another issue affecting turnaround of SOEs (AA3, AC1, AD1, AB3, SS2, RR2). Leadership and technical know-how were cited as

just the first part of the challenges that prevent the SOE from turning around, as stated by the participants that: *"It is knowing what you're doing and having the capacity" (RR2, p. 1). "You can never ever have a successful turnaround that does not have appropriate leadership" (AB3, SS2, p. 6).* People who are appointed in both leadership and management roles are not competent to do their jobs (AC1, AD1). *"They can't think strategically, and they can't think how to drive the business forward; they are just happy to get their salaries" (AD1, p.1).* To elaborate further on the lack of leadership challenge, it was pointed out that the first issue is capacity, and the second issue is EPIC leadership where EPIC stands for *"Ethical, Purpose driven, Impact conscious and Committed to service" (RR2, p.7).*

> *"SOEs are turned into a political animal, almost like an elephant graveyard for politicians when they retire, they come and work here; and other people because they have a political connection, they start looking at themselves as being much more superior and much more powerful, but you are expecting these people to be technocrats" (AB7, p. 5).*

> *"There were also leadership issues, when you have weak leaders, you tend to have challenges with leading the institution and in terms of decisions that are being made by the institution. I picked up from the unions that there were inconsistencies in information due to lack of strong leaders in the organisation" (AB7, p. 4-5).*

The participants further highlighted the fact that a centralised power in the department is the reason for the challenges the CEOs are facing in turnaround as the shareholder dictate to the CEO to perform certain things that are unfair to the SOE to solve their problems such as price increases. In addition, the CEOs are given unrealistic timelines to implement certain tasks (AA3). *"You then have centralised power in the department that is also your shareholder, and that ends up dictating to solve its own problems unfairly to the SOE" (AA3, p. 12-13).*

4.3.2.3 Lack of board and shareholder support

A relationship between shareholders and CEO is key, a breakdown of such a relationship leads to things coming to a standstill. *"If I don't enjoy the support of the shareholders or the board, nothing works" (AB3, SS2, p.16).* The CEO is bound to fail if the relationship between the board and shareholder is poor *"because you won't have the support at the shareholder level" (AB7, p. 13).* A case in point is those SOEs that appoint highly competent CEOs who are knowledgeable in the area of turnaround, however finding themselves being questioned by DGs who are political appointees, with no experience, whatsoever, in terms of strategies. This was elaborated by the participant in the following statement:

"His turnaround strategies have been questioned by DGs that have never worked in their lives, these are political appointees who know zero about business, yet they want to go and say your strategy is not good enough" (AA1, p. 8).

Lack of shareholder support was identified by the participants as one of the reasons for the high turnover rate of CEOs in South Africa which in turn, affect turnaround in the SOEs and the same issue is also experienced by the board. The participant explained the issue of lack of shareholder support below:

"And apparently the main thing is that they're not getting the support from for example, you know the last thing you want to see now is a board to all of a sudden resign because the ministers or the company is not supporting them (SS1, p. 17). "...You find that there's no funding, and they decide that that they can't survive on this, and they (CEOs) resign" (SS1, p. 18).

Some of the CEOs had the right strategies however lacked support from the shareholders to implement such strategies. The issue of shareholder support was explained by the participants as follows:

"You have a signed agreement; this is how they're going to turnaround the business. People halfway through they turn around and say no we're not going to implement that now" (AB2, p. 14).

"So, you could've been a brilliant CEO, your heart in the right place, but there was no way that you were going to move that business forward if the tools that your principals had committed to were not been made available" (AB10, p. 10).

"And in terms of the PFMA, there's regulations, there's requirements, and you need approvals from the shareholder. One, if the shareholder has an agenda, they won't approve it, they will take time" (AB9, p. 1).

The so called *"political sabotage" (AA1, p. 8)* is believed to be also a factor impacting successful turnarounds in the SOEs, as argued that an incompetent CEO with political backing can replace the current CEO and refine the current strategy and be successful in the implementation thereof as a result of support from the shareholder. The participant elaborated on political sabotage issue below:

"You take the very same strategy and with political connections you can go and unblock the things that were disabling the previous guy and there is no change in strategy. Some guys are being set up for failure, they can't get the right approval and those with political connections know how to manage the breakthrough" (AA1, p. 8).

It was emphasised that politicians have been squarely in the middle of failure of SOEs and it is not the CEO that failed (AA1). In the same breath, some of the participants stated that essentially to get anything done in the SOE as a CEO, one has to have political connections and therefore enabling such CEOs to succeed. The participant elaborated on this issue below:

> *"Let's say if you choose to be a political CEO then of course you will last until the next minister because you have to play to that minister. If you choose to be Companies act CEO then obviously you don't have a very good relationship with government. And in that manner,…it's like you are tap dancing around fire and try to at the same time not to get burnt" (AB2, p. 12).*

Lack of support or decision-making to execute turnaround plan is prevalent in an SOE. Those CEOs who were successful in turning around SOEs had strong support from the board, as explained by the participant:

> *"I actually realised you know in my board I had formidable board members, people like .... and that helped a lot because I had a board that understood. It was committed to playing its role. That's very important. It's one of the things that seem to be missing in the system now" (AA3, p. 22).*

SOE7 became successful in turning around as a result of a thoughtful implementation and support from the shareholder (AB10).

> *"So, a loss-making entity within a year became profit-making because we were very deliberate in implementing that turnaround plan, and it was supported by the right people, and the minister at the time* (AB10, p. 1).

4.3.2.4 Lack of decision-making, empowerment, and accountability

Lack of decision making (AB6), lack of accountability, delayed and wrong decisions (AD1) were pointed out as some of the main reasons for the failure of turnarounds and the high turnover rate of CEOs of State-owned enterprises in South Africa and turnarounds' failure respectively. The participants elaborated further on the issues below:

> *"The public sector lacks in terms of decisive leadership, you find that a lot of people who are appointed to lead these organisations, they don't always feel that they possess all the authority that they need to be able to make decisions without talking to the politicians or clearing things with somebody else. There is not enough allowance for people to make decisions on their own, so it ends up affecting their creativity and ability to come up with effective programmes" (RR1, p. 1).*

"Low decision making, bureaucracy and PFMA process that requires several submissions"

(AB6, p. 10) and difficulties in meeting various stakeholders' expectations contribute to failure of turnarounds in State-owned enterprises in South Africa (AB6). It was revealed that the boards and shareholders are not supportive, they are expected to approve turnaround plans in order for turnaround to happen. This was explained below by the participants:

> *"You find that the company or the CEO have a good strategy and the means to implement a strategy, but the people working with the CEO are not really empowering him to be able to deliver on that strategy" (AD3, p. 5).*

> *"So, the leadership of the company is not empowered to make decisions, the processes make the decisions for you and these processes take so long to work for you, so you have to wait for this train to leave Cape Town to come to Joburg, and only when it gets to Joburg you check what is in the carriage." (AB5, p. 7).*

> *"Decision-making has a long tail and bureaucracy. You may miss an opportunity that could have saved the company whilst waiting for the minister to make a decision. So, accountability tends to be diffused, responsibilities tend to be diffused …at the end of the day, the CEO is the one to be blamed (AB3, SS2, p. 15).*

The CEO themselves are also scared to make certain decisions in an SOE:

> *"So, what happens over time is that those who are unhappy with your decision-making grow in number and eventually they become the majority. And that is when they decide that it is time for you as the CEO to go. So, what you then get in state-owned enterprise is that you get indecision, so as long as you don't make a decision, no one can be unhappy with you" (AC2, p. 10).*

The aforesaid challenge was referred to by a participant as "*fear of antagonising stakeholder's groups" (AC2, p.11-14)* due to the fact that making numerous decisions that upset the stakeholders will ultimately lead to the CEO exiting the organisation involuntarily or being suspended. The issue around lack of decision making is caused by political considerations, as pointed out. Apart from the low decision-making and lack of empowerment, the participants also pointed out wrong decisions on the side of the government/ shareholder representative and board as a challenge, as explained below:

> *"They are not being held accountable for the wrong decisions" (AD1, p. 4).*

> *"You are dealing with decision makers that have got very little understanding and appreciation of what it takes to run a business; consequently, decision-making takes forever" (AB4, p. 11).*

> *"There was no decision-making about restructuring, and it was a critical thing for me and business (AB6, p. 13).*

> *"I remember one instance where the board changed its decision. Now you meet this quarter, they decide this you go implement. You get to a meeting next time, somebody says, you know, I've looked at this thing and I think we didn't look at it correctly" (AA3, p. 30).*

Lack of accountability was pointed out as impacting turnarounds in a way that it has become a culture of SOEs as indicated below:

> *"I think there is also a culture of lack of accountability so to speak where people can get away with not doing their job. So as a result, you are sitting there as a CEO and you know that this person is not performing and when you try to fire them you quickly realise that you are probably going to go before they go because they are associated with other powerful people" (RR1, p. 4).*

4.3.2.5 Diversity of interest

Another problem that CEOs of SA SOEs are facing is alignment with the board as it was highlighted that some of the board members have vested interest in the business instead of being independent. *"Board members that have commercial interests will oppose everything that does not go their way and that creates instability" (AB3, SS2, p.5-6).* Diversity of interest which is not beneficial or in the interest of the company (AB3, SS2, AA3) creates instability and demoralises the CEO and as a result, the CEO ends up resigning in the midst of turnaround (AB3, SS2). Self-interest at commercial level leads to appointments of unqualified directors without commercial or governance expertise which ultimately cripples the SOEs to a point whereby their existence is under threat (AA1). "*We've got boards that are serving interests that are not necessarily in the best interest of the SOE" (AA3, p. 22).* The aforesaid statement also applies to the shareholders. In addition, ministers are more loyal to the party rather than to electorates (AB4) and this is further demonstrated in the following statements:

> *"Ministers themselves tend to interfere because they have other interests; they want the SOEs to do certain things that are going to benefit either themselves or their friends and associates" (AB3, SS2, p. 9).*

> *"One thing that you have in the private sector versus the state-owned sector is that the political nature of the state-owned enterprise means that the board is political in nature, and the board members may have vested interests which are not disclosed at the point at which a turnaround strategy is unveiled" (AC2, p. 5).*

4.3.2.6 Delineation of responsibilities

Lack of segregation of responsibilities in an SOE is a prevalent issue. *"Delineation of*

responsibilities is really missing and that's at the heart of the failure of most SOEs (AA1, p. 7). CEOs should have *"very clear distinction of roles and responsibilities between the board and the shareholders" (AA3, p. 33).* This issue is further reflected in the participants' statements below:

> *"It becomes difficult to turn the bus around when there are multiple centres of decision-making because with those multiple centres of decision making, there's multiple strategies, everyone who's making a decision is based on the strategy in their lead" (RR2, p. 4).*
>
> *"You can't go and get a fearless dog (Rottweiler) and turn out to be the one barking the thieves and even barking louder than the dog though you don't the capability to bite" (AA1, p. 7).*
>
> *"If you take board members who don't understand their roles, they interfere with management. They interfere with procurement, they interfere with the appointment of management" (AB10, p. 2).*

Lack of delineation of responsibilities could stem from the fact that "*the structure of the state-owned companies is still based on what served the pre-1994 government better*" (AB4, p. 16). The complexity of the governance structure in SOEs affects turnaround of these SOEs as discussed in the statements below:

> *"If we need proper turnaround, first of all we need to sort out the governance structure where you need to, you know in the private sector as much as board of directors are voted in by shareholder but as a director you know you have a fiduciary duty towards a company, you don't owe special favours to stakeholders. So you make decisions that are in the best interest of the company" (RR1, p. 1-2).*
>
> *"You have the shareholder who is usually the minister in charge of that entity and also the board as Accounting Authority and management. Sometimes the roles between the shareholders and board in terms of oversight role and management in terms of operational responsibilities are sometimes blurred and therefore causes interference and taking other's role and responsibilities" (AC1, p. 1).*
>
> *"... We report to Public Enterprise, there's no clear line in terms of the responsibilities and the accountability because at time the officials, they think they're higher than-they think they can dictate, and the board must execute, but they forget that the board reports to the minister" (AB5, p. 1).*

4.3.3 Leadership instability

Some of the private companies that are in the same industry as the SOEs that are struggling to turnaround have been successful in the past 20 years due to leadership stability (AB3, SS2). In this case being the CEO having been with the same company for more than a decade growing

market share consistently not necessarily through new customers but taking the SOEs market share and in turn, leading to shrinkage of SOEs market share (AB3, SS2). This was elaborated further in the following statement:

> *"You know the reason why Comair has been successful as they told me is that they've been growing market share consistently and their growth was not necessarily new customers but also you know taking SAA market share. SAA market share was shrinking and theirs was growing" (AB3, SS2, p. 16).*

Leadership instability is a serious challenge within the SOEs in South Africa, it is due to leadership change in government which impacts the length of tenure of CEOs in SOEs (AB3, SS2). *"I've been with my company for five and a half years and then within that five and a half years, I think we've changed our CEOs three times (AD3, p. 4).*

The boards' short turnaround term of office which in some instances, is three years, affect turnarounds as in some cases, things do not work well with the new board. (AC1). The implication of leadership instability is that each time a new leader joins the SOE, they do not continue from where the previous leader has left in terms of turnaround implementation, instead, they tend to develop their new turnaround strategies.

> *"The main issue here is the lack of a permanent or consistent board to ensure that there is continuity in these boards to implement and drive these turnaround plans. There are many boards that the SOEs have replaced that have resulted in a lack of consistent leadership being there for many years to ensure that turnaround plans are implemented. So, if you look at some of the entities like the Post Office, you don't have consistent boards who are there to drive turnaround plans (SS1, p. 1). I mean we've seen in some cases boards that are changed every year, sometimes twice a year" (AA3, p. 24).*

Stability will ensure growth and success of SOEs, if one had to study the history and features of the SOEs that are currently in trouble, such as Eskom, SAA, just to name a couple, it will be realised that the length of tenure was one of the defining features of their early days of success (AB3, SS2). The participants explained further below the challenges around leadership stability:

> *"When you get a new board or a new leadership, they develop a new turnaround plan and if you look at SAA for example, they've had about thirteen turnaround strategies because of their leadership not being consistent" (SS1, p. 1).*

One of the participants is of the view that as a best practice, the CEO should at least stay in a position longer in order to achieve the objectives of the SOE (AB3, SS2). "*Best practice is to*

ensure that the CEO lasts in the position for as long as possible to achieve the objectives (AB3 & SS2, p. 17). The flip side of the aforesaid statement is that the CEO has to meet minimum performance standard and satisfy minimum performance expectations and that is *"globally preferred as a principle" (AB3, SS2, p.17).* Therefore, as pointed out that should not mean that just because leadership stability is required to ensure the success of SOEs then the CEOs who do not perform according to the set expectations should be kept. It was argued that one has to also recognise that CEOs are not perfect, therefore that if a person meets minimum performance standard, minimum performance expectations and are lacking in certain areas, consider working with them to address their weaknesses through training. *"Take them to international schools, give them executive coaching" (AB3, SS2, p. 17).* Furthermore, it was mentioned that the reason for instability could be attributed to the fact that the CEOs could be refusing to take instructions from the politicians thus leading to their exit. This was explained below by the participant:

> *"Maybe the CEOs are not doing what politicians want or expect and this goes against their interest; and that's how sometimes CEOs go and some CEOs stick it out longer than they should" (AA1, p. 11).*

- ***Replacement of CEOs, shareholders, board, and executives in the process of turnaround***

It was pointed out that it is not a best practice to always replace executive team/shareholder/board during turnaround. There are some factors that should be considered in the decision to replace or not replace the CEO, such as assessing the current CEO's contribution to the situation that led to turnaround (RR2). *"It all depends on what was this person's role, if they were corrupt, of course change them. What was their role in the troubles you are trying to fix?" (RR2, p. 20).* The participants shared their views below on the replacement of a CEO when turning around which results in the introduction of new risks with the appointment of new people and a loss of corporate memory:

> *"Remember every time you introduce new people you introduce new risks, no matter how smart you are going into a new environment, you bring with yourself new risks" (RR2, p. 19-20).*

> *"When you exit a CEO, any of those Senior executives, you lose a lot of leadership memory in the organisation. So, it's not very easy for somebody to just walk in from outside and in a short space of time be able to swing things" (AA3, p. 8).*

A decision to replace the CEO should be performance based (AA1, AA5, RR1) and this is

explained below in detail:

> *"So it should be purely based on performance. And if the CEO is unable to turnaround the company, then there must some negotiations for him or her to step down and be replaced" (AA5, p. 10).*

> *"If you've got a Porsche and is not reaching the set maximum speed and the driver says I am struggling, we can only get up to 160. What do you do? You know what the car can do? You replace the driver" (AA1, p. 23).*

> *"We can't then ask you to do a turnaround when you are the reason why the organisation got there in the first place" (RR1, p. 7).*

It was further highlighted that one also needs to take cognisance of the fact that certain things are not as a result of the CEO. *"It could well be that the CEO has been frustrated by the board because sometimes you can be frustrated by a board" (AA1, p. 23).* The participants stated that at times the CEO would be frustrated by the shareholders/ board as they would want the person who they will be comfortable with to push their agenda during their tenure:

> *"You need your own jockey for this horse; you need your own jockey who will understand that you only have two years in a position" (AB4, p. 15).*

> *"I don't think new CEOs are brought in for the turnaround initiative. I think they are brought in because there is a new political head who prefers to work with certain individuals and heads… and also because of the ministerial preferences or the board's preference" (AA5, p. 10).*

In some instances, the executives tend to be replaced during turnaround, however where necessary (AA3, AA5, AB6).

> *"I didn't have a team to implement a strategy with me… I was a CEO and an executive because we hadn't appointed executives between…we were having junior people acting, and they don't make decisions, and their level of thinking is different' (AA5, p. 9).*

> *"I had to build a complete new management team, I appointed good people, competent people but you have to go through the failures of forming a team" (AB6, p. 15).*

High turnover rate of the CEOs also has an implication on turnaround. The participants mentioned that political interference and the stress of having to work in a very politically charged environment where one has to always watch their back could be a reason for high turnover rate:

> *"You're always concerned, you never know where your troubles come from, one day you are this great thing, tomorrow you are persona non grata" (AA1, p. 9).*

The reasons attributed to high turnover rate of CEOs of SOEs are as follows:

- The board dismisses CEOs if they believe they are obstructing them to perform certain things that are against governance (AC2).

- CEOs being exited by the board due to the actions of the CEO that are not in line with good governance or non-performance:

  "CEOs become dishonest, and they are found to be dishonest, and once that dishonesty is picked up, it's difficult to rebuild that trust and therefore leads to them having to leave or to be asked to leave because the loss of trust" (AA2, p. 10).

- The CEO can still be exited on the basis of non-performance though it was clear from the onset that this person is coming into the position more from a strong position of political equity or political connections *"because they will have to protect the bigger structures" (AB4, p. 3).*

- CEO being replaced because of the shareholder or board's preference for another candidate. *"Because there is a new political head who prefers to work with certain individuals and heads" (AA5, p. 10).*

- Voluntary resignation as a result of the things that are beyond their control as stated by the participants in the following statements:

  "I think the majority of them end up leaving after realising that they just don't have the tools to make a real difference in their environment that they are working in and things just take forever to move" (RR1, p. 4).

  "Their lives are made difficult as CEOs and then they find themselves compelled to think about exiting before even their plans are implemented" (AA3, p. 24).

  "He felt so much pressure that he ended up resigning. Because he always had to play that back and forth between political leadership and the board, so you feel frustrated. They are human beings. They can take so much" (SS3, p. 3).

The impact of the high turnover is not only limited to the CEOs, it is also linked to the turnover of ministers and board members (AB4). The three are interlinked and have an impact on turnaround that the new ones will have to start the turnaround process afresh by having their own strategic direction and own brand; and it takes a long time to get the process off the ground

(AB4). Resignation of a minister as a shareholder would mean a new minister will appoint a new board which would lead to a new board also appointing a new CEO. This triple effect issue caused by a resignation of a shareholder was explained below by the participants:

> *"The new minister will come in, chucks the board out and gets new ones; and the new ones are going to create another CEO" (AB4, p. 15).*

> *"You also have a revolving door of Director General. A new one comes in and says I don't know what the previous one agreed with you. I want you to look at this instead. So, you now go back to square one" (AC2, p. 7).*

In addition, the replacement of the shareholder leads to changes in the mandate initially given to the CEO (AC2, SS3). There are several risks associated with the replacement of the CEO (AB5, AC2, AB10, UR1, RR2) such as starting the process from the beginning. Business continuity is instead encouraged, as reflected below:

> *"There's a risk in constantly replacing CEOs because they start at the beginning again, and the organisation doesn't move forward, it's static. It takes two years for a change initiative to gain momentum, and then you throw your CEO out and put someone new in, it takes you two years back" (AC2, p. 22).*

The disadvantage of CEO replacement during turnaround is that the successor has to still learn the business which will take time before turnaround can be realised. In cases where the CEO resigns immediately after implementing a turnaround strategy, the organisations normally revert to the old set up:

> *"They first have to understand the business, and then they have to leave before implementation, someone else comes in and starts from scratch, and the problem is getting deeper and deeper and deeper. And before you know it, the problem is so deep that nobody knows how to solve it" (AB5, p. 4).*

4.3.4 Ineffective turnaround strategies and processes

The participants suggest that failure of turnarounds is attributed to ineffective turnaround strategies with initiatives that are not beneficial to turning around SOEs as a result of the board that lacks business understanding (AB9). The issue of ineffective turnaround strategies was elaborated further by the participant below:

> *"If you have a board that does not understand the business, and you also have senior executives that don't understand the business, it's most likely that the strategy will not be the correct one" (AB9, p. 1).*

One participant alluded to the fact that some of the mistakes they make as CEOs during turnaround is to accept turnaround strategies without thorough interrogation:

> *I did not interrogate the strategy as much as I should have. I assumed that the strategy was well considered, it was flawless. I discovered during the implementation that there were mistakes in the strategy" (AB10, p. 8).*

Moreover, the participants indicated that turnaround processes in the SOEs are long and therefore impacting the amount of time the SOEs get to achieve their turnaround objectives and in the process, losing key stakeholders and also causing emotional strain on impacted stakeholders. *"Time is of the essence; a turnaround can't take forever. The longer you play, the more difficult it is to change" (AC2, p. 6).* Policy dissonance was identified as one of the reasons for prolonged turnarounds where the government takes forever to pass certain legislation to enable turnaround (AC2). One of the reasons that leads to failure of turnarounds in SA SOEs is the fact that CEOs spent time gathering information before making decisions:

> *"In turnaround you will never ever have 100% data and information, don't wait for 100% percent before you decide, if you have the critical elements together expedite, and then as you move forward and learn more then you can tweak the plan" (AB6, p.19).*

The CEO is not an ultimate decision maker, and this has an impact in terms of prolonging a turnaround process (AB6, AB3, SS2, SS3). Prolonged turnarounds frustrate the CEOs that they end up resigning (RR1).

> *"It takes too long to do anything and everything. The processes that you have to go through before any strategic move can be taken. So, in the private sector, when something takes one month, we take 12 months. And you can't run a commercially competitive business working on those time frames. It's not possible" (AB5, p. 3).*

> *"Government seems to be indecisive regarding which policies to be implemented and that makes planning in the SOEs difficult" (AC2, p. 7).*

> *"I think the majority of them (CEOs) end up leaving after realising that they just don't have the tools to make a real difference in their environment that they are working in and things just take forever to move" (RR1, p. 4).*

Although other participants indicated that prolonged turnarounds impact the success of turnaround, one participant is of the view that it takes about three years for the turnaround to be fully achieved: *"They need to take cognisance of the fact that sometimes turnarounds take long, as long as three years" (AA1, p. 30-31).*

4.3.5 Inefficient internal operations

The participants narrated their experiences around internal operations challenges that affect the turnaround of SOEs among others, liquidity shortage, legacy contracts, governance issues, etc. The aforesaid challenges are reflected in the next section:

4.3.5.1 Shortage of liquidity and under capitalisation

Shortage of liquidity appears to be a major issue that the CEOs of SOEs find themselves faced with which makes it impossible to turnaround SOEs and ultimately, leads to loss of critical resources (AA2, AC1, AB6, SS1, AD2, AB5). Capital investment also appears to be a challenge in the SOEs as indicated by the participant: *"you find that critical investment companies are reluctant to give funding to SOEs because of their requirement of guarantees that the government sometimes cannot give" (AD3, p. 5).* The participants narrated their experiences around shortage of liquidity in the below statements:

> *"We're not making money. We're burning the reserves, and that keeps me awake most of the time. …So such things give me sleepless nights because you've got to think how else do I have to make an income to ensure that we sustain the SOE" (AA2, p. 13)?*

> *"Not having necessary finances to actually fulfil some of the state mandates that were in our Act" (AC1, p. 19).*

> *"The biggest challenge in the business was liquidity, you know we don't have cash. We never had enough. We started to lose our critical resources. And then it's a negative spiral, you know, once you lose people that you need then you can't succeed in that sense" (AB6, p. 4.)*

Funding of turnaround initiatives is a challenge in an SOE which sometimes leads to strategy changes. This was further expressed below by the participant:

> *"So if they give us a good strategy, and we realise it's going to harm the cost budget, then we come back and say, No, change your strategy. There are a number of dynamics that come into play, and the moment the CEOs realise that they've got a strategy, but they can't be given the greenlight due to a number of factors, then they leave due to frustration" (UR1, p. 4).*

4.3.5.2 CEO's focus on historic governance matters

It was explained that the CEOs find themselves spending most of their time addressing historical governance issues such as legacy contracts about which they have no background instead of focusing on the core business objectives. Most of the legacy contracts that the CEOs

of SA SOEs are trying to dissolve fall under the *"State capture era" (AB6, p. 3).* One participant shared his experience on working on legacy contracts in the following statement:

> *"As much as I'm a governance person, I respect that, I need that, you should drive all the business objectives, not only the governance part. It was too much governance and too little business management, my view was like 80% governance" (AB6, p. 14).*

> *"We had to pick up all these issues and act quite strongly on the suppliers, make sure that we are competitive and there is fairness" (AB7, p. 5).*

Lately, the CEOs are also focusing on preparations for commissions of inquiry as a result of a *"state capture"* thus giving little attention to business objectives aimed at turning around an SOE (AA1).

> *"One had to, whilst you develop the general plan on one hand you've got to try and stabilise the organisation on the other side. So that was very challenging and there was a lot of investigations being conducted by both the Public Protector and SIU" (AA3, p.1).*

One participant indicated that CEOs should focus on the core of the business and refrain from spending much time on state capture or governance matters as that is not the core of the business:

> *"Leave Commissions of inquiry to others, assess the issues that are hampering the business from meeting its goals and understand what those blockages are and then have a plan" (AA1, p. 20).*

4.3.5.3 Lack of consequence management and executive coaching

The participants highlighted the fact that there is no consequence management in the SOEs. There is no consequence management in the SOE, people are still in their jobs even though they are not performing (AB4, AB9). The reason for this is that a number of executives got their positions through political connections. The issue of lack of consequence management was narrated by the participant below:

> *"Compromised consequence management is the root cause as a significant number of C-suite executives are in positions through deployment and political alignment than sheer competence and attitude" (AB4, p. 28).*

Though some of the participants believe consequence management is a way to go, others are of the view that consequence management is overrated*:*

"There is no need to have a consequence management policy in the SOE, I think it's overrated if you ask me. Anybody who's not doing their job has to be dealt with, that's consequence management. If the CEO is not performing, the board needs to do what it has to do to address the non-performance" (AA4, p. 13).

In the SOE environment, it seems that even though executive coaching is a necessity for CEOs, it is not sponsored by the main shareholder:

"When last did I hear about anything like that? Coaching in our SOEs, which is supposed to be sponsored by the shareholder in particular? And by the way it is a problem within the state generally" (AB3 & SS2 p. 26).

The participant is of the view that the CEOs should be exposed to executive coaching to improve the areas that are lacking if they meet the minimum performance standard:

"Expose them to training, take them to international schools, give them executive coaching. Coaching in our SOEs, which is supposed to be sponsored by the shareholder in particular, and by the way it is a problem within the state generally" (AB3, SS2 p. 26).

Executive coaching is not meant for the non-performers (RR2). *"Look at the fortune 500 companies, these are super performers, and they still go for executive coaching" (RR2, p. 12).* Some of the participants suggest that executive coaching has its time and place (AC2, AA3, AA5).

"I do think at times you need an independent voice, someone that can be a mirror to you and can give you unbiased feedback. There's a role for it, but not all the time, at specific interventions when you become a CEO for the first time, when you move from COO to CEO, when you move from one industry to the next" (AC2, p. 23).

"Something that can be recommended for CEOs who are not fully capacitated and who are also new in the positions of the CEO or new at the executive level. But those CEOs who have been on executive roles as well as being CEOs in the past don't need executive coaching unless it's a CEO of a large entity with serious problems that require short term implementation of the turnaround" (AA5, p. 10).

4.3.5.4 Shortage of skills (at country level), insufficient execution capability and inefficient processes and systems

The participants are of the view that South Africa, compared to other countries, is not competitive. Comparing South Africa globally in terms of skills *"we are not as competitive as we should, we could do better" (AC1, p. 2).* Shortage of skills in this case is as a result of the country's education system which does not create or develop global skills. The participant

elaborated on the issue of skills shortage by stating that: "*The education system needs to create or develop skills that are of a global nature that push the country to a high level of performance" (AC1, p. 2).*

In terms of turnaround strategy execution, it seems execution capability in the context of skills, frameworks and capacity is a challenge in a public sector. The participants expressed lack of execution capability in the following statements:

> *"This is where most brilliant minds fail. Public institutions spend too much time on strategic conversation/shareholder compacts and contracts/score cards and less on execution plans" (AB4, p. 28).*

Execution capacity is critical, as explained by the participants that the role of a CEO is to implement the strategy approved by the board and manage the organisation's performance by ensuring that the strategic objectives are met (UR1, AA4). Public institutions do not focus their energies on execution plans though they are means to deliver results and benefits (AB4). Failure for execution is due to a lack of interest as stated by the participant (AB10):

> *"At the heart of failure to execute, it's lack of appreciation of getting your hands dirty. Because execution is dirty, execution is tough, we don't like doing it. If you look at Brian Joffe at Bidvest, you look at all these guys. When the situation calls, they are able to roll up their sleeves, and sit with management teams and subsidiaries, and craft plans specific to that subsidiary to fix it, monitor and give advice during implementation; our government cannot do that" (AB10, p. 15-16).*

The participants are of the view that when embarking on turnaround, the organisations should assess the executives' skills to determine if they will be able to execute turnaround strategy with supplementation of people with turnaround skills:

> *"If you don't have those skills in the current executives, is it going to work if we supplement them and bring people, or do we need a turnaround specialist who is going to have the authority of a CEO to run this"? People have these brilliant ideas about the strategic direction that they're going to undertake but they don't have operational capacities" (AA3, p. 14-17).*

- ***Inefficient people, processes, and systems***

SOEs' processes and information technology (IT) systems are not efficient, thus leading to failure of turnarounds which cannot be changed due to bureaucracy. *"There's a lot of red tape because we know that if we clean our processes then X won't get his tender or that guy will not get it" (AD1, p. 12).* IT systems are also failing as tenders are given to people who do not have the competency to implement proper systems or to provide services in general (SS1, AD1).

The participant explained further by providing an example of failing tenders by stating that:

> *"You've seen with what has happened with the likes of Eskom where the costs have skyrocketed because of incorrect designs. So tenders tare incorrectly awarded to incorrect people" (SS1, p. 10).*

Furthermore, SOEs' structures are bloated with mostly incompetent people (AD1) who cannot be laid off as that will create unemployment which is against the mandate of SOEs (AD1, AB6). *"You find that people are there because of their network, they are incompetent and they are not bringing any value (AD1, p.3)"* There are also challenges of nepotism whereby wrong people are appointed in the positions within the SOEs and tenders are awarded to unqualified people. This practice has a ripple effect, as indicated, that the problem gets cascaded to the lower levels, this is explained below:

> *"Then you have the CEOs obviously appointing the wrong people, you know, there's a lot of nepotism that used to happen before where people would appoint friends, you've seen it before in the media right? You will see a rippling effect in terms of it going down in the lower levels, for example your senior managers, your middle managers and so forth" (SS1, p. 9-11).*

The issue of SOEs not being self-sufficient is attributable to inefficient people, processes, and systems. *"If I am efficient, if I've got good people, if my processes are aligned, if I've got systems which are proper, I can be able to generate money for my business and be self-funding" (AD1, p. 13).* One of the participants shared some of the successes of the CEO or proud moments during turnaround as follows: a) Improvement in the operations in terms of introducing processes, policies, and systems, b) Enforcement of compliance, c) Major shift in audit outcomes and opinions (AA5).

4.3.5.5 Ineffective stakeholder management and lack of buy-in from the employees

Executing a turnaround strategy in an environment with so many dynamics, such as managers who have been in an organisation for a long time and who have established themselves politically is difficult (AB4). CEOs of SOEs find themselves challenged to execute a turnaround strategy as a result of lack of buy-in from the employees (AA3, AA5, AB4, AB5, AD1), including the executives who should be assisting the CEO to implement a turnaround strategy (AA5). The people in this regard are referred to as *"strategic terrorist"* (AD1, p. 1). These are the people who have been in the organisation for many years who revert to old ways once changes have been implemented (AD1). One participant explained the issue of lack of

employees buy-in to turnaround by stating that*: "If you are transforming the performance of the organisation, therefore instead of the employees seeing the attractiveness of the vision, they are seeing what they are going to lose" (AB4, p. 8).* Sometimes lack of buy-in could be caused by ineffective management of stakeholders by not including all relevant stakeholders in the journey of a turnaround as stated by the participant below:

> *"Some of the failures are not necessarily to do with the individuals' inability to do the job but it's more about, you take a very capable somebody, maybe a good Engineer and you ask them to run an entity like Eskom. They understand electricity, they understand what needs to be done but they don't have this ability to do stakeholder management and they are not going to be effective" (RR1, p. 7).*

> *"So if you fail to do proper stakeholder management then you lose favour with the unions, they are going to make your life very difficult because of the influence that the unions have in this country even at political level" (RR1, P. 9).*

A mistake that some CEOs make during turnaround is to adopt a *"superman"* and *"individualistic"* mentality which prevents SOEs from turning around (AB3, SS2, p. 6). In addition, the CEOs involve certain stakeholders where it not required to do so or involve themselves in activities outside their scope of work. The participant elaborated on this mistake that CEOs make in executing activities outside their boundary below:

> *"The CEO made mistakes because he stepped into other roles just to ensure that the turnaround is effectively implemented. Another example, one of the executive team members, or executive committee members did not have the full understanding of the sector and the CEO had to carry some of the responsibilities of this particular individual in order to make sure that the turnaround has some fruits" (AA5, p. 9).*

This was further explained by the participants that to avoid the mistakes that CEOs make in involving stakeholders where it is not needed, they must operate within their allocated responsibilities:

> *"The CEO must operate within the confinement of his roles and responsibilities, and ensure that he reports to the board, and he keeps a good working relationship between himself and the board" (AA5, p. 14).*

The board, as an oversight body, are also prone to mistakes of playing in the space outside their boundary as explained by the participant:

> *"The board must also provide an oversight role within the responsibilities of the board and not entertain any political dynamics because that's the role of the minister as the political head" (AA5, p. 14).*

4.3.5.6 Inappropriate culture at country and SOE level

The participants reflected on their views around inappropriate culture at the country and SOE level. South Africa, as a country, is faced with challenges of a wrong culture of people enriching themselves for doing nothing (AD1). The participants narrated their experience on the issue of inappropriate culture below:

> *"So we go to these State-owned entities with the intention that in a few months or years we should be millionaires" (AD1, p. 4).*

> *"Some SOEs did not even need turnaround. They just needed to change the practice of people trying to steal from the organisation" (AA1, p. 36).*

- ***Relationship (distrust, disrespect, and threats) issues***

There are also trust issues, lack of respect and threats culture in the SOEs. Lack of buy-in to the suggestions made by the CEO was attributed to lack of trust, as explained by the participant:

> *"Initially, I realised that the problem was a relationship and trust issues and inconsistent messages; I needed to ensure that people can see that you are here and you can be trusted (AB7, p. 4).*

On the other hand, the lack of trust is also experienced by the CEO and the executives on the side of the board and this was explained below:

> *You can't trust these people, they will just eat you up. The culture is in such a way that you have to make sure that you cover your back and by covering your back you are not moving. There should always be something in black and white" (AD1, p. 14-15)".*

"Management by fear and threats" (AB6, p. 7) is also an issue that the CEOs of SOEs are facing: *"I would not tell someone that if you don't do this, I'm going to fire you" (AB6, p. 7).* The participants indicated that management style is critical as stated that most people do not want to work in such an environment where they are constantly threatened and managed by fear and also accused of things that are not true (AB6). One participant elaborated on the criticality of a management style by stating that:

> *"When I speak to executives and the staff in general, I always say, make this place where you're working, a place where you want to wake up and go to. Not drag the idea of going to that place" (AA2, p. 7).*

4.3.6 Legislation and corporate governance

One of the failures of SOEs is attributed to non-compliance. *"The level of governance is a challenge due to the rule of law or processes that are not followed, and, in some instances, corruption can be rampant in some areas" (AC1, p. 2).*

4.3.6.1 Ineffective and misaligned Public Finance Management Act (PFMA)

The participants are of the view that the PFMA delays turnaround process in the SOEs (AA1, AB6, AC1, AD3, AB9) as the PFMA section 54 applications are not approved in time (AB6, AB9, AD3). *"In some cases, the PFMA can be a hindrance to making quick decisions" (AA1, p. 24). "Some of the regulations and rules such as PFMA can be too prohibitive, particularly in a competitive space" (AC1, p. 2). "It takes years to get response or approval"*, by the time approval is granted, most of the opportunities would have been lost (AD3, p. 4). Other participants raised their concerns around turnaround delays as follows:

> *"So strategy is time-based. It's relevant now and has a certain period of time beyond which is not relevant anymore. So honestly, the regulations that are hampering our quick turnaround time on doing executing projects is a frustration" (AB5, p. 7).*

> *"So, you know, when you have a competitor, any competitor…if they come up with a product and you need to compete and better that, the decision making process needs to be quick and you need to be nimble as a commercial entity, but the processes of the government, there's nothing wrong with PFMA, we know why we have PFMA, but the challenge is the speed of response to the request" (AB9, p. 2).*

Furthermore, the participants alluded to the fact that SOE1 managed to turnaround successfully as they are not managed through the PFMA (AA1). The participants suggested the following regarding the application of PFMA:

- The PFMA and its relationship to SOEs should be reviewed to remove red tape and abuse by those that are the custodians of the PFMA (AA1).
- The PFMA should not be used as a political tool to fire CEOs and CFOs rather than a government tool (AA1).
- The PFMA needs to be changed: *"And probably one paragraph, not the whole thing… the PFMA is in conflict with the companies Act and that confuses…." (AB2, p. 10).* On the other hand, it was mentioned that *"the intentions for PFMA are seen as good*

however can prohibit good business decisions" (AC1, p. 2).

4.3.6.2 Non-compliance (Culture of lawlessness, unethical conduct, and purposelessness)

Some of the SOEs leaders appear not to be leading in the manner that is always ethical. One participant alluded to the fact that ethics is about doing the right thing and not only limited to money but other things such as, for example, truthful reporting to Parliament as false reporting is unethical (RR2). The participants narrated their experience on unethical conduct as follows:

> *"Sometimes the CEO doesn't portray the real picture to say this is how bad things are. Be honest and say we are really in trouble. So obviously the shareholder wants to hear good news. So that's one mistake the CEOs do there, they don't portray the true picture of the status of the organisation" (AD3, p. 10).*

> *"I believe that if we were to turnaround SOEs because the SOEs especially now there's so much unethical misconduct because the leadership was doing wrong things, and like they say, the fish rots from the head. So it spreads further down, and they start doing the same. So, for you to turnaround the business, you have to be able to get the ethical culture in the business because if it's not, you'll be fighting fires through and through" (AB5, p. 5).*

In the SOE environment *"the important thing is not to be good; the important thing is to look good" (RR2, p. 2).* It was stated that the rules mean nothing as they are implemented on a situational basis and therefore that sends a wrong message to staff (RR2). The participant elaborated on the issue of non-compliance in the following statement:

> *"Before you know what is happening, there is a culture of lawlessness and unethical conduct and purposelessness. When there is a deficit in both capacity, ethics and leadership side that creates chaos" (RR2, p. 2-3).*

4.3.6.3 Complex SOE model

It was cited that businesses that belong to the state are problematic, it does not necessarily mean that every SOE should be privatised (AB6). There should be some assets that belong to Government however, in the South African context the structure of the SOEs make it difficult for these SOEs to turnaround as a result of a political dimension that is incorporated in business (AB6). *"With partnership that the ruling party has with unions, Communist Party etc, how do you explain reduction of thousands of jobs"? (AB6, p. 10).* It appears that if one had to put themselves in the shoes of the ruling party it will be understood that certain decisions are difficult to make, particularly economic decisions. This was explained further by the participants below:

> *"I also don't want to be in their shoes to make that decision, do you keep people employed? Do you contribute to the unemployment crisis that we have in the country in the economic crisis? Or you just keep on surviving (AB6, p.10).*

> *"You can't touch those people because you touch them, you are creating unemployment" (AD1, p. 12).*

Some of the participants are of the view that the state is not good with running a business. *"The state is lousy at running businesses. It should not run business. The state should be in the business of serving citizens" (AC2, p. 17).* SOEs that managed to turnaround successfully have government partly owning the shares while the rest of the shares are listed on JSE as opposed to those that are not sustainable wherein the Government is a sole share owner (AA1). Telkom was indicated to be one of the SOEs that turned around successfully because of the following reason which was stated by the participant:

> *"Though the majority shareholder is government, they also have a little bit of private player in the ownership of that organisation, so it becomes easy to implement because there is no politics (UR1, p. 10).*

In those SOEs with some of the shares listed on JSE, Government does not enjoy greater rights as reported by the participant:

> *"Their rights are not superior than other shareholders, however their rights are sacrosanct and they are therefore observed and respected; they don't have special votes however they can block key resolutions given the size of shareholding" (AA1, p. 4).*

The SOE model appears to be problematic in a sense that a Minister, for instance, is a shareholder representative, whereas in a private company which is listed on the JSE a shareholder ensures that competent management is appointed, and objectives are set. The shareholders would probably attend the Annual General Meeting (AGM) for feedback inclusive of dividends (AD1). The SOEs that are 100% owned by government cannot retrench employees in order to reduce labour costs as approval may not be granted. This was not the case at SOE1 as it is partly owned by government, some of the things that SOE1 did to turnaround successfully was to reduce the costs of doing business and one of the initiatives undertaken to achieve successful turnaround was to reduce its labour costs which was high, and this was achieved through downsizing (AA1). Engagements with the unions then become imperative to discuss downsizing, as explained by the participants:

- ***Complexity of SOEs mandate and difficulties in achieving a dual mandate***

The main issue that affects turnaround of SOEs in SA is the complex mandate which is non-commercial (AB3, SS2).

> *"SOEs are not driven in the first instance by commercial motives. Their responsibilities are to deliver service, as a result the commercial motive is only relevant to the extent that they support the public service mandate. In addition, there is a development mandate which was introduced which is understood to mean that SOEs must contribute to the transformation of the economy" (AB3, SS2, p. 2).*

The developmental mandate implies that the SOEs should contribute to the transformation of the economy by including black people in the economy by first including them in business through the following: a) Broad Based Black Economic Empowerment (BBBEE), b) Enterprise Development and c) Community Development, etc. (AB3, SS2). The developmental mandate itself creates a number of challenges for SOEs in turning around as compared to a private company as stated below:

> *"The developmental mandate introduces a diversity of stakeholders who have a vested interest in what happens in an SOE. The leading stakeholder in this case is the shareholder, which is the government, therefore, whatever SOEs do, government has to approve" (AB3, SS2, p. 3).*

This kind of a set up prevents SOEs achieving their turnaround objectives, particularly those objectives that require some kind of downsizing or headcount reduction. *"Politics and business objectives don't align, they don't merge" (AB6, p. 5).* It was pointed out that the relationship around government being a shareholder is a *"very complex and tedious relationship that makes it difficult for state owned companies to undertake restructuring" (AB3, SS2, p. 3).* In addition, the developmental mandate is also another factor. Some of the participants highlighted the fact that they have never experienced a defining moment during turnaround as a result of the complexity of the mandate. *"No. That never occurred. Never. not once" (AB10, p. 10).* The frustration around the dual mandate is clearly articulated in the statements below:

> *"For example, when you are a CEO of a state-owned enterprise, you are expected to drive an agenda and a commercial developmental agenda at the same time. That does not work. So, I should've agreed with government that it will only be a commercial mandate that I'm going to drive, the developmental mandate will not be my responsibility" (AB10, p. 9).*

> *"Having a government as a shareholder means that you've got to have all government policies and imperatives at heart, rather than the business you need to solve for. You can't have an equation where you balance everything out, because if you try and balance everything out the*

status quo remains, nothing changes" (AD2, p. 5-6).

Some of the industry players are given an opportunity to interrogate turnaround strategies and their view is that an SOE facilitates economic growth and not profits (AB5). One participant made a suggestion that some SOEs must be *"privatised"* while some must be "focused"; *"they must reduce the scope, focus and ultimately we have to restructure but that will have other economic implications" (AB6, p. 22).* The mandate of the SOEs is conflicted in terms of priorities (AC1, AD2). *"The function and expectations of what the entity is designed to do, what its mandate is and its role in the community and economy tend to be conflicted or convoluted" (AC1, p. 1).* To elaborate on the aforesaid challenge, the participants alluded to the fact that it is confusing as to whether schedule 2 SOEs should be playing a national developmental role or strictly a commercial role or a mixture or a hybrid between the two (AC1). The participants further discussed the complexity of the SOE mandates and blurred responsibilities by reflecting that:

> *"Sometimes the balance between the developmental responsibility and the commercial imperatives are not balanced properly. The State should not have a one size fits all in terms of expectations, demands and how these entities should function. Some entities will be more developmental, particularly schedule 3A's and B's, schedule 2 will be more commercial; schedule 2 are different in how they are as some could have a slightly more biased towards development, others could be strictly commercial" (AC1, p. 1-2).*

> *"Government needs to be very decisive on what is the mandate of these SOEs, is it to render a service or is it to make money because depending on what the mandate that you are given the decisions that you make if we take Eskom as an example there are certain decisions that they make which you can't help but wonder if they are really in the business of making money or just rendering a service and staying afloat; so that clarity has not really come through for a lot of people" (RR1, p. 4).*

It is suggested that the role of the CEO of an SOE is to deliver against that mandate, however the challenge is that the mandates are not clear, thus leaving the CEO vulnerable. The issue of unclear mandates was elaborated by the participant as follows:

> *"I know a lot of them are resigning they're like, okay, I throw my hands up in the air. I don't know what to do to please this Minister, or you know, please the government, it's really difficult. And at the end of the day, it's a huge risk to them" (AD2, p. 7).*

Mandates given to the CEOs in the private sectors appear to be clearer as opposed to the public sector (AC2). *The mandates are clear in such a way that it will be known that "I'm profit maximising, shareholders want a return on their investments (AC2, p. 13).* The participants indicated that the mandates given to the CEOs of SOEs are not constant as they change from

time to time as a result of the nature of an SOE which is dynamic (UR1). On the other hand, it was stated by one participant that the mandates are clear as CEOs join the SOEs when it is known as to what requires fixing (AD3).

- ***Conflicting priorities in the execution of mandates***

There is priority clashes in the execution of the mandate of the SOEs between CEOs and shareholders. The participant raised a concern around conflicting priorities regarding the execution of the SOEs' mandate by posing a question below:

> *"Do people in these SOEs whether it is SAA or Eskom or SABC, do they ask themselves what is the role of this enterprise, what is the principal role and who is it supposed to serve?" (RR2, p.2).*

Misalignment between the CEOs and shareholders on the mandates was cited as a challenge that affects the execution of the mandate of SOEs. Different stakeholders have different expectations as a result of a dual mandate, and this is reflected by the participants below:

> *"When there is a clash between BEE and the delivery of services are you going to favour empowerment over services? Because for me I would say yes, we would like to empower people but the first prize is to deliver what we are (RR2, p. 2).*

> *"If you sat with the Minister, his conversation with us was about profitability. When I went to Parliament, the Politicians they wanted to know, Are you creating jobs for young kids? Are you driving black economic empowerment? It's impossible to do all these things at the same time" (AB10, p. 9).*

4.3.6.4 Summary of the challenges faced by the CEO in executing turnaround strategy

This section presented the challenges faced by the CEO in executing turnaround strategy. The political landscape of the SOEs appears to be contributing more to the challenges that the CEOs face in executing turnaround strategy. There are politics at departmental, board and broad body level that impact the outcome of a turnaround. Political appointees, multiple lines of reporting, misalignment of centres of power, lack of decision making and CEO's lack of authority hinder the turnaround process. There is interference into the operations of SOEs by the board, shareholder, politician, union, industry, and community. The lack of commitment, incompetency, poor leadership, and board's management style impede the SOEs from turning around successfully. Turnaround failure is also attributed to leadership instability in the SOEs

as a result of leadership change in government. Ineffective turnaround strategies and prolonged processes as well as internal operations challenges (i.e., shortage of liquidity and under capitalisation, historic governance and inappropriate culture impact turnaround), and legislative and corporate governance issues. The identified challenges were reflected in 6.2 Table 6 as a helicopter view of the current state of the SOEs in SA. Moreover, the recommendations to address the current state were depicted as a future state.

4.4 Objective 3: Capabilities, attributes and values of the CEO who can be successful in executing a SOEs turnaround strategy.

In this section the capabilities, attributes and values of a CEO who can be successful in turning around an SOE are presented and analysed. The identified traits will feed into a profile of a CEO who can turnaround an SOE. The identified capabilities, attributes, and values as the objectives of this research are captured in the next section (4.4.1 – 4.4.3) while the summary of the capabilities, attributes and values are depicted in 4.4.4.

4.4.1 Capabilities

In identifying the capabilities, the main themes were identified: Strategic orientation and execution capability, turnaround, governance, establish top management team, human capital management, change management, stakeholder management, communication, political savviness, leadership and technical know-how.

In this research capabilities refer to the skills and knowledge, required of a CEO who can be successful in executing a SOEs turnaround strategy. The identified capabilities necessary for a CEO to be able to turn an SOE around are presented below.

4.4.1.1 Strategic orientation and execution capability

The participants suggest that the CEO should have a strategic capability (AA1, AA2, AA3, AA4, AA5, AB2, AB4, AB5, AB6, AB10, AB7, AC1, AD1, AD2, AD3, RR2) to be able to paint the picture of tomorrow for the employees:

> *"His gift in life was the ability to see the future before we saw it. So, he could think five years, ten years, fifteen years ahead of us, and position the organisation accordingly" (AB10, p. 13).*

A strategic thinker is what is required of a CEO (AA5, AA2, AB5).

> *"If you want to turn around the company, you need that CEO that is more strategic, that is more stakeholder understanding" (AB5, p. 8)*

> *"Strategic thinking is that ability of breaking barriers and norms that are known in that industry" (AA2, p. 5).*

A CEO of a turnaround should be able to craft a turnaround strategy, resource and sell it (AB6). *"The CEO should have strategic acumen; and should be on top of the issues, right on top of the business and understand it very intimately; a very deep thinker is what is required of the CEO" (AA1, p. 1).* The participants are of the view that execution capability is as important as a strategic capability (AA1, AA3, AC2, AB4, AB10). The mistakes the CEO makes is not being able to implement the turnaround plan to ensure that the objectives are met (SS1). One of the biggest wins of a CEO who managed to turnaround the SOE, achieved that by aligning what they were doing to the turnaround strategy. *"You need to have that alignment and that ability to translate a business strategy easily" (AD2, p. 3).* In the following statements, the participants highlight the importance of the CEO having both strategic and execution capability:

> *"I found great thinkers who can't execute anything; there is nothing worse than that, they can think, they know what needs to be done but they can't do it"! (AA1, p. 14).*

> *"To me the understanding of elements of strategy execution is key; overall if you are not able to execute the strategy, you are fired as a CEO" (AB4, p. 16-17).*

> *"You can't change the strategic direction without interrogating your operational capacity. It's pointless to have a very good strategy, and very poor implementation capacity. So, it goes hand in hand." (AA3, p. 14).*

A visionary leadership is what is required in a turnaround environment (AA1, AA4, AB5, AB7, AC1, AD1, RR1, SS1). A need for a visionary leader is that *"CEOs should sell a proper vision, a proper roadmap of how they are going to move things from where they are to what we call the promised land" (AA1, p. 34).*

4.4.1.2 Turnaround

The candidate has to have turnaround experience (AA3, AB7, RR1, RR2, AD1, AD2, SS1 AA1, AC2, AB10, RR2, AB9) as experience serves as a resilience mechanism to bounce back when confronted with challenges.

> *"Experience gives you a better bounce back capacity, what is called resilience, because you have seen it before, so you are not going to panic and start shouting at people when things go wrong (RR2, p. 11).*

It is not any general CEO who can turnaround an SOE, it requires a CEO with an extraordinary skill (RR2, AD1). The participants are of a view that it is important to consider someone with experience rather than taking a risk:

> *"Proven record of implementing things, not just someone who is gonna come in and say this is a vision and make sure is implemented. So you will have to prove that you actually came about with the vision somewhere and you've seen it through and it has been a success" (RR2, p. 3).*

> *"It would have to be somebody, who has led a successful organisation. Successful in terms of making profit, keeping the clients happy, the business. So, any business executive with that kind of experience I would consider appointing" (AB10, p. 4).*

> *"We do need somebody who has seen storms because is also really about using your instinct, it's about remembering using your own business muscles, the social muscles you have acquired running businesses (RR2, p. 19).*

4.4.1.3 Governance

It is key for the CEO to have solid experience in Governance (AB6, AA1, AC1, AB4, SS3). Governance skill seems to be essential for CEOs of SOEs particularly those appointed to lead turnarounds. CEOs spent most of their time addressing governance matters as opposed to core business matters (AB6). *"If you are dealing with politicians you need to have an understanding of South Africa act in the area of SOEs" (AB4, p. 19).* The participants stated that successful CEO of an SOE in SA has appreciation of governance processes as stated below:

> *"He kept issues of cabinet, and governance clean because those issues, shenanigans here and there distract you from what you should be doing" (AC1, p. 11).*

4.4.1.4 Establish Top Management Team

The CEO is responsible for putting together a team to enable achievement of the turnaround objectives (AA1, AB4, RR1, SS1, AB9). The CEO is like a football coach that appoints the best players that can play according to the formation the CEO wants in order to succeed (AA1). The participants claim that a CEO is as good as the team they put together to support them (AA1, RR1, RR2, SS1, AB9). This was elaborated in the following statement:

> *"As an appointed CEO, you are as good as the team that does not support you. So when you come in an organisation you need to be able to identify the kind of skill you need to support you. You will never have a CEO who knows everything. You need a strong financial person, strong HR person and a strong technical person in the business that you are running. And that way your job as the CEO becomes to focus on strategic issues rather than sit with operational matters." (RR1, p. 3).*

> *"The investors or the lenders, buy into the executive team that can actually drive. When we meet or engage with investors, the first thing we look at is the leadership team headed by the CEO, the Chairperson, and the CFO. Because remember, what drives a turnaround strategy of a company besides the turnaround plan is the people" (SS1, p. 6).*

The participants stated that exceptional boards work well if they bring in a competent CEO supported by a competent management team whereby, they co-develop the strategy and bring the strategy to the board for review and approval (AA1). The participant elaborated below on the CEO's responsibility to establish a team:

> *"In my view, the board should concern themselves with two appointments: a) They should appoint the CEO and make sure the CEO also appoints the right CFO because the CFO is also a director; b) The board must also concern itself with the group company secretary, for the rest they must leave the CEO to find his or her own team" (AA1, p. 24).*

The suggestions from the participants reflect that the first 100 days in the office as a CEO are critical and therefore should be focused on environmental scanning (UR1, AB10) such as conducting skills assessment to get a view of the skills the executives have and to close the gaps to ensure a successful turnaround:

> *"Understand the capabilities of the leadership team, do I have the right leadership team to be able to drive the plan to meet the expectations of these customers. So, it was assessing the capability of the organisation" (AB10, p. 9).*

The participants further revealed that a CEO who was able to turnaround one of the SOEs had competent people that helped to identify the strategy and opportunities and the CEO did well

in terms of empowering the management team and also cared about them, and in return they were loyal to him (AA1). *"It was not blind loyalty, but loyalty with competence" (AA1, p. 14).* Having a competent team on board during turnaround is fundamental. *"If that team is not on the same par, if not better than you, then it doesn't work; being a hero CEO is not possible anymore" (AB4, p. 18).* The ability to build a team that believes in the vision, a team that believes in you as their leader appears to be fundamental (AC2). *"He wanted to leave a legacy, and he assembled a team and developed a plan to help him achieve that legacy" (AB10, p. 16).* Apart from the establishment of a top management team, the CEO should also develop capacity and capability as in financial and people resources to drive a turnaround strategy (AB4).

4.4.1.5 Human capital management

It was suggested that the CEO should have a human side (AA1, AA3, AD1, AB3, SS2, AC2, UR1) as strategic and commercial acumen alone is not sufficient (AA1). The CEO that lacks a human side can be challenging to work with as they struggle to build teams (AA1). *"Those are a nightmare to work with because they don't build teams and they don't take teams along" (AA1, p. 13).* People or human management skill is so critical that the candidates are assessed on this skill during the interviews. The importance of having good people management skills is further explained below by the participants:

> *"A CEO should exercise leadership style whereby a) you take people along with you, b) you invest time in cultivating support and buy-in, c) allows people to be open about their fears, their aspirations, d) and making them feel comfortable that their interests are going to be covered in the destination you are directing them to go to" (AB3, SS2, p. 8).*

> *"At the end of the day…it's about people so if you don't have good people management skills, the whole thing is going to be very difficult. If you don't have good people management skills, people interaction skills, then it is going to be a challenge…change is a challenge on its own" (AC2, p. 4).*

It also appears that the CEO needs to have coaching and mentoring skills. The role of a CEO is to:

> *"Identify where we are struggling and find us help, to remind us on an ongoing basis of the higher-order goals of our mission so that we are kept focused" (AA3, p. 34).*

A CEO needs to believe in personal development (AD1, UR1) for her/his people because by having competent people in place, work will be easy (AD1). The CEO of an SOE who is said to be successful was good with people management and empowerment (SS3).

4.4.1.6 Change management

The participants highlight the fact that the CEO should possess change management skills to change the mind-set of the stakeholders to turnaround the organisation (AB2, AB4, AB7, AC1, AC2, AB3, SS2, AD1, SS1, RR2). A need for change leadership was elaborated further below:

> *"A person who's good at change management, that's very important because obviously changes will take place, you know we have a new leader coming in, that person will want to do things differently, to retrench, etc." (SS1, p. 8).*

The CEO should be capable to modify behaviour in the team and in society (AC1). To have people aligned with the CEO is very important for the success of turnarounds (AC1): *"You need someone with the skills and the competence to do the job as well in terms of change management" (AC1, p. 8). "A high attitude for dealing with uncertainty" (AC2, p. 15)* was also pointed as a skill required of a CEO. The participant in the aforesaid statement meant that the CEO needs to have the ability to deal with uncertainty. The participant alluded to the fact that change is difficult and more challenging if your organisation is geographically spread and there is the existence of different cultures (AB2). The CEO in this case should be able to engage and work well with people (AB2). Successful CEOs who managed to turnaround SOEs are drivers of a change (AA3, AB2). One of the SOEs that managed to turnaround successfully (SOE6) was led by a CEO who was described by a participant to be:

> *"He is a change manager, well in my opinion he's a change management specialist. He is not a long-term CEO. He is not the guy that you bring when you want stability. He is a guy that you must bring in to do the change, move on (AB2, p. 17).*

> *"He was really very capable of driving change and transformation" (AA3, p. 36).*

In a turnaround situation, the documents alone are not sufficient to point at the new direction (RR2). The CEO should possess change management skills to enable a shift in mind-set (RR2, AC2, AB2). The CEO should be able to influence and inspire themselves and others to think in a particular way and to act in a particular way: *"The ability to drive, the strength to drive things and drive change is critical for a CEO" (AB3, SS2, p. 10).* Bringing people together to

start believing in the idea was the CEO's biggest win at SOE2[5] (AD1).

4.4.1.7 Stakeholder management

Stakeholder management is a "must have" skill (AB3, AB6, AC1, UR1, AB3, SS2, SS3, AB6, AB10, AA1, AA3, AA4, AD1, AD3, AB7, RR1, RR2) as an SOE environment has a complex stakeholder landscape:

> *"It's very key to manage the external stakeholders, your board, and shareholder, those can be tricky, and so you need to manage those quite well (AC1, p. 19).*

A CEO has to have the ability to manage numerous and complex stakeholders at different levels and be able to convince them. The participants further elaborated on the need for stakeholder management skill below:

> *"A CEO should be able to conduct and manage this multitude of stakeholders to be able to achieve the objective. You have to be able to have coffee with them, listen to them, understand what their problems are and come up with solutions, go to your service providers, because those are your people who will help you, who will make you succeed. If your suppliers are failing, you are going to fail. Shareholders must be on board, must be aligned with what you're doing" (AB5, p. 5).*

> *"It takes a CEO who has the potential to lobby all the stakeholders to be on his side. If you can't convince your board as a CEO, convince your shareholder, you won't be able to turn around an organisation" (UR1, p. 4).*

> *"You have to know the networks that are key for delivering proper shareholder support. Ensure that the minister is brought into the picture through your board" (AB3, SS2, p. 5-9).*

A CEO should be in a position to foster alignment with both the board and shareholder (AB3, SS2, SS3). The alignment in this case can be challenging, as pointed out by the participant below:

> *"You would need a CEO who's able to negotiate and engage with the two sides so that there is harmony. You always find that there's always tension between the board and the political authority, so the CEO always finds himself in between" (SS3, p. 2).*

There is a complexity around the relationship with a shareholder in an SOE environment

[5] Pseudonym – name changed to ensure anonymity in this research

considering that the principal stakeholder is the shareholder who is a minister; it is for this reason that the CEO should have stakeholder management skill. The complexity of the shareholder relationship in an SOE environment was narrated by the participant below:

> *"We kind of use the word shareholder, but actually it's not just generally the minister, in this case it would be Minister of Public Enterprise, Minister of Finance and there is also the Policy Minister" (AB3, SS2, p. 8).*

The shareholder is referred to as if the shareholder is "*monolithic" (AB3, SS2, p. 9)* whereas there are number of shareholders involved (AB3, SS2). SAA was used by a participant as an example to demonstrate multiple shareholders involved (SS1):

> *"For example, just look at SAA. They've got the Minister for Public Enterprises and the Minister of Transport, then you've got the Minister of Tourism, and the Minister of Labour, you know to form a committee" (SS1, p. 16).*

The CEO rallies for support from various stakeholders that have direct or indirect interest in the turnaround of the organisation, as explained by the participant below:

> *"You need somebody who is going to be good in getting stakeholder buy-in. You walk into an environment where you need to make the unions, government, shareholder and board of directors happy and there is also the community on the other side because you are also operating in an environment where there are other stakeholders outside those that you are accountable" (RR1, p. 2-3).*

One of the successful CEOs of SOEs as per the participant, achieved his success through engagement with the lower management team and the key stakeholders (AD3). Turnaround without taking onboard the employees is subject to fail (AB3, SS2, AB10, AA3). The participant elaborated on how engagement of employees and stakeholders should unfold:

> *"You must understand how to win the hearts and minds of staff, you must understand how to win your key stakeholders around you to help you in achieving your objectives" (AB10, p. 10).*

The CEO of an SOE should possess some kind of diplomacy (AB2, AB6, AD1, AB3, SS2, SS1) as a result of the nature of the job which is challenging to navigate through. By being diplomatic, the CEO will be able to navigate through without compromising himself/herself *"among the sharks" (AD1, p. 7).* The participant explained what diplomacy means: *Diplomacy refers to a way of saying "no" to somebody but without saying "no" (AD1, p. 7).* Considering the aforesaid factors, the CEO has to possess *"all-roundedness of skills that are very rare"* (AB3, SS2, p. 11). This position requires a person who is able to craft a language that is

inclusive. It is a give and take set-up wherein a candidate should accommodate *a "broad range of interests" (AB3, SS2, p.19).* An example in this case is that the language to be used when addressing the unions should differ from that of the investors, lenders of the company or politicians.

> *"You need a good negotiator because sometimes you're sitting with unions in terms of the annual wage increases. For example, you're sitting with procurement contracts you want to drive down in terms of the costs, you need a negotiator" (SS1, p. 8).*

The CEO is required to have negotiation and influential skills (AB2, AB6, AB3, SS2, SS1)., a kind of consensus building skills. This was reflected below by one participant:

> *"You cannot implement a solution that is only sponsored by one of several because the other stakeholders will know; you should be able to carve what is a middle ground, a win-win type of thing" (AB3, SS2, p. 18).*

> *"You have to explain to the shareholder why you want to do what you want to do and what are the implications if it is not done and to continue reinforcing that message" (AB6, p. 5).*

In some cases, the CEO would have to persuade the late adopters or laggards why turnaround is necessary (AB2).

4.4.1.8 Political savviness

A CEO does not have to be a politician, but they must be politically savvy (AB2, AB4, AB7, AD2, AC2, AB10, SS3, AB3, SS2). They have an understanding of the political environment and know to whom to go when they face challenges (SS3), *"the ability to navigate the political environment is required and not every CEO is capable of that (AA4, p. 11). If you've got the political will, you know, and you've got the ear of politicians then it makes a big difference" (AD2, p. 3).* The role of a CEO is challenging in the sense that the focus is not only on delivery of the services as mandated, at the same time one has to manage politics. A need for political savviness was elaborated further by the participants below:

> *"It is very important that a CEO of an SOE has got to have some degree of political savvity without being a politician; understand politics so that you can be able to deal with it" (AB7, p. 9).*

> *"You have great CEOs coming in with skill, and they're not political players, they're not political animals. I was not a political animal. I was like a fish out of water. Some of them are good, they often don't have a political skill. They've got excellent managerial skill to survive.*

In the state you need political skill" (AC2, p. 14).

The participants are of the view that the CEO is someone who is able to manage political dynamics as in an SOE environment, one gets rewarded for loyalty and not performance (AB10). The CEO of SOE9 who was not successful in his endeavour to turnaround the entity lacked political skill and ultimately left the organisation on an involuntary basis. The participant expressed the challenges for lack of political skill in the following statement:

> "*I struggled to work in an environment where your principals, your bosses could give you recognition if you appease them. I was taught to deliver on the agreed objectives as the only basis to form a relationship with your principles" (AB10. p. 5).*

On the other hand, the participant mentioned that the CEO of SOE6 was successful as he was politically savvy:

> *"Quite politically savvy himself. I mean, he sorts of transitioned between the Zuma era to the Ramaphosa era and he still survived. Nothing has happened to him or anything like that. So maybe one would say that, he's politically savvy in terms of how to navigate the politics and some of the big changes that other CEO's haven't necessarily been able to navigate" AD, p. 3-4).*

4.4.1.9 Leadership

The participants highlighted a need for the CEO to have leadership skills (AA1, AA3, AB2, AC1, AB5, AB6, RR2, UR1, SS1): *"You'll need to be able to lead and people need to be able to follow you (AC1, p. 8).* It was explained that in general, the role of a leader is to lead employees to follow a certain direction, in an SOE being a leader is more than that as one has to also lead the stakeholders (AB5, p. 5). They should have the ability to co-ordinate and put different parts together in order to achieve a whole. The CEO is expected to have a leadership pedigree which is the ability to lead the people inside the organisation and also the ability to communicate upwards with either the board or stakeholders (AA1).

The ability to communicate properly is a key skill required of the CEO during turnaround (AA5, AB6, AC1, AB7, AD1, RR2, SS1, SS3). The participants also highlighted that the successful CEOs of turnaround have good communication skills which enable them to achieve turnaround objectives by getting approval or buy-in from relevant stakeholders to implement initiatives to enable turnaround (AB7, AD1, AA5, RR2).

> *"When you are dealing with a regulated environment, it is important that you are able to communicate with your stakeholders; communicate with the politicians in terms what you trying to do and obtain buy-in" (AB7, p. 1).*

Communication is key, considering the fact that CEOs engage with the media from time to time, they also engage different stakeholders such as the shareholder on a regular basis (AB6, SS1).

> *"You need to have a person who is willing to engage with the shareholder at regular intervals, who is willing to engage with the media, engage with the Parliament for example. So, a person who is a good communicator" (SS1, p. 8).*

Thoughtful communication during turnaround is important as one of the roles of the CEO is to protect the image of the organisation as the face of the organisation (AB6). A CEO should have the ability to communicate impactfully (RR2) and consistently (AD2, AC1, AC2, AD1, AD2, SS1). *"If you are a CEO, you don't spend money, you don't manage money, you manage the people who manage the money by communicating impactfully" (RR2, p. 7).*

It was pointed out that the world use to be volatile, uncertain, complex and ambiguous (VUCA), however things have changed, and it is now VUCA to a lesser degree, which clearly depicts the turnaround environment (RR2). The participants further highlighted that the CEO has to wear a hat of a good pilot and ensure that the turbulences are not felt during turnaround (RR2). *"A good pilot minimises the feeling of turbulences; the people inside don't feel much of a turbulence" (RR2, p. 9).* The participant further elaborated below on the need for a leadership skill:

> *"I will hire someone who understands that he or she will become the heartbeat of the organisation that will have to lead the board from below, will have to lead his colleagues from the top, he might have to lead sideways for some people who are at his level, it should be the stakeholders, colleagues in government etc" (RR2, p. 7).*

- **Transformational leadership**

Other participants are of the view that a transformational leader is a style relevant in a turnaround environment (AA1, AA2, AB6, AD3, RR1):

> *"A leader that works with people, a leader that leads by example, a leader that listens to people (AD3, p. 9). That transformational leadership quality or attribute is an extremely important part" (AA2, p. 7).*

The participants alluded to the fact that a visionary and transformational leader is required during turnaround to set the place alight (AA1). This was elaborated by the participant below:

> *"They've got to bring a different type of energy a different type of view because they've got to give hope to the organisation. Transformational leaders are not scared to make tough decisions; they have to make very tough calls because one of the things that will happen is that as a CEO you are going to be tested" (AA1, p. 34).*

In a turnaround situation, it is important for the CEO to portray the following leadership style (AC2. p. 20): *"Be directive when needed; drive participation by getting diverse opinions; make decisions that matter, empower the team to carry on what they need to do where you are not needed".* An inclusive leadership style (AA2, AB6, RR1), which is consultative in nature, an open-door policy applies and everyone is important, appears to be relevant in an SOE:

> *"Remember being transformational is not equal to being weak and not being firm. You can have a nice smile, and be collective, inclusive, but there's a point where you draw a line and you say, it goes this far, no further. And people tend to accept it when they know you're an inclusive type of leader, you're a transformational type of leader (AA2, p. 8).*

One participant highlighted the fact that successful CEOs lead from the front, they operate in a "Shaka mode" (AA1). *"He does not expect you to go into the fire and does not go in there with you (AA1, p. 16).* Furthermore, successful CEOs are competent, very decisive and involving in their leadership style (AD1). *"If he says this is how we're going to go, that's how we going to go" (AD1, p. 1).*

On the other side of a coin, some of the participants who seemed to be in favour of a transformational style of leadership, have over the years, with maturity realised the importance of a servant leadership and started leaning towards that (AA3). The participant is also of the view that: *"even though servant leadership has to be a huge element of the make-up of the organisation, there should be transformational style as well" (AA3, p. 23).* The reasoning behind the need for both a transformational and servant leadership was explained by the participants that the SOE sector needs to change in order to improve performance:

> *"So you do need CEO's that are passionate with driving change that are there to make difference. So whilst you serve, you got … to drive huge change processes that are going to serve our people better. But yes, you must not lose sight of your servant leadership because I think one of the things that have gone wrong, we've become obsessed with ourselves, who we are and our stature and we have left behind the people that we need to serve" (AA3, p. 23).*

- **Situational leadership**

The participants pointed out situational leadership as being necessary in a turnaround situation (AA3, AB4, RR2) as every situation requires CEOs to adjust themselves to the needs of that particular situation. This was explained further by the participant below:

> *I've learned to adjust myself in line with the situation, which is also very exhausting because it means I need to take myself-my comfort position-and assume what that particular situation requires" (AB4, p. 19).*

Situational leadership is relevant considering the fact that the turnaround environment is vulnerable, therefore the CEO has to be careful in how they lead the organisation as an authoritative style might break the employees and not be able to perform or might perform only in that moment (RR2). One participant showed support of a situational leadership style in the following manner:

> *"...I then over the years and I guess that's part of experience, understood the importance of a responsive leadership style right, when you manage a team of researchers. You can't micro-manage researchers, they are experts in their field, they are here because they are driven by the passion to discover knowledge, to make a change, to impact. When you are managing a group of delinquents... you can't have the same style of management that you use with the researchers. So I call that are responsive style of management" (AA3, p. 22).*

One participant suggested that the leadership style relevant for SOEs that are turning around is a situational style of leadership which embraces the following principles: *"Ethics, Purpose driven, Impact conscious and Commitment to serve (EPIC) (RR2, p. 7).* Jesus in the book (not a religious book) written by Laurie Berth Jones which is called "*Jesus CEO*" captures the leadership style of Jesus being situation based whereby (RR2):

> *"When he needed to be decisive and authoritative, he was, when he needed to be consultative, he was, when he needed to be compassionate, he was, when he needed to be exemplary, he did by walking in the water and showed them, when he needed to show vulnerability, he cried and showed vulnerability" (RR2, p. 16).*

- **Authoritative leadership**

A militaristic (RR2) and dictatorship (RR1) kind of leadership style in an SOE environment is not always a solution as explained by the participants:

> *"In an SOE you cannot come with what I would call a dictatorship type of leadership where*

you are just gonna come and say this is how we do things and you must follow whether you like it or not. You need a leader who is going to make people to follow" (RR1, p. 4).

"Definitely an autocratic leader will never survive. When I arrived at …, the chap who was there, his contract was ending, and we did not renew it precisely because he was autocratic. He was feared. Feared by the board, feared by the employees, even feared by executives. I remember the one meeting I had with the executives and him, someone literally cried when they talked about him. That's how scared they were" (AA2, p. 7).

In addition, authoritative leadership appears to be associated with insecurities as explained by the participant that "*the autocratic leadership style is indicative of insecure leaders. They look over their shoulders all the time as if someone wants to stab them from the back" (AA2, p. 7).* The disadvantage of an authoritative leadership style is that performance is not sustainable under this type of leadership and it affects creativity. This was elaborated by the participant below:

"Is it going to break them? Because this is a situation where they are most vulnerable and therefore will they be able to perform? But even if they perform in this moment because they fear me will it build their resilience? Would this make them perform tomorrow when I'm out of the picture?" (RR2, p. 16-17).

"There is not enough allowance for people to make decisions on their own, so it ends up affecting their creativity and ability to come up with effective programmes" (RR1, p. 1).

On the contrary, some of the participants are of the view that an authoritative style is relevant in a sense that in a turnaround environment, some people drag their feet and therefore an authoritative leader is required to push such people to perform (AD1). One participant (AB2) is of the view that he applies authoritative style when the situation requires some urgency which is a clear depiction of a turnaround situation. The uniqueness of a turnaround environment suggests an authoritative leadership style as explained by the participant below:

"In a situation of a turnaround, you cannot be a consensus builder because I always use a statement with my teams, 'turkeys don't vote for Christmas' what I mean by that is there are sometimes difficult decisions to be made in a turnaround and therefore it's impossible to gain consensus" (AC2, p. 20).

- **Servant leadership**

Other participants suggested that servant leadership is necessary (AB2, AA3, UR1, AB4, AB9) as the CEO of SOEs serve the country. *"You need to have servanthood leadership style because you're there to serve and serve the country" (UR1, p. 6).*

4.4.1.10 Technical know-how

The participants highlighted a need for the CEO to have technical knowledge/know-how or industry knowledge (AD3, RR2). Contrary to the above, other participants are of the view that the CEO does not necessarily have to have technical expertise as what matters is good leadership skills (AC1, UR1).

> *"You'll need to be able to lead and people need to be able to follow you. And you don't necessarily have to be essentially the best technically capable person, but you have to be able to rally the troops and around you (AC1, p. 8).*

> *"The CEOs that have a functional knowledge tend to be very conservative and they tend not to want to think out of what they know now" (AA2, p. 5).*

- **Functional background**

To capture the capabilities of a CEO in detail, the researcher asked the participants to share their views on whether the CEO's functional background matters when it comes to turnaround. The participants argued that the CEO of turnaround in an SOE should have an understanding of the Finance, Law and Economics as reflected below:

Finance: The CEO needs to have some level of financial skills to be able to analyse and interpret financial statements, therefore they should have strong financial skills.

> *"…You must be able to look at an income statement, cash flow statement and balance sheet, and form an opinion on your own. So, you must be very comfortable with numbers" (AB10, p. 12-13).*

> *"We don't want a CEO who does not see figures because at the end of the day, if you are a schedule 2 company for example, you have to report that you can sustain yourself and that's a functional mandate" (AA2, p. 5).*

> *"You get to be financial literate, not necessarily financially proficient" (AA2, p. 5).*

Some of the participants' view on the CEOs with a functional background is that they tend to be very narrow minded and refuse to think or try the things that they are not familiar with (AA2). *You've got to be…I don't like vertical thinking kind of leaders. You've got to be a lateral thinker" (AA2, p. 5).*

Law: The CEO does not have to be a legal expert as they can always rely on the legal services

within or outside the organisation; however, an understating of law side of things is necessary. The participant expressed the need for legal understanding in the following statement:

> *"An appreciation for legal things but sometimes legal things you can learn as you go along but I find that being able to look into the loopholes in a contract itself is helpful" (AA1, p. 19).*

The participants are of a view that knowledge of the Labour Relations Act is necessary as explained below:

> *"Labour Relations Act and section 189 because SOE and the public sector in general are more of a highly unionised environment" (AB7, p. 1).*

Economics: The CEO has to understand the business drivers (AA1, AB3, SS2) and how they interface with the economy (AA1). Some of the participants indicated that functional background does not matter significantly (AB4, SS3, AB10). It is an added advantage (SS3).

> *"If you have a functional responsibility acts as an anchor; functional background indicates where the strengths are and out of those strengths one can diversify, grow and provide leadership using that as an anchor" (AB4, p. 23).*

- **Industry, commercial, private sector experience, and global exposure**

Some of the participants alluded to the fact that industry experience is important (AA3, AA4, UR1, AD3):

> *"Because you have to appreciate the problem for that industry. You have to know the player within the industry in the country, you must understand the competition of that industry as well" (UR1, p. 7).*

> *"I would look for someone who has in-depth knowledge of that industry, and because we find that some of the weaknesses that the SOE experiences is that people come from different industries and they think it's one size fits all, whereas it's not the case. So as much as you have that professional qualification in terms of business management, one needs to spend time in understanding the industry, and if you could be an expert in that industry that works even perfectly" (AD3, p. 2).*

> *"The technical knowledge of the industry I must say, because that actually helps open doors and help to also ask the right questions to the right people (AD3, p. 6) and if you could be an expert in that industry that works even perfectly" (AD3, p. 2).*

> *"It is a disaster when you send someone to the forest, but they don't know, because they will be immediately captured by the people because they don't have any clue, every decision they have to make they will have to read or be told, so I don't agree with that approach" (RR2, p. 7).*

One of the successful CEOs of SOEs managed to implement a turnaround strategy successfully as a result of his understanding and experience in that specific sector (AA5). It appears that there are certain sectors that would be difficult to penetrate as a CEO without that specific industry experience as explained by the participants:

> *"If you were to take someone as myself and put me as head of a hospital group, that would be quite difficult because I don't come from that environment, I don't know what are success factors, I don't know how to build relationships in that environment. Some of the language in that environment I wouldn't know" (AC2, p. 18).*

> *"When people say that if you are a leader you don't have to have experience, I agree with you in certain industries right, a leader is a leader. But in certain industries, you need a leader who understands the sector" (AB9, p. 4).*

On the contrary, some of the participants are of the view that industry experience is not a necessity but a solid leadership foundation due to the fact that at CEO level the bulk of the skills required to function as a CEO are transferrable (AB10). This was further explained below by the participants:

> *"Industry experience is important and advantageous, it's necessary but not a sufficient requirement" (AB3, SS2, p. 14).*

> *"If you don't know the industry, first try to understand the drivers of that industry, the company's specific issues that have been hampering that transformation. It's not about going back 10 years and hunting the thieves etc." (AA1, p. 20).*

A CEO of an SOE is suggested to have private sector commercial experience due to a commercial mandate of an SOE (AB3, SS2, SS3, AA1). The participants' view is that industry experience is not a "must have" but it gives one an added advantage. What matters most is business/commercial experience (SS3, AA2, AB4, AB10, AD1, AD3, SS3). *"Industry experience would always be an advantage, but it can't be all that matters" (AA2, p. 5).* Furthermore, it was mentioned that business acumen is only a starting point (AB4). A business manager is what it is classified as a key skill for a CEO (SS3).

> *"A CEO has to have an understanding of business side of things, finances and corporate governance. I tend to feel that especially lately, they focus more on the technical aspect. Whereas you need more of a business manager, I think it's an important skill" (SS3, p.2-4).*

> *"You can't be a CEO if you don't have business management experience and financial skills" (AB6, p. 4).*

Industry experience does not matter as the fundamentals for driving businesses are the same

(AD1). Furthermore, the CEO can always surround themselves with people who have industry experience who will act as advisors (SS3). A good turnaround specialist does not have to have an industry or functional experience (AD2). *They are business minded. They have a very good business sense (AD2, p.3).* One of the CEOs of SOEs in SA who is regarded as being successful achieved his success by surrounding himself with a team of experts to whom he gave room to demonstrate their skills (SS3). "*He was very level-headed, he was willing to listen to different experts you know" (AD2, p. 3).* Business and governance acumen should have more prominence than the sector experience (SS3).

Regarding private sector experience, the participants suggested that the SOEs should consider recruiting the CEOs from the private sector who have experience implementing turnaround plans (SS1). Furthermore, the participants indicated that it would be beneficial to employ those with turnaround experience so they can transfer knowledge and skills (SS1). The CEO of one of the successful SOEs in SA was described to be having global exposure and years of coaching or training from successful leaders.

> *"The advantage is that he has spent years and years under very strong leaders in his previous jobs and he came through the ranks and he ended up being the CEO. This is the guy who was globally exposed. This is one of the top well trained individual so his coaching had been done as he rose through the ladder" (AA1, p. 17).*

- **Education**

In identifying the CEO's capabilities required to turnaround an SOE successfully, the participants were asked to share their views around the necessity of education of CEOs. The participants shared the following views on education, including its role in decision making:

> *"Education provides you with something to anchor your arguments on, something to anchor your thinking on, and something to anchor your reasoning on" (AB4, p. 18).*

> *"If you bring someone who is not educated, they might not understand why certain things have to happen and then they make decisions from that base without having a deep understanding of why things should be this way" (SS3, p. 4).*

> *"Education matters, because it goes along with the strength of the public and because you also have to convince the public that you have done it with diligence in improving the country. Otherwise without education even if you are talented, you will spend a lot of time convincing the country to trust you, even your own employees because a lot of them will be more educated" (UR1, p. 7).*

> *"You do need someone with a good educational background who is able to traverse across different disciplines. That's what General Management is about. You should be able to also see the interdependencies. Education becomes a very important component of level of cognitive ability. You need to have a level of appreciation, also in terms of what are the theories behind what we are doing" (AA3, p. 16-17).*

> *"Some tertiary qualification is helpful, not the qualification per se, the fact that if you go to tertiary, tertiary teaches you how to think and solve problems. So, it's important from that perspective that it's a certificate that demonstrates that the basics of thinking are present (AB10, p. 5).*

It was pointed out that street education does not teach ethics therefore some level of education is required to avoid situations whereby the CEO just acts according to instincts (RR2). It is suggested that education denotes that one has come through a system where they have been advanced to think at a higher level (RR2) and it displays characteristics that are necessary in running the business that the person is resilient and has the ability to learn and get things done; however, education alone does not give one an advantage (AC2). *"I think education refines people" (RR2, p. 12).* However, each candidate should be evaluated as they come as some candidates might be cases of recognition of prior learning (RPL) therefore one should not be obsessed about education as education alone cannot get the work done (RR2). A combination of competencies, such as formal education, experience and ability seems to be what the CEO should possess (AB3, SS2).

> *"You can't be a CEO without at least any undergraduate degree, and it's also advisable that the CEO has some post-graduate, as well as executive development programmes and has at least 10 years of experience in a senior position" (AA5, p. 5).*

> *"I'm just saying at the end of the day yes, the individual has to have an education in my view and has to have experience, critically it's the commercial experience" (AA1, p. 17).*

Furthermore, it was elaborated that during turnaround, the CEOs find themselves engaging the likes of the National Treasury Department for funding purposes and if the CEO is not educated and does not have an understanding of the things that are of interest to Treasury, they might not find *"anything exciting with you and therefore they will not find it important to source funds to support you" (AB4, p. 19).* It appears that some of the participants are of the view that undergraduate qualification is not sufficient at the CEO level. The participants highlighted the importance of a post graduate qualification as follows:

> *"Advanced or graduate education helps you to conceptually navigate the complexity" (AB3, SS2, p. 14).*

> *"Postgraduate education teaches you to manage the system, to see cause and effect to look at correlations because you don't do a lot of that in your undergraduate, so post graduate definitely helps" (AA3, p. 17).*

Leadership courses such as MBA are also recommended for CEOs (AB3, SS2, AD3, SS1). The advantage about management training or qualifications such as MBA, is that the CEOs or people in management positions get an opportunity to compare themselves with other people in similar positions in terms of how they dealt with issues and challenges similar to yours (AB3, SS2). The participant explained the need for MBA qualification below:

> *"I highly recommend that the CEO has a Master's in Business Administration or Leadership. Why do I say that? Because it equips one in terms of strategic development and implementation, which is critical for that position and which is critical for turnaround strategy for the SOEs" (AD3, p. 2).*

It was further suggested that experience is as important as education (SS1):

> *"A person who has obviously been through a leadership course like an MBA for example is also very helpful. But I think a good track record in terms of implementing because you can have the necessary qualifications, but I think what's important is the history of actually implementing" (SS1, p. 8).*

4.4.2 Attributes

The participants identified a number of attributes that are crucial for a CEO to turnaround through the following themes: Decisive, humble, charismatic, sense of humour, innovative, flexible, emotionally intelligent and resilient. The identified attributes are presented below and further summarised in 4.4.4.

In this research attributes refer to the personality traits of a CEO who can be successful in execution a SOEs turnaround strategy.

4.4.2.1 Decisive

The CEO needs to have the ability to make tough decisions, they have to analyse quickly and make the call to avoid indefinite consultations (AA1, UR1, SS1). *"Analytical ability and fast action" is what the CEO should possess (AA1, p. 15).* The participant provided an example of the importance of decisiveness in a turnaround situation below:

"Being able to make tough decisions around having to retrench or having to close down certain projects and redirecting the team to a different sort of way of doing things" (SS1, p. 8).

The CEO needs to be able to have courage and take bold steps when faced with challenges. The participants articulate the need for courage in the following statements (AB2, AB7, AB10, AB9).

"As a CEO, courage is extremely important because if you do not have courage, you are not going to win on anything; when you're faced with difficult situations, you will not be able to face those situations at all because you lack what it takes to tackle those difficult situations" (AB7, p. 13).

"If I was bold, and moved with speed, maybe SOE9 would be different today" (AB10, p. 9).

The role of a CEO is not in favour of "analysis paralysis", in a turnaround situation, you want somebody who is going to be able to say, *"here is the path, here is the critical path, here is an optimal path, let's take it, let's go" (AA1, p. 15-16).* One of the successful CEOs of SOEs is said to be possessing the ability to make and implement tough decisions (SS1). *"You cannot have somebody that is very tentative because you've got to make the calls" (AA1, p. 15).* A tentative CEO in a turnaround situation will make unpopular decisions; it is therefore suggested that the CEO has to be decisive. You have to be decisive as a CEO (AB7, AB3, SS2, RR2, AA1, AA4, AD1, AC2, SS1*)* and be able to move with speed (AB7).

Turnaround is painful in nature as a result of the activities involved, such as headcount reduction (AB7, AA1, AC2). It is therefore important as a CEO to be decisive. The CEO has to be very assertive (AB2, AA3, AB4, AB5, AB7, AB10, AD1, AA3, SS1) considering the stakeholder they deal with (AB4). The participants therefore suggest that the CEO has to be firm to avoid a situation whereby the stakeholders dictate to them. One participant elaborated on the need for assertiveness below:

"You are dealing with a concoction of smart people in government and political vultures. You are going to be also dealing with political battles that have absolutely nothing to do with you, but you can't run away from them" (AB4, p. 21).

CEOs have to be secure in themselves because in a State-owned enterprise, there may be certain strategic political objectives that need to be met and to achieve this, the CEO has to understand the agenda and embrace it (AA1). Self-belief is important. As a leader you must be able to have meetings with yourself and work towards enhancing your self-confidence because when you

doubt yourself you are able to commit yourself to anything (AB7). The participants explained the importance of a secure leader as follows:

> *"If you're insecure, you're not going to lead. You create this fiction in your mind that people are plotting against you and you create this defence that's unnecessary and you start fighting with everybody" (AA2, p. 7).*

A CEO has to have a strong personality (AA1, AB2, AB6, AB7, AB3, SS2, AD2, SSI); somebody who is brave and not be uncomfortable to challenge what is patently wrong (AB6). A strong personality in this context similarly means that as a CEO *"you will have to absorb pressure and the pressure is going to come from different angles" (AB6, p. 11)* and therefore one has to be strong enough to pull through, despite the pressure (AB3, SS2). One participant elaborated on the need for a strong personality below:

> *"People are going to bully you and come with all manner of threats and intimidation and when you are wobbly, you are done" (AB7, p. 8).*

Though a strong personality seems to be key, on the other hand, it was suggested that the CEO must show vulnerability where necessary (RR2*).* The reason behind the personality that is strong also stems from the fact that the CEO cannot be indecisive (AB3, SS2). *"Indecisive CEO will struggle in turning around as the process will be hampered by endless consultations" (AB7, p. 5).* Successful CEOs of turnaround ought not to be scared of being unpopular as explained by the participant below: *"If you are not scared to be unpopular, you make unpopular statements in the interest of the organisation or the country" (AA1, p. 15).* The participants suggest that a strong personality is clearly a non-negotiable skill, it is a "must have" skill for CEOs of SOEs. *"You can do nine good things out of ten, they will bury you for the one thing that you did not do well (AB3, SS2, p. 11).* The participants expressed their views around a strong personality as a requirement for a CEO as follows:

> *"Sometimes I look at the journey I have travelled and the pressures that I had to deal with, you will be an act, you'll never be praised, you will be attacked, the media will feast on you" (AB3, SS2, p. 11).*

> *"What is meant by a strong leader or a leader with a strong personality is that with people being involved in the turnaround process, one will come across opinionated people however at the end after consultation with people involved, it is the CEO who should take a decision to avoid "consulting endlessly" (AB3 & SS2, p. 10).*

4.4.2.2 Humble

It appears that the CEO has to have some element of humbleness (AB2, AB3, SS2, AC1, AD2, RR2, UR1). *"Don't wear that title until it wears you down" (RR2, p. 18). "You have not arrived yet because you have the CEO title, collaborate with others and get buy-in from the people" (AD2, p. 1).* It was pointed out that one of the successful CEOs of an SOE in SA is *"grounded, is not easily excitable and he has kept himself on the ground; and he is not in the news for the wrong reasons" (AC1, p. 11).* A CEO has to recognise that it is not really about them but what they can do and how they are proposing to exercise leadership (AB3, SS2). The position of a CEO does not require someone who is aloof (AB3, SS2). In some instances, CEOs have been seen being pushed out of the organisation by unions as a result of a personality that has an element of aloofness (AB3, SS2). A need for a CEO with humility was described below by the participants:

> *"…Someone who's got humility, who's got proper management skills and who understands the direction and the vision and be able to drive it without walking on people's toes so to say" (AB2, p. 5).*

> *"So, what you need, you need to have humility because you are not using your money, you are using public funds" (UR1, p. 6). "*

4.4.2.3 Charismatic

A CEO has to be a charismatic leader (AB6, AC2, AD2) and this is reflected by the participant below:

> *"I will call it charismatic leadership, which really is something to me that is working with the people. As the CEO who's able to kind of reverse roles, get in there or out there and who is in tune with what's happening with the people and has that common understanding with the people…who's not out of touch with the rest of the team" (AC2, p. 4).*

The participants suggest that the CEO should be able to motivate or inspire people (AB2, SS3, AB7, UR1, AB9, SS2). *"So you need to be a morale builder" (AB2, p. 5).* One example of a successful CEO in the private sector is said to be *"quite motivational, he's able to inspire employees…, employee morale was high" (UR1, p .8).* It was further indicated that in an SOE environment, a successful CEO of SOE4 achieved his success by improving the employees' morale while another CEO who did well to turnaround the SOE, motivated the employees during the journey by introducing a reward and recognition programme.

4.4.2.4 Sense of humour

Sense of humour was identified as an attribute required of a CEO of turnaround in an SOE (AB6, AC2, AD2). It was mentioned that a sense of humour in an SOE environment appears to be important as the participants indicated that in the midst of challenges of not having liquidity, losing critical staff, etc. to turnaround an SOE the CEO was able to crack jokes to ease the situation and that was beneficial to the employees to look at the situation as easy as it was reflected in the jokes. *"I had a good sense of humour in the midst of all the challenges" (AB6, p. 8).*

4.4.2.5 Emotionally intelligent and resilient

In a turnaround situation, as suggested by the participants, the CEO has to be resilient (AA3, AB2, AB6, AB10, AB9, AC2, AD2), level headed (AD2) and have emotional intelligence (AB6, AB7, AC2, SS1). In addition, the CEO could be an intellectual (AD1, SS1) or possess emotional intelligence (AB6). The participants argue that one of the successful CEOs (SOE6) seems to be naturally intelligent (AD1). In the below statements, the participants narrated their views on the CEO having to possess the above traits:

> *"I think also emotional intelligence is important. A person who is able to take a lot of the bad, because remember as a CEO you get some tough people, or some tough stakeholders or shareholders that will really be difficult with the CEO. Obviously, you have to remain very calm, respond to questions in a very professional manner, and address the issue at hand" (SS1, p. 8).*
>
> *"You need somebody who has resilience. You need somebody who does not lose their marbles based on the situation on the day. You want somebody who can still be overall in charge" (AA3, p. 38).*
>
> *"I sat three years in the state, it is emotionally taxing. It is personally difficult. So, a high degree of resilience" (AC2, p. 14).*
>
> *"When you fix a sick entity, there's a lot of surprises. A person who is resilient can handle surprises. Good and unpleasant surprises. I have got a very hard background, and that hard background has made me resilient. I can handle anything" (AB10, p. 11-12).*
>
> *Obviously, you have to remain very calm, respond to questions in a very professional manner, and address the issue at hand" (SS1, p. 8).*

The CEO needs to be patient (AB2, AB6) because *"you have to repeat the same thing over and over again, for the union, staff, board, customer etc. you know, therefore one must be good*

at storytelling as a strategy is like story line" (AB6, p. 16-17). The participants further pointed out the fact that successful CEOs of turnarounds are patient (AB2) and caring about their employees as an SOE is a challenging environment (AA1, AB6). Whilst the CEOs of turnaround are expected to nurture and care for the well-being and development of the workers, they are also expected to challenge the workers at an intellectual level, and this is where a strong personality comes in (AA1).

4.4.2.6 Innovative

Creativity appears to be a necessary trait for a CEO, particularly in a turnaround environment (AB2, AC1, SS1). In a turnaround situation, the CEO is expected to be innovative by coming up with plans that will be believable to employees (AC1) and being able to analyse a problem and resolve it through creativity (SS1). *"You need a person with creativity, a person who's able to critically analyse a problem and also resolve it" (SS1, p. 8).* South Africa, as a country, is unique in a sense that there are certain things that the CEO in turnaround situation cannot do as a result of broad stakeholders that should be considered, for example, when thinking of retrenching employees (AB2). Some of the considerations that CEOs should make were explained by the participant below:

> *"You have to think differently, you have to be innovative. If you want to start retrenching at SOE X, people are going to say well it is not going to work... So it's a slightly different dynamic. In the United States you don't have to worry about a lot of things, so when Trump decides that I want to use coal. He just decides, close down every renewable energy…, you cannot do that in South Africa" (AB2, p. 6).*

4.4.2.7 Flexible

A CEO of turnaround should be flexible (AB2, AB4, AB6), as a turnaround environment is not friendly to someone regarded as *"a maintainer of status quo" (AB6, p. 5).* It was pointed out that a CEO of turnaround is somebody that is up for a challenge. *"I will not join a business if it's not intellectually stimulating for me" (AB6, p. 5).* Flexibility becomes crucial for a CEO of turnaround as pointed out by one participant. *"You are expected to work exactly as politicians work, which means you work seven days a week" (AB4, p. 8).* The CEOs of SOEs should always avail themselves should circumstances require them to do so at a moment's notice such as presenting themselves in Parliament or at the Minister's office. One participant shared how being flexible is crucial in the following statement:

"I could get a call, actually it has happened quite a number of times where I'd get a call now, and I'm required to present to Parliament at 9:00 tomorrow on 123" (AB4, p. 8).

4.4.3 Values

The participants identified the values that are crucial for a CEO to turnaround through the following themes: Strong work ethic and team culture, integrity, trust, transparency, accountability and commitment, and these are summarised in 4.4.

In this research values refer to beliefs that guide the actions of the CEO who can be successful in executing a SOEs turnaround strategy. The participants demonstrated the importance of the values in business in the following statements:

"If the CEO has bad ethos and bad culture, it will also translate into the organisation" (AA1, p. 33).

"As a CEO and a leader, you must have a value system. These are the values that influence and drive you, you must have your true North value system" (AB7, p. 13).

The participants are of the view that CEOs are expected to be true to themselves by living the set values. The CEO should walk the talk. They must lead by example. They must lead from the front. This was expressed in the following statements:

"I always say to people, I'm not interested in what the values are that have been written on the wall or the poster. Those are espoused values. What I'm interested in is the values in action. What are the behaviours that you as a leader do"? (AC2, p. 20).

"I've seen it in organisations where the CEO preaches one thing and does another, which brings in a different culture. The CEO should live and breathe the values" (AA1, p. 33).

4.4.3.1 Strong work ethic and team culture

It was indicated by the participants that the CEO needs to have strong work ethic and team culture (AA1, AA2, AA3, AA4, AB2, AB7, AB10, AB12, AC1, AD1, AD2, RR2, SS3, UR1). The position of a CEO requires someone who is ethical (RR2, AD1, AC1, AB6, AB7, AA1, AA4), purpose driven, impact conscious and committed to serve (RR2). Personal values are very important when it comes to the role of the CEO. Apart from the standard personal values, such as honesty and integrity, *"a strong work ethic and team culture, a culture that says I am here to build something" (AA1, p. 13). You must have a neck for hard work and curiosity*

(AB10, p.4) and the ability to work hard (AA2, p. 5). One participant mentioned that a principled CEO has right values and that they are not political, rather they promote teamwork are results driven:

> *"A CEO with the right values, they are not political, they promote a culture of teamwork, they are results driven and their organisation is based on meritocracy." (AA1, p. 33).*

Being principled is everything that one can ask from the CEO, according to the participants and this was explained below:

> *"What was dominant at the time, the system rewarded people who were loyal. That's why a lot of guys ended up on the Zondo commission because they compromised their principles, they attached more importance on appeasing those who were in charge and they are paying the price today" (AB10. p. 6).*

> *"I've never seen somebody whose personality is X and get the results that is Y, I've never, never" (AA1, p. 33)!*

The participants further explained the behaviour of principled CEOs that:

> "*They do everything as if they are doing it for God, this way the CEO will not to be confused about which standard to prescribe to in their work or in dealing with different stakeholders, but the highest standard (AB2, p. 16).*

A CEO must be ethical to a point of doing things without fear or favour *"because in the State-owned entities, most of the time you find that people are there because of their network, they are incompetent and they are not bringing any value" (AD1, p. 3).* The participants stated that one of a successful CEO in the private sector achieved the status because of ethical principles (UR1). The importance of an ethical CEO was discussed by the participants below:

> *"There's a lot of corruption in the SOEs so you need someone who is a bit more principled and who is able to stand with those principles. I think this is a very critical value. Otherwise, then they will, you know, move from pillar to post trying to appease the superiors (SS3, p. 4).*

> *"You want an ethical leader because in the times of turnaround, many things can go wrong because quite often processes, systems, controls are out of the window. You want somebody who is ethical, you also want somebody who's effective as a leader" (AA3, p. 14).*

4.4.3.2 Integrity

Integrity appears to be a key factor when appointing the CEO (AA4, AB4, AB6, AB9, AB10, AC1, RR1, SS1). *"Integrity, honesty and trustworthy should be the key values that you live by*

as a leader" (RR1, p. 4). Integrity was explained by the participants as a foundation for everything. The importance of having integrity as a CEO was elaborated below by the participants:

> *"If you get somebody with a lot of integrity, they will be able to set an example. My believe is that it starts from the top, if you as the head of the organisation are seen to be clean then it is easier for to get everybody to buy into that culture of a clean organisation" (RR1, p. 3-4).*

> *"Integrity is cornerstone for everything; as long as you have someone who has good integrity, is honest, anything else can be worked on. Once you have a flawed candidate in terms of the integrity then whether they're capable or not capable, you're not going to come around" (AC1, p. 8).*

> *"You don't want a CEO who will have scandals. You need someone with a good track record of behaviour" (AB9, p. 5).*

> *"I really have clean life, no issues, no corruption. For me it's about a national service to the country, the loyalty, that's what drive me. I work for my salary and nothing more. I was not even involved in any procurement decisions. I let my team do that and I didn't interfere" (AB6, p. 6).*

One participant mentioned that it is not that simple to maintain integrity or be ethical in a public sector as the politicians will make attempts for CEOs to act outside their principles:

> *"It is not easy, politicians will always try their luck, but you must be willing to stand against what is wrong, tell them difficult things and that's not what they want to hear but they would respect you because of you are honest and you are upfront" (AB7, p. 7-9).*

It was also mentioned by one participant that *"doing things with integrity, completely neutralises"* the stigma the society has on Black executives (AB10, p. 13).

Integrity has aspects of respect, fairness and honesty. The CEO has to be respectful (AB6) and honest (AA1, SS1) in the way they engage with either the board or subordinates. It was suggested that in an SOE environment a suitable style of management is the one where people are treated with respect and empowered to perform (AB6).

> *"My values are honesty, integrity. It's about respecting people and for me, it's also about being a servant leader. Knowing that you are there to serve (AB9, p. 5). A person who is very transparent, open and honest is very key" (SS1, p. 7).*

The CEO has to look after the best interest of everyone and also ensure that the organisation becomes a source of pride for all the employees across different levels (AB7). The participants pointed that if you are not perceived to be fair, that will make you fail as a leader (AB7). The

importance of a fair treatment was further discussed below:

> *"Sometimes we see CEOs who don't understand their role, treat people bad because they think they are the only important thing. The rate of success for a CEO is also linked to how they treat the employees and how they treat the teams" (AB9, p. 5).*

4.4.3.3 Transparency

Transparency is an important value (AD1, UR1, AD2, RR1, SS1) according to the participants and this was discussed below:

> *"We need to be transparent and show how we arrived at the decision. What are the things that we have disallowed.. the process of decision making in a transparent way makes everyone feels we have considered their view" (RR1, p. 13).*

> *"Sometimes you have CEOs who don't tell shareholders, for example, what these are the issues, this is what we're trying to do. A person who is very transparent, open and honest is very key" (SS1, p. 7).*

4.4.3.4 Trust

Trust was highlighted to be crucial in an SOE environment considering the number of stakeholders involved (AA2, AB6, AB7, AB9). This was expressed by the participants below:

> *"You don't want a leader who's a chameleon who changes colour based on the environment. You want a leader who you know exactly where they stand and with him we knew exactly where he stood" (AA3, p. 35).*

> "*The CEO must not be corrupt, they must be trustworthy, transparent and have a clean track record. We stand against corruption, we act against any corruption" (AB7, p. 7).*

> *"The only thing that let him down on the trust part…he proved to be not very strong in that part of trust. But that trust ironically, he was trusted by the board where the wheels came off, but there was no trust with the stakeholders and the public at large" (AA2, p. 6).*

The participants further explain the fact that most of the fights between the boards and CEOs is because they do not trust what the CEOs are saying (AA2). As the CEO of a State-owned enterprise, one has to be deeply rooted in the organisation that they run to win trust. They should cultivate trust and buy-in and to achieve this, requires time. *"Because the trust and the confidence were there, we had the support and the initiative was successful" (AB7, p. 3).* Trust in an SOE is not only for the CEO to be trusted but to also trust other people who work closely with him. One participant expressed his views on trust issues some of the CEOs have in the

following statement:

> *"The biggest mistakes that CEOs make is not listening to advice, it's not to work with the team, it's not to trust, because for some reason as soon as people become CEOs the trust levels go down. They don't trust people, they get paranoid, and that becomes one of their downfalls. So, I will trust the team, work closely with your team, and work closely with the board, and work closely with the shareholder representatives at the level that you're working at" (AB9, p. 6).*

4.4.3.5 Accountability and commitment

A turnaround exercise is demanding which calls for CEOs to be present, focused and committed to the exercise (AA3, AA4, AB6, AB3, SS2, AC1, AB9, AB10, AD1, AD2, AD3).

> *"So, if I say I'm going to be driving from Polokwane to Johannesburg and get there in four hours' time, It must be four hours. If it is five hours, I need to understand why I lost an hour, so it's the type of KPI based and of course quantitative and qualitative in a way, but it's as I say at the end of the day, we all strive to be good" (AB2, p. 20).*

The participants narrated what commitment means in a turnaround situation and the need for commitment in the following statements:

> *"The ability to see things through. You have to have … unwavering ability to see things through to the end. So, like it's not finished until it's finished. Because you may have gone 10 steps ahead, but if there's another ten steps to go, you actually haven't achieved anything" (AD2. p. 7).*

> *"A CEO is a hard worker, very dedicated and committed person. He's there very early in the morning, and sometimes I'm told he's not leaving the office, and so when you see your boss doing that, you want to do something better as well" (AC1, p. 13).*

> *"You cannot lead a turnaround from the golf course" (AB3, SS2, p. 10).*

It was indicated that successful CEOs of SOEs refrain from entertaining political issues, their focus is on implementing a turnaround strategy (SS1). The CEO should be prepared to make a positive difference for responsibilities that are assigned to them. The right culture is that of accountability which leads to a performance driven organisation (AD1, AD3):

> *"If you don't deliver, we are on your neck. It was that spirit of performance. So, when we go to the executive meetings and you don't deliver as an executive, we call you out" (AD1, p. 6).*

Turnaround requires someone who is **ambitious** and **determination** for success.

"In a turnaround you don't want the nine (9) to five (5) guy or girl, 9 to 5 guy or girl will not work. You want a person that comes at six (6) and leaves at six (6) and think about the company midnight" (AA1, p. 33).

"So if you're in salary mode and you've joined because this is what you can get out of this entity. It's a hiding to nothing because it's far from salary mode, you know, you've got to roll up your sleeves up and get the job done, and it's not done until it's done. And it's a never-ending cycle. As soon as you solve one or two problems, there's always something else" (AD2, p. 8).

The commitment attitude of some of the successful CEOs of SOEs was described in the following statement:

"They are really driven in terms of ensuring that they block out political factors and they really look at the company itself and driving a turnaround strategy" (SS1, p. 12).

"I actually immerse myself into each and I commit hundred and twenty percent of who I am into getting that done; and you want that because if you are a CEO people look up to you" (AA3, p. 27).

4.4.4 Summary of the capabilities, attributes, and values of the CEO of turnaround

This section presented the capabilities, attributes and values of the CEO who can be successful in executing a SOEs turnaround strategy. The capabilities, attributes and values are summarised below:

The CEO needs to have both strategic orientation and execution capability as the two are equally important. He/she should have governance and turnaround knowledge. The CEO should have talent to establish top management team to assist in developing and executing a turnaround strategy. In addition, the CEO needs to have change management, stakeholder management and human capital management skills. The CEO is expected to have some level of political savviness to be able to navigate the SOE environment. Leadership skills and technical know-how were also identified as key. Transformational, situational and servant leadership styles appeared to be preferred by the participants. Functional background (Financial literacy and some knowledge of economics and law) and industry experience were identified, however as not essential. Undergraduate and postgraduate qualification, commercial and private sector experience.

In terms of the attributes, decisive, humble, charismatic, sense of humour, emotionally intelligent and resilient, innovative and flexible were identified as important for a CEO.

The values play a significant role toward the outcome of turnaround in an organisation. The CEO is seen as a person responsible to drive the values and culture in the organisation and therefore should have strong values (AB9). Strong work ethic and team culture, integrity, trust, transparency, accountability and commitment were identified as the values that the CEO should portray to be able to successfully execute a SOEs turnaround strategy. The identified capabilities will feed into the profile of a CEO who can be successful in executing an SOEs turnaround strategy.

4.5 Objective 4: Profile of the CEO who can be successful in executing an SOEs turnaround strategy

The identified traits presented in 4.4 feed into a profile of a CEO who can turnaround an SOE. The profile is discussed in 5.4. To get further insights into the profile of a CEO of turnaround, the researcher asked the participants to share what they perceive to be the role of the CEO and recruitment process for a CEO of an SOE. Their narratives on the role of the CEO are covered under various interpretations of the role of a CEO in the next section (4.5.1).

4.5.1 Various interpretations of the leadership of a CEO and types of CEOs

A CEO is described as a **"leader, integrator, encourager and a big kind of hope"** (RR2, p.22). The main role of the CEO is to implement the strategy (UR1, AA4) and *"to take all the stakeholders on their journey with you" (AB6, p. 18).* In an SOE, the CEO is expected to implement the mandate of the organisation as defined by the Accounting authority, Government or Minister and he/she should report to the board as an oversight body (SS3). The CEO is best described as a conductor in a choir whereby he assembles the players and makes sure they are equipped to sing a song that will be liked by the people (AB10, AB5, AD2). This was elaborated by one participant below:

> *"The CEO in some cases, one would say if you have an orchestra, someone is playing violin, someone is playing piano, you have to be able to harness all this, and be able to come with a melody, you know something that the world will love. The CEO should be that conductor" (AB5, p. 6).*

The role of the CEO was further described to be the crafting of a strategy (AA1, AD3) which

the board must buy into (AA1) and that his task is to implement that (AA1, AD3), and they are ultimately accountable for all that happens inside the organisation (AA1). *"A CEO is the ultimate leader of the organisation from standard operational and strategic standpoint" (AA1, p. 30).* The role of the CEO was reflected as that of an *"ultimate strategic operations leader"* while the board provides governance and strategic leadership (AA1, p. 30). It was further stated that the CEO is accountable to the board while the board is accountable to the shareholders. The CEO is the face of the organisation, motivator (AB2, AB6, UR1), creator of hope, father (AB2, AB6) and leader in the organisation but most importantly, the implementer of the strategy because that leads to results (AB6). The CEO's focus is on business performance, hence the role is almost like the father of the organisation (AB6). One participant elaborated further on the critical role of a CEO:

> *"The CEO is almost everything. He is the father; he is the mother of the business. He is a caretaker in terms of the board, in terms of all the other stakeholders. That's why he is a Chief Communications Officer, he is a Chief Risk Officer, he is the Chief Executive Officer, he is a Chief of everything, he is the Chief Safety Officer, he is the chief of everything. Everything is centred around this individual. So, the CEO is that centrepiece that is supposed to hold things together (AB12, p. 22).*

The CEO is referred to as a **Commander** who marshals the soldiers (AA3). The role of a CEO is said to be influential as it holds everything together as a centrepiece (AB2). In explaining the influence the CEO has in the organisation, the participant indicated that the behaviour of a CEO, including physical appearance, get cascaded through the organisation. Some of the participants were specific to suggest the role of a CEO as:

> *"The CEO's job in a state-owned enterprise is the political face of the enterprise (AC2, p.8). The CEO is a visionary, workhorse, chief communicator, master tactician and driver of human development" (AB4, p. 21).*

Moreover, the role of a CEO was described to be *"growing the business and providing the return to the shareholder" (AD3, p. 9).* The approach for the appointment of the CEO of an SOE has to be carefully considered taking into account multiple skills that they should possess. One participant explained this further in the following statement:

> "*This is a person who has multiple, multiple skills. So, you know the tradition is that a CEO tends to be a Chartered Accountant, someone who knows the numbers, but that's a limited understanding" (AB3, SS2, p.11).*

According to the participants, it is not every CEO who will be able to turnaround an SOE:

> *"It takes a special breed of leaders in turnaround. I don't like being in an environment where everything is okay. I like going to an environment where there's a challenge. I must sort out things, and then after sorting out things, leave them for somebody to maintain and I move on" (AD1, p. 24).*

> *"When you turn around an entity, sometimes you make very unpopular choices, you may hold people accountable, and you may have to actually get rid of some people; not everyone wants to do that or has the disposition to do that. It's a very unpleasant scenario and if you are more conscious about those kinds of things, you may not be the right person for it" (AC1, p. 16).*

The participants identified three types of CEOs that are normally hired to turnaround CEOs. It appears that not all the types of CEOs are suitable to turnaround SOEs, as discussed in the next section:

- ***Turnaround CEO***

The CEOs that can turn things around, struggle with maintenance. *"They go there to turn things around, stabilise things and because in their nature they are looking for change they will also want to change what they've already changed (AA1, p. 20).* It is therefore proposed that these CEOs should move out of the organisation once the changes have been effected to avoid the aforesaid situation; then a CEO mandated to maintain the status quo will then step in. *"You've done it, you are the Moses, you have taken them to the promised land, Joshua you can take over, that type of thing in the Bible" (AA1, p. 20).* The process of turning around an organisation can take 3-5 years, therefore, a maintenance CEO should then take over the business after five years of transformation for maintenance purposes.

> *"Always be mindful that there will come a time where you've turned around. You don't want to keep that person there because he'll continue to turn you around. You want to exit that person properly and bring somebody who is going to run a steady ship going forward" (AA3, p.7).*

- ***Growth CEO***

Growth CEOs are not maintenance nor turnaround CEOs as such, their strong point is to grow businesses to another level (AA1).

- ***Maintenance CEO***

They find business in a particular way, they maintain it so they can be extraordinary in the sense of actually maintaining the business by executing an existing plan, but they are not going

to change anything. They just continue with things. They do not make any drastic changes (AC1, AA1, AA3). This was further explained by the participant below:

> *"You've got leaders who are good turnaround leaders, and you've got leaders who are good steady ship leaders who are not good with turnaround, who are not good with organic growth (AA3, p. 7)".*

This kind of a CEO is operationally strong, he/she *"understands that you have to hit this nail harder so that it gets done, and if you're done then it's fine and you go home and sleep nicely" (AB5, p. 8).* The mistakes SOEs often make is by appointing a maintenance CEO to turnaround an SOE while a turnaround CEO is appointed to maintain the status quo (AB2) or the board and shareholder just appoint wrong CEOs (SS1). "*Sometimes we don't obviously get the right CEOs employed" (SS1, p. 9).* The participant suggests that sometimes failure to turnaround SOEs has got nothing to do with capabilities but the nature of the SOE:

> *"There are times when we appoint the wrong CEO for the wrong entity. They are capable for whatever the situation is all about and if you will appoint them for the right entity, they'll be good for that entity" (AC1, p. 12).*

4.5.2 Towards the profile of the CEO who can be successful in executing an SOEs turnaround strategy

Data collected from 4.4 - 4.5 forms the basis for the profile to be developed in chapter 5. The final profile of the CEO who can be successful in executing SOEs' turnaround strategy as informed by the identified capabilities, attributes and values presented in 4.4 and various interpretations of the leadership of a CEO and types of CEOs presented in this section (4.5.1) is discussed, interpreted and depicted in chapter 5 (5.4).

CHAPTER 5: DISCUSSION AND DATA INTERPRETATION

This section discusses and interpret the data that was presented in chapter 4 in terms of their relevance to the theories that underpin this research.

5.1 Objective 1: The CEO's influence on the outcome of the turnaround strategy

5.1.1 CEO's level of influence on turnaround

The findings of this research suggest that the CEO's level of influence on the outcome of a turnaround strategy in an SOE is moderate. On the scale of 1-5, the overall CEO's level of influence on the outcome of turnaround was described to be three, which is moderate.

This research uncovered the reasons for moderate influence to be *lack of authority* (*de facto and de jure power) and non-supportive SOE culture.* These themes are discussed in this section and are also embedded in the next section (section 5.3) as challenges that hinder the success of turnarounds in an SOE in SA.

5.1.2 Lack of authority – De facto and de jure power

The research data suggest that *de jure de facto* authority is a problem in the SOEs in SA which impact the level of influence the CEOs are supposed to have on turnaround. By *de facto de jure* authority, this research implies that officially the CEOs are authorised to influence turnaround but the practices of other stakeholders such as the board, shareholder and unions involved in the turnaround process weakens their authority, thus limiting the CEOs authority on turnaround. The reason for the CEO's level of influence to be moderate (3) is due to the factors outside the CEO's control, including support required from government and other decision-making bodies. One participant elaborated how he needed government support to be able to execute a turnaround strategy: "*The key pillars of the strategy required me to get support from government"* (AB10, p. 2). Interference by the board, reporting ministry and shareholders was cited as the main factor which affects the level of influence by the CEO as it results in the CEOs being de-authorised and therefore limiting them from exercising their official powers.

This challenge was expressed by the participants in chapter 4 that in theory, the CEOs of SOEs have authority to execute a turnaround strategy/plan while in reality it is not the case (AC2).

This research supports resource dependence theory which suggests that the organisation's performance is dependent on the availability of external resources. The CEO's level of influence should be four (highly influential) in order to be able to turn around the SOE successfully as per this research. *"The CEO should be 4/5, the current situation is a 3. There are many centres of power" (AB5, p. 6).*

According to da Silveira and Barros (2012), the business leader's *de facto* role may be played by someone who does not have a title of a CEO but rather a person who chairs the board, it could be a representative of a large shareholder, family owner or a founder. Da Silveira and Barros point out that this kind of a set-up is mainly found where there is concentrated ownership. Tengblad (2000) suggests that CEOs could exercise control though that does not mean that they are decision-makers but rather influencers. In the case of SA SOEs, it appears that the CEOs lack both decision-making and influence.

This research resonates with Kahan and Rock (2009), who state that the CEOs in the public institutions in the US have lost decision-making power. According to Kahan and Rock (2009), the CEOs are losing power to the board of directors and shareholders as far as controlling the agenda, manipulating the outcome and independent decision-making. The reasons attributed to loss of power by the CEO in this case are changes in the economic and regulatory landscape. This is not the case in South Africa, the cause for CEOs' loss of power, particularly in the SOE environment, is as a result of political interference which is a clear case of public choice theory. One participant elaborated on CEO's loss of power due to political interference by stating that *"In the public sector even some of the operational issues, there is too much interference from outside where you can't even make a decision" (RR1, p. 1).*

- ***The CEO's low influence on strategy formulation and implementation***

This research suggests that the CEO has control in the organisation but low influence on strategy formulation and implementation as approval for strategy formulation and execution has to be granted by the board and in some cases, the shareholder. The implication in this regard is that this kind of an arrangement could have a negative impact on the implementation of a

turnaround strategy should approval of certain components not be granted. "*Even if there's a business opportunity that can turn the business around, if we don't get treasury approval to do that, we can't go" (AB5, p.1)*. The issue of low influence on strategy formulation and implementation was elaborated by a participant by stating that *"on strategy formulation and implementation, the level of influence was low, that is 2.5 on the strategy. I would be told, you can't go there" (AB6, p. 12).*

As per best practice, the CEO is expected to drive the turnaround of SOEs, similarly meaning that their level of influence on the outcome of the turnaround should be high, between four and five as per the rating scale of 1-5 used in this research. However, in reality, they are not authorised to achieve this objective. *"It has to be a five if you are going succeed. You need to have that much influence" (RR1, p. 10).* The CEO, as an accountable authority of a turnaround, he/she is therefore ultimately accountable for turnaround and all that happens inside the organisation (AB3 & SS2, AC2). This research highlights the role of a CEO as of high importance and impactful in any organisation. *"He is the one who drives, and champions turnaround" (AC1, p. 11).* The findings of this research correspond with Moore (1999) that it is the ultimate responsibility of the CEO for the success or failure of the turnaround. However, Moore elaborated that it has to be a team effort comprising of a number of stakeholders, i.e., the board, executives, managers, staff, union, suppliers, and customers. Ong (2015) suggests that in the school environment, the principal is the chief driver of turnaround. Based on this, one would argue that in the SOE, the chief driver should be the CEO as the highest official, just like in a school environment.

- ***Power lies with the board or shareholder***

This research indicates that the power in an SOE environment lies with the board or government as an oversight player. The aforesaid participant (AB6)'s statement could be the reason for the high turnover rate of the CEOs in SA SOEs. This research data appears to suggest that the CEOs of SOEs in SA are powerless and not because they are naturally weak but as a result of the political landscape and power struggles in the SOE environment. Though this research suggests that the CEOs of SA SOEs lack power, the study by Gavin (2014) claims that there is no sufficient reason for the relationship between CEO power and firm performance. On the other hand, the findings of this research support Brahmana, You, and Kontesa (2020) who emphasise that the outcome of high CEO power is high firm performance

and high retrenchment. This implies that CEO power results in an effective retrenchment strategy which would affect the organisational performance remarkably. Other scholars, e.g. Shetty and Peery (1976), are also of the view that the CEO's role is key on the outcome of an organisation because the CEO's power and leadership affect the entire organisation. The CEOs of SOEs in SA are appointed with certain objectives which are not necessarily beneficial to the SOEs. The implication in this practice is that ultimately the CEO would not be in a position to exercise their authority. Though the accountability, as per the literature, lies with the CEO, one has to take cognisance of the fact that the CEO in an SOE cannot be held fully responsible for success or failure as a result of the following key factors:

- CEOs of SOEs in SA lack resources and sufficient support from the shareholder representative, board, and policy department to realise turnaround
- The level of influence by the board in a public sector towards turnaround is at the top unlike in the private sector

This research is aligned to Kibu and Iravo's (2017) study that found that inadequate resources, rigid competition and high degrees of conflicts of interest to be having a significant effect on the outcome of a turnaround strategy. Each case should be analysed to establish the cause of failure and the roles that contributed to such failure. This research argues that the board has to guide the CEO by involving themselves in the decisions taken by the CEO. Therefore, it would make sense that the fall of a CEO should also be the board. This research also reveals that the same could apply to the executives (TMT) only if they were empowered by the CEO or involved in decision-making. The executives could be exempted from the fall should they were neither empowered nor involved in decision-making. In cases where they are disempowered or not involved in decision-making, they should not be affected when the board and CEO fall (RR2).

In a State-owned enterprise, it is easy to blame management though everyone has a role to play, that is, the shareholder, board and management. On the other hand, this research indicates that it is the board's failure, as the board approves the plan and fails to support the implementation thereof. The participants elaborated below why the board has to be blamed for the failure of turnaround:

> *"Decision making lies with the board, they control and influence turnaround, and then the execution is the CEO and the management, but the board must allow you to do it (AB6, p. 13). I would not hold the CEO responsible for mostly when there's a paper trail that shows that the CEO tried" (AA2, p. 11-12). I would be told, you can't go there" (AB6, p. 12).*

This research demonstrates that in theory the CEOs of SOEs have authority to implement a turnaround strategy. However, in reality that is not the case. *"It is de facto and de jure power, …legally they do not have the power but factually, they have" (RR2, p. 4).* The CEO's power in the SOE is diluted by the board and shareholders as the ultimate decision makers. Moreover, the political landscape in an SOE affects the CEO's level of influence towards the outcome of a turnaround strategy in an SOE. The findings of this research are aligned to the resource dependence theory which indicates that the performance of the organisation is dependent on external resources (Pfeffer & Salancik, 2003). Furthermore, Pfeffer and Salancik suggest that the need for resources, e.g. financial, physical and information which are obtained from the environment, results in the organisations being dependent on the external sources of these resources. Resource dependence theory states that the boards are key providers of resources and therefore they are expected to be independent, utilise their skills by guiding and supporting the CEO to ensure the success of the organisation (Pfeffer & Salancik, 2003). The authority of the CEOs of SA SOEs is reduced by the need for external resources with the board and shareholders are not providing these to enable turnaround. Based on the findings, one would deduce that this research is not aligned to the upper echelons theory which suggests that the attributes, experiences and values of top management predict the outcome of the organisation. The reason for this is that in the case of the SOE, resource dependence is prevalent and therefore the CEO cannot be held responsible for organisational success.

- ***Level of influence diluted by multiple stakeholders***

Although literature and some of the findings of this study suggest that the CEO is a key driver of turnaround, there is also a different view from this empirical research that revealed that the key driver of turnaround in a SOE is also the shareholder. "*The key driver of a turnaround is a shareholder ministry, obviously had to give input in terms of how it will change as an organisation" (UR1, p. 1).*

The research data appear to suggest that the average espoused level of CEO's influence in an SOE towards turnaround is four (high) while the average of the actual level of influence is

three (moderate influence), thus leading to failure of turnarounds in SA SOEs. The reason for the low influence in SOEs is attributed to multiple stakeholders that play part in turning around SOEs. *"CEOs' influence especially during turnaround is massively constrained by stakeholders, by the board, government, by the department, by the DDGs and so forth. (AC2, p. 11).* In private companies, the level of influence is between four and five. This explains the reasons behind the high rate of successful turnarounds in private entities as opposed to public entities. This research argues that the main reason for the high rate of successful turnarounds in the private sector is attributed to the fact that governance is observed thus there is a clear segregation of responsibilities and therefore the boards are quite aware of the responsibilities within their portfolio.

Irrespective of the challenges that the CEOs are facing to turnaround the SOEs, the interviews revealed that in a turnaround situation, the power should lie in the hands of the CEO. *"Influence is massively constrained; however they remain the face of the influence (AC2, p. 11). He's a cheer leader" (AB2, p. 2).* This clearly indicates how highly influential the CEO should be in a turnaround process:

Lack of authority in SA SOEs plays a role on the level of CEO's influence on the outcome of turnaround. The findings of this research suggest that turnaround in a private sector should not differ from that in a public sector if the right principles were applied and political interference eliminated. The CEOs in the private sector have decision making powers therefore they are not obliged to consult with multiple stakeholders on issues pertaining to the organisation. *"In the private sector, when you are given the role of a CEO you are given all the powers to make all the decisions to run the organisation but in the public sector, you can't make a decision" (RR1, p. 1).*

This research further indicates that the CEOs of SOEs that were successful in turning around were highly influential (AA1, AD1, RR2). The SOEs in this regard are SOE1, SOE2 and SOE6. The results therefore depict the relationship between CEO's level of influence and the outcome of a turnaround strategy. CEO's low and high level of influence impact turnaround in a negative and positive manner respectively. Though part of the findings of this research seems to be highlighting both the CEO and board as partly influential towards the outcome of turnaround, the CEO plays a bigger role (AB6, SS3, AD3, RR2). It is for this reason that the extent of the CEO's influence in reality should be high as they are not only responsible for the development

of a turnaround strategy but the execution thereof which is a bigger slice of a cake. It is for this reason that when turnaround fails, irrespective of whether the failure is attributable to factors outside the CEO's control or not, they are the ones to be blamed (AB3, SS2). One can argue that this practice is unfair as the CEO has no full authority on the implementation whatsoever, as approval has to be granted by the board and shareholders, so that could have a negative impact on the implementation of a turnaround strategy should approval of certain elements inclusive of funding not be granted. *"You can't expect someone to take the responsibility when they don't have the authority to make things happen" (RR1, p. 4).*

Subsequently, this research suggests that the CEOs in a turnaround situation are not decision-makers as the decision-making role lies with the board, they can only make recommendations. This research validates the study of Nyatsumba and Pooe (2022) which found a need for the CEO to exercise authority in a turnaround environment and that the shareholder and the board should allow the CEO to exercise it.

5.1.3 Non-supportive SOE culture

The research data demonstrate that the SOE culture could be impacting the CEO's level of influence on the outcome of a turnaround strategy. In the two SOEs (SOE1 and SOE2) where the CEOs appears to be in control and therefore playing a vital role, the board were said to be supportive. *"They don't abuse the power and tell the CEO what to do" (RR2, p. 3).* This research suggests that the culture of the SOE is not conducive for the CEO to exercise their power due to the board and shareholder interfering in the operations of SOEs *"I think the boards and ministers are too involved in operational decision making" (RR2, p. 3).* The culture of the SOEs in SA is characterised by interference, disempowerment, lack of accountability, lack of authority, corruption, disrespect, lack of decision-making, wrong decisions, slow decisions, and lack of support. This kind of culture is explained and embedded in the next section (5.2) under challenges that CEOs of SOEs face in turning around the SOEs.

This research is in line with Desselle et al. (2018) who stated that a toxic organisational culture makes it difficult for individuals in sustaining organisational success and strategic goals. This finding supports the study by The Ethics Institute (2021) that found the SOEs to be low in leadership commitment to ethics and the employees feel disrespected and unfairly treated. The implication of a non-supportive culture affects the CEO's influence towards the organisation

negatively. This research demonstrates the impact the SOE's non-supportive culture has on the outcome of a turnaround strategy that, though the CEOs are regarded to be the official drivers of turnaround, in reality they are not, they do not have authority. *"How can you take responsibility for outcomes if you are not given the power to determine pathways"? (RR2, p. 3-4).*

The power should lie with the CEO in the turnaround situation according to this research and this narrates how influential the CEO should be during turnaround. Once the board is done interrogating the strategy and it has been agreed with the CEO then the strategy should be handed over to the CEO for implementation. *"I don't think it should be the board and I don't think it should be the minister" (RR2, p. 4). Turnaround rest in the hands of the CEO" (p. 10).* In other instances, the board's leadership practices, such as imposing unnecessary orders on the CEOs also impact the CEO's level of influence. The CEOs have solid backgrounds and therefore all they need is to be empowered to make a difference. *"I believe I have a solid background; I have solid experience and I can make a difference in an organisation and that's what I wish to do" (AB6, p. 24).* Since the SOE environment is politicised in nature, the influence that the unions have in the organisation during turnaround could impact the level of influence of the CEO as the research suggests that some of the key mistakes that the unions make is *"to focus on employees' interests without considering the interest of the business" (p. 8)* as that is the primary purpose of the union (UR1).

Sari and Lubis's (2018) study asserts that organisational culture in an SOE has an influence on corporate performance. The study by Lekgothoane, Maleka and Worku (2020) that explored organisational culture at SOEs in SA found that the SA SOEs' culture is aggressively hostile and politics are prevalent. "Public choice theory describes politics as the interaction among constituents and agents seeking to advance or to express their own interest" (Buchanan, 1987, p. 29). This research is consistent with public choice in a way that the behaviours of the board and shareholder are meant for self-enrichment, hence they interfere in SOE operations.

5.1.4 Summary of the findings on research objective one

The first objective of this research was to describe the CEO's influence on the outcome of the turnaround strategy. This research suggests that the CEOs' level of influence on the outcome of a turnaround strategy is constrained by the factors outside their control. The CEO's level of

influence on the outcome of turnaround should be high, therefore perceiving the CEOs of SOEs as highly influential, however research shows that on average, the level of influence is moderate. Moderate influence limit the CEOs to perform certain things that will enable turnaround in the SOEs. The CEO's level of influence and factors that affect it is depicted below in figure 11:

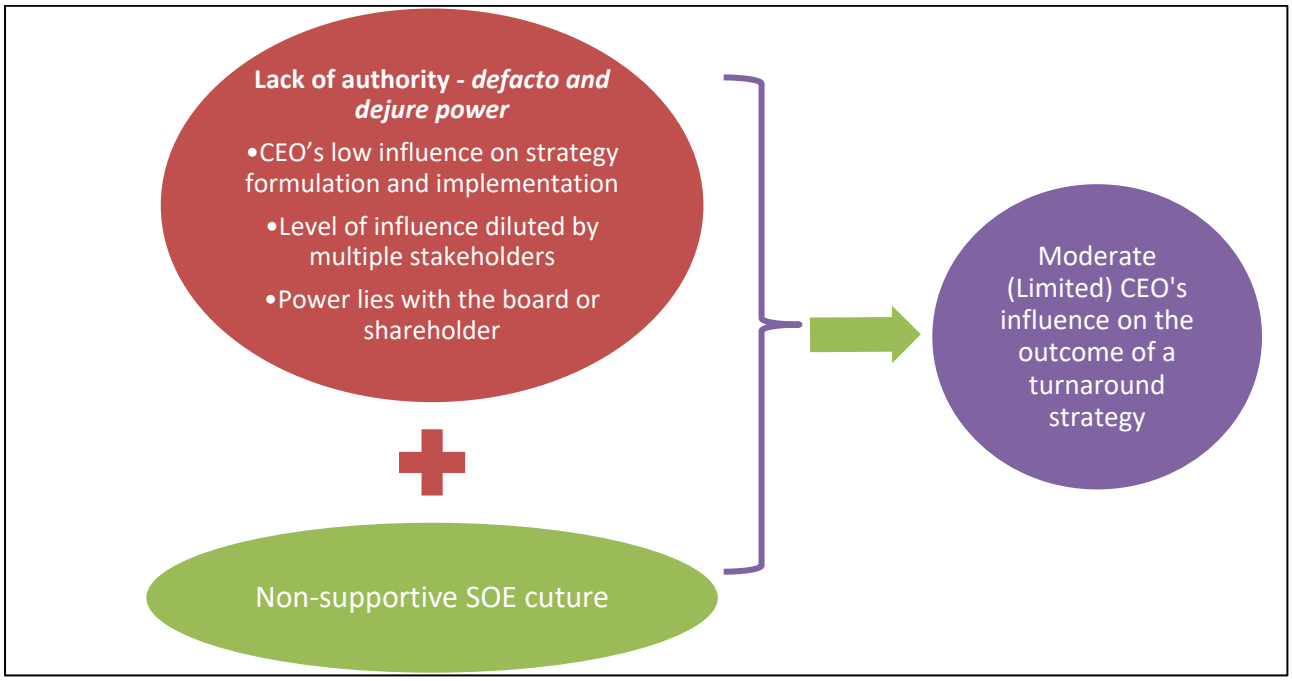


Figure 11: Summary of the CEO's level of influence on the outcome of a turnaround strategy and factors that affect it (Researcher's own interpretation)

Lack of authority (*de facto de jure* power) and a non-supportive culture were identified as factors that impact the CEO's level of influence towards the outcome of turnaround. Legally, the CEOs should have authority on turnaround but in reality they are not decision makers but the board and shareholder are. These factors also appeared under objective two as challenges faced by CEOs of SOEs in SA. This implies that by resolving such challenges, this will improve CEO's level of influence while also enabling successful turnarounds in SOEs in SA. This research sufficiently addressed the first objective in the best possible way by reflecting the CEO's level of influence to be moderate. This research further highlights that in the private sector, the CEO's level of influence is high thus enabling successful turnarounds. Quigley et al. (2021) posit that private sector CEOs have a more significant effect on the firm's performance than CEOs in the public sector as CEOs. Public sector CEOs are constrained by

high levels of regulation from government agencies, investors and boards of directors which impact the CEO's flexibility to drive the organisation into a desired state (Quigley et al., 2021). Because the power in an SOE lies with the board or government as oversight players, this implies that the CEOs' power is constrained.

This research is not consistent with the upper echelons theory that the outcomes of the organisation are reflective of the leaders' experiences and characteristics (Hambrick & Mason, 1984). Instead, this research supports resource dependence theory as the CEO is dependent on support from the board and shareholder to make things happen in the organisation (Pfeffer & Salancik, 2003). This research also shares the same view as Abebe's (2010) study that suggests that the environmental context in which declining firms operate is as important as the nature and characteristics of their top team in determining turnaround success. The study by Maheshwari and Ahlstrom (2004) also found that firm's characteristics (decision-making process, leadership characteristics, and the stakeholders' responses) to influence the firm's turnaround process. In contrast, Andalas et al. (2017) found the CEO characteristics to have a direct relationship with turnaround performance.

5.2 Objective 2: The challenges faced by the CEOs in executing a turnaround strategy

This section discusses and interprets the challenges that the CEOs of SOEs in SA face when turning around SOEs. The discussions and interpretation are focused on the key themes that emerged during this research (political landscape and power struggles, inappropriate practices of the board of directors, politicians and shareholders, leadership instability, ineffective turnaround strategies and processes, inefficient internal operations, legislation and corporate governance) including the sub-themes associated with the key themes. The identified challenges depict the current state of the SOEs, while the recommendations on how to address these challenges reflect the future state of the SOEs. The current and future state of the SOEs is represented in chapter 6 (see table 6). In addition, the preliminary roadmap (see figure 19) classifies the recommendations into medium-term and long-term timeframes to address the key challenges which are common in all SOEs.

5.2.1 Political landscape and power struggles

The SOE environments are highly politicised, and this results in power struggles which in turn, affect the demarcation of authority. The research in this case, asserts that the SOE political landscape is at the heart of the failure of SOEs. *"My experience is that people end up focusing on politics rather than running the organisation to achieve the set outcome" (RR1, p. 5).* The political landscape and power struggle challenges are not only prevalent in South Africa but globally. In countries within BRICS, there is evidence of such in Brazil and China. In the case of Brazil, the Petrobras scandal is used as a reference:

> *"The Petrobras scandal demonstrates that Brazil and other countries with SOEs will need to substantially improve the transparency and accountability of their operations and of their boards' governance. SOEs in countries that fail to guarantee such business standards will often find themselves at risk for political mismanagement and abuse, as has occurred in Brazil"(Arruda de Almeida & Zagaris, 2015, p. 96).*

The boards and shareholders interfere in the operations of the SOEs instead of providing oversight. Linking to the Petrobus scandal, the practices of the boards and shareholders in SA have resulted in the political misconduct and abuse of power. In the case of the CEOs, the challenge they face around the political landscape is that they find themselves having to please or appease some of the stakeholders to their own detriment (AB10 and SS3). This is clearly a reflection of agency theory where the practices of the CEO ultimately impact the turnaround in an SOE. The political landscape of SOEs also impact the independence of the board leading to the board being political in nature. If one had to express the participants' views around the political landscape and power struggles impacting the success of turnarounds in the SOEs, the researcher will refer to the SOE environment as *"Dog eats dog world". It's "survival of the fittest", "it's not for the faint-hearted"* considering the challenges raised by the participants of this research that:

> *"..I'll say in general, the environment at the top of SOEs is toxic. It is generally toxic! (AB2, p. 14). You are swimming with sharks" (AD1, p.11).*

This research points out that the political principals, which is the board and principals at ministry level do not have an understanding in terms of how the types of SOEs (schedule 2, 3A, schedule 3B and 3C) differ from one another (AB2). This lack of knowledge on the functioning and funding structure of each type of SOE results in these role players not being able to provide oversight support (AB2).

5.2.1.1 Interference at board, shareholder, and politician level

This research suggests that the CEO and the board need to consider the role they play in the SOE environment, irrespective of political landscape, to ensure alignment because it appears that most of the problems are caused by their part in playing politics.

- ***Interference at board, shareholder, and politician level***

The research data suggest that interference at board, shareholder and politician level is a challenge that the CEOs face in executing a turnaround. The implication is that the CEOs are disempowered to lead the execution of turnarounds. The SOEs that have been successful in turning around did not experience any interference from the board, politicians nor shareholders. In addition, the board was composed of members with commercial expertise, and they were selected on merit. One can suggest that this is the number one success factor for turnarounds to have independent boards that are empowered to provide an oversight role without any interference at shareholder/political level. The CEO should also be empowered to lead the execution of a turnaround without any interference from the board or shareholder/politicians. *"There's way too much politics into the running of the SOEs" (AB7, p. 12).*

Government interference in the SOEs was identified as a key blockade for turnaround which results in senior leadership feeling disempowered to make decisions necessary for turnaround (Titus & Hoole, 2021). This research aligns with Mfeka (2019a) who explained that there is a culture of unhealthy political interference in the SOEs. Huang and Snell (2003), citing Nimerius (1995) and Ru (2000), are also of the view that there is improper political interference by external supervisory authorities and inadequate legal and commercial regulation in the SOEs. The culture of unhealthy political interference in this regard was narrated by the participant in the following statement: *"It's political interference at all levels; at Ministerial level, at Director General (DG) level" (AA1, p. 6).* This finding resonates with the study conducted in Southern Africa by Balbuena (2014) that found political interference into the SOE operations being one of the challenges that SOEs are facing. The issue of political interference is not only present in South Africa, it is also experienced in a number of SADC countries like Zambia, Lesotho and Zimbabwe.

This research highlights that the board's role is to play an oversight role, therefore they belong

in the war room and not in the battlefield where they play a commander role, as per the military language. The commander role is that of the CEO and the executives, the board are generals tasked to develop the organisational policies (AA3). The shareholders should neither step into the war room nor the battlefield. They are the commanders in chief, owners of the organisation. *"They are the people who determine the purpose for which an organisation is about" (AA3, p. 3-5).* They can therefore not advise the generals how to fight the war as they are not experts in the military field (AA3).

This research suggests that SOEs' turnarounds would be no different from the private sectors' had the right principles been applied and there is no political interference. *"Political appointees and corruption" (AD1, p. 4)* are factors that impact SOEs from turning around as *"people don't do what is right for the business and our economy, they do what is right for their pockets"*. The intention of the political appointees is not to deliver but to achieve a certain agenda (AD1, RR1). This research echoes Udogu and Zack-Williams (2009) that corruption could hinder the ability by Government to establish, sustain a professional, competent and efficient government civil service.

This research data support the public choice theory, moreover the findings are aligned to the study by Mbo and Adjasi (2017) that postulates that government involvement in the operations of SOEs hinders SOE performance which is a reflection of a notion of the public choice. In same breadth, the OECD (2015a) suggests that the state should not be involved in operational decision-making. It is evident that political interference is rife in an SOE environment and this is one of the reasons why SOEs fail to turnaround.

- ***Interference at unions, industry, and community level***

The research data appear to suggest that interference from the unions, industry and community affects the turnaround of SOEs (AB4, RR1) however, in contrary, one participant argues that the unions do not influence turnarounds but monitors how they affect employment security (UR1). *"They actually influence what happens, and they do that behind the scenes (AB4, p. 6-7).*

The service providers, private sector and communities also influence turnaround as they are requested to provide inputs into turnaround strategies. *"So, everybody has a say about what*

should be happening. So, it becomes difficult for the execution of the strategy purely on commercial basis" (AB5, p. 3).

5.2.1.2 Recruitment of CEOs and Boards of directors

The recruitment process that the SOEs follow in appointing the CEOs in South Africa is flawed. The current process is that the CEO is interviewed by the board and appointed on approval by the shareholder which is the minister in this case. The board, in this case, only conducts interviews and make recommendations to the shareholder on who to appoint. The ultimate decision maker in the recruitment of CEOs is the shareholder. The findings of this research are in line with the World Bank (2014, p. 187) which stated that *"South Africa, allows the board to select the CEO subject to final approval by, or in consultation with, the ownership entity and other shareholders".* Furthermore, the research is also aligned with Thomas (2012) stating that the CEOs of SOEs are appointed and removed by the government through the relevant political minister who is a shareholder, the board only recommends.

According to the World Bank (2014, p. 187), government holds *"the power to appoint and remove the CEO" (p. 187)* and such authority diminishes the board's power and their responsibilities *"limits the accountability of the CEO to the board" (p. 187)*, while making the CEO obliged to the *"appointing line minister or ownership entity".* The implication in this regard, according to the findings of this research, is that in some instances, the minister would appoint who they prefer as opposed to who the board believes to be a suitable candidate. Experience and qualifications are not a priority when recruiting a CEO of an SOE in SA as what matters most is political connectedness. *"You've got a committee that first looks into whether you have any particular political credentials or strong political connections, so, suitability for the position is secondary" (AB4, p. 2).*

This research is aligned to the study conducted in Namibia by Links and Haimbodi (2011) which stated that regarding the appointment of the SOE CEOs and directors in Namibia, affiliation and connectedness supersedes experience, skills and expertise. Böwer (2017) has the same view about the SOEs in emerging Europe. Jing et al. (2008), in their study, also highlight the fact that in China, emphasis is made on political background when selecting SOE leaders, thus impacting talent from other types of enterprises other than government to access management positions in SOEs.

Matsiliza (2017) argues that government frequently appoints the board members without or with insufficient experience and preparedness to lead the SOEs. The study by Menozzi, Gutiérrez Urtiaga and Vannoni (2011) found out that politically connected directors of the Italian public utilities who are dominant on the boards impact the performance of the Italian public utilities negatively. Political alignment in this regard affects the outcome of a turnaround in a way that the CEO would make business decisions that are in favour of the "principal" and not necessarily in the best interest of the SOE. This research shares a similar view with Links and Haimbodi (2011, p. 14) by pointing out that political considerations in appointments negate the principle of merit and thus the lower the levels of professionalism, the greater the incentives for public and SOE officials to pursue self-serving rather than public serving ends. This research argues that such favours have destroyed black talent as most of them are currently not employable. In addition, political alignment leads to unfairness in the recruitment process thus disadvantaging a wider pool of qualified CEOs from applying for positions in their preferred institutions. Though this appears to be a finding, sifting through the credentials of the CEOs of the SOEs in South Africa most of them seem to be qualified for their positions.

Moreover, this empirical research suggests that a differentiator of a recruitment process in a private sector vs. public sector is merit-based appointments and political appointments respectively. Appointments in a private sector are based on merit *"skilled and experientially based" (p.2)* whereas in a public sector, the appointments are politically motivated (AC2). This finding is in line with literature, as suggested by Corrigan (2014) that the appointments, especially the boards' should be merit-based and depoliticised. The OECD (2015a) has a similar view that government should refrain from involvement in certain decisions, such as recruitment. The issue of political appointees is a worldwide issue which is not only experienced in South Africa. China, emerging European countries, and Namibia, just to mention a few, have the same problem. As a result of political appointees, Böwer (2017, p. 18) explains that "private-sector expertise, international experience, and independent board members are often absent". "As long as Government's cadre deployment policy is defended, governance of South Africa's SOEs will remain vulnerable and at risk" (Institute of Directors of South Africa, 2021, p. Paragraph 1). Countries like the Czech Republic and Hungary appoint the directors with relevant experience and professional qualifications in Economics, Finance, Governance and Law (Matsiliza, 2017). It was suggested by Matsiliza for SA to benchmark with such countries in order to derive a sustainable future that could be beneficial to the wider

society.

Political appointees are not concerned about protecting the business or economy, they are focused on filling up their wallets. Their intention is not to deliver but to achieve a certain agenda. In the case of the board, this research demonstrates that boards are also political appointees; the recruitment of the board is not conducted in an open and transparent manner. *"The people who appoint those members in the political party are not driven by performance, they are driven by loyalty and other things" (AB10, p. 10)*.

The research resonates with the World Bank (2014) by stating that staffing a board with unsuitable directors can also compromise the board's objectivity and independence, leaving it obligated to individual politicians and government officials and unable to act in the SOE's best interests. Resource dependence researchers suggest that the board's independence is beneficial to the SOEs as independent directors fulfil their roles better in performance monitoring thereby also protecting minority shareholders' interests (Thenmozhi & Sasidharan, 2020). This is due to the fact that they make the resources available to the organisation thus reducing agency problems, according to Thenmozhi and Sasidharan. This research is fully aligned to the shareholder theory with an objective to maximise the benefits of a single stakeholder, in this case, being the shareholder. This practice is aligned to public choice theory which speculates that government officials conduct themselves in a manner that maximises their personal gain, rather than furthering the public's interests. The issue of appointing unsuitable CEOs and boards in the SOEs is in the public domain. SOEs, such as Eskom and Transnet, in South Africa were reported in the media as being the reason for state capture (Phakathi, 2019a).

It is evident in this research that political alignment is a hindrance for the turnaround of SOEs as CEOs with political equity get appointed and end up serving the interests of the party in power as opposed to the business. This research corresponds with Mfeka (2019a) that corrupt politicians require flexible and loyal CEOs who will succumb to their demands; particularly to enable influence and access to the supply chain. Edoun (2015) attests that the public enterprises are used as a platform by the political leaders to redistribute wealth by appointing incompetent comrades to lead the SOEs. The implication in this regard is that SOEs, particularly schedule 2s, play a vital role in the economy from a commercial and developmental perspective so without competent leadership in place in these SOEs, the economy is doomed:

> *"Eskom and Transnet are the two biggest entities in terms of driving the economy. Without Eskom, without Transnet, the economy is basically non-existent without them in my opinion" (SS1, p. 13).*

It is for this reason that the SOEs in SA should get their house in order by appointing appropriate leadership to run these SOEs in an effective and efficient manner to be able to make a valuable contribution to the economy. However, one would ask a question as to whether appropriate leadership would be in a position to run the SOEs effectively and efficiently considering the complexity of the mandates which is dual and contradictory. The findings of this research affirm the importance of having proper leadership to turn SOEs around successfully. *"You can never ever have a successful turnaround that does not have appropriate leadership" (AB3, SS2, p. 6).* This research is a reflection of both a shareholder and public choice theory which should be addressed through the application of a stakeholder and public interest theories whereby the interests of the stakeholders involved in an SOE will be considered and leadership conducts themselves in a manner that is of interest to society. The researcher, in this case, has identified a gap that non-application of the aforesaid theories could be a reason for the failure of SOEs even after embarking on several turnaround strategies. There is strong evidence that public choice problems are characterising the SOEs in SA as it is evident that the powers that be abuse power to enrich themselves. Vaubel (2019) suggests that politicians and public officials obtain value from using their power to elevate their esteem and remuneration.

5.2.1.3 CEO's multiple reporting lines, multiple and upward management of stakeholders

According to these findings, it appears that the CEOs of SOEs have multiple lines of reporting which lead to intensive upward management of stakeholders, such as directors general from the policy departments and shareholder ministries (AA1, AA4, AB5, AC1, AC2, AD, RR1, UR1). The implication is that CEOs find themselves spending time managing upward relationships instead of running a business in order to get support for execution of a turnaround strategy. *"You have to spend most of your time engaging instead of running the business" (AB5, p. 3).*

Aggerholm and Thomsen's (2020) view is that in a public sector, most of large-scale changes are politically initiated, thus having an impact on the approach for changes and so too, stakeholder management. Compared to a private sector, the CEO of an SOE stand high chances

of interference from upward stakeholders which could be a hindrance for the SOE to achieve its turnaround objective (AC2). Mbo and Adjasi's (2017, p. 415) view is that *"diverse stakeholder interests are potentially detrimental to SOE performance if not well balanced"*. Bratton (2020) upholds that the public sector leaders are obliged to engage with and respond to numerous demands of stakeholders to a greater extent compared to leaders in a private sector. These multiple reporting lines make it difficult for the agent (CEO) to act in the best interests of all the principals (board, shareholders, and politicians), thus creating agency problems.

5.2.1.4 Multiple and parallel lines of decision-making and bureaucracy

In the SOE environment there are many decision makers. There should be one driver of a turnaround who is the CEO, however that is not the case and when turnaround fails, the CEO is the one to be blamed (AB3, SS2). The CEO and management team are disempowered as major decisions are made at the board level *"They (board) make all the major decisions" (AB6, p. 9).*

This research data also suggests that the CEOs of SA SOEs receive instructions from multiple stakeholders up to Parliament level. The instructions are not channelled accordingly as per the governance structure. *"As a CEO, the department doesn't go through the board to you. They come directly to you" (AB5, p. 4).*

5.2.1.5 CEO's lack of authority

This research suggests that the CEOs of SOEs do not have full authority on turnaround thus resulting in turnaround failure. The issue of lack of authority was also raised in 5.1 as a factor that impacts the CEO's level of influence on turnaround. Even though this research highlights the fact that the CEOs do not have full authority it appears that the CEO's role is key in driving a turnaround while others are supporting. *"There can only be one person in the steering wheel, the others can help with the navigation" (AB3 & SS2, p. 17).* The findings of this research revealed the following challenges that influence the outcome of a turnaround strategy:

a) CEOs of SA SOEs in SA do not have the resources and necessary levels of support from the government departments/shareholder to enable turnaround.
b) The board in a public sector has the ability to influence the direction of a turnaround in

the manner that the board in private sector cannot.

c) The CEOs of SOEs are not able to implement a turnaround strategy though legally they have authority. The participant narrated the experience around lack of authority that *"It's quite complex and quite subtle, you are in control, you do have the power, whether you can actually utilise that power, that's a different question" (AC2, p. 11).*

d) CEOs in the private sector are given powers to make decisions on matters pertaining to the organisation without having to consult unnecessary multiple stakeholders (RR1).

Based on the factors above, this research affirms that the cause of failure of a turnaround should be determined rather than just attributing it to a single person, namely, the CEO in this case. The cause of failure could be attributed to "*poor decision-making or poor execution by the CEO or departmental influence, or lack of support or board's influence" (AC2, p. 6).* Slatter, Lovett, and Barlow's (2006) view is that the CEO as a turnaround practitioner or turnaround executive has the ultimate responsibility for achieving a turnaround of an organisation in distress. This research does not dispute Slatter, Lovett, and Barlow's view, however, makes it a point that the CEO is not always the reason for turnaround failure, therefore each case should be assessed individually to determine the cause.

5.2.1.6 Misalignment of turnaround plans and centres of power

The researcher identified misalignment between the board, CEO and shareholder as a negative impact on the outcome of turnaround.

- ***Misalignment of turnaround plans***

This research data appear to suggest that the SOE's turnaround plans are not aligned to long-term business objectives. They are structured around the politicians' calendars which are short-term (AB4). The implication of aligning the turnaround plans in this manner will not benefit SOEs to achieve their objectives as turnarounds are long-term in nature.

- ***Misalignment between centres of power***

The research data show that successful SOEs have aligned board members, CEOs and shareholders in terms of the mandate of the organisation. The mandate has also been clearly

communicated to the board and executed without any political interference. The success of a CEO is dependent on the mandate that the board gives to the CEO. Any misalignment on the mandate is subject to failure on the CEO's side to execute as he may not get support from those that are not in alignment. There are instances where the mandate is not clear in a way that the turnaround priorities and the order of priorities are not clear i.e., whether it is technology improvements, cost cutting or service delivery improvements, for example, that should be prioritised. *"Sometimes the definitions don't come out specific for the CEO to know what they are dealing with, for the executive committee to know what they are turning around…" (UR1, p. 2).* This finding is related to an issue of agency theory as mentioned in Liechti and Finger (2019) where the contract is poorly designed by the principal, thereby making it difficult for the CEO who is an agent in this regard, to execute turnaround activities as per the contract. This research highlights how poorly the design of the CEO contract is. One of the examples is the CEO agreeing to execute turnaround strategy without upfront agreement with the shareholder to make funds available to enable the execution of the contract.

Misalignment between the CEO, board and the shareholder is among the things that bothers the CEO. Misalignment in this case is the CEO, board, and shareholder's vision. The implication is that each party would be working towards a different goal which would strain the relationships and ultimately, organisational performance. *"If as the CEO you are not in line with the Minister or Parliament, whatever you say, then the Ministers and Parliament go against you." (AD2, p. 4).* In cases where the CEO is given a clear mandate by the board, things sometimes change as a result of the government/principals disagreeing with the mandate initially given which would firstly force the CEO to refocus while turnaround is in progress. Secondly, the misalignment affects the sense of urgency to respond to turnaround situations*:*

> *"And that misalignment makes the change, if you need to respond to situations, the sense of urgency is different" (AB2, p. 8). They've got an agenda completely different from yours, they are going to break you" AB10, p. 10).*

The other challenge around clarity of the mandate is that at times, the people who give initial mandates are not authorised to issue such mandates hence they are changed in the midst of turnaround. Misalignment, in this case, sometimes exists at executive level between the CEO and the executives. Those SOEs that were successful in turning around had a shareholder communicating a clear mandate and appointing a competent board. Furthermore, the shareholder stuck to their role and never got involved in the running of the business.

The recipe for successful turnaround is for the CEO to have a good rapport with the board and also with employees. *"We did not have him fighting with the employees or fighting with the board" (AA2, p. 5).* The data of this research highlight the board to be a significant player for the CEO to turnaround the SOE. By having a brilliant CEO, such as the Steve Jobs or Bill Gates of this world, does not guarantee the success of a turnaround in an SOE if the misalignment is there (AA1). This is mainly due to the fact that the parties involved in turnaround push different agendas, that is why it is important to be aligned. Some push the agendas of their principals instead of focusing on executing the strategy in the best interest of the organisation. There is strong evidence that successful turnarounds begin with the appointment of the right board. This research is consistent with agency theory which assumes that the collective actions of CEOs and boards have an impact on society (Bosse & Phillips, 2016).

5.2.1.7 Non-supportive SOE Culture

This empirical research points out the stigma society has on Black executives ruining black talent and therefore affect the outcome of turnaround in the SOEs. The SOE environment is not in support of the Black executives in such a way that they are expected to execute on orders they disapprove and failure to do so will lead to suspension or them being trapped.

Society also has distrust of the Black CEOs, they are of the view that they are not there on merit but politically deployed. Furthermore, this research suggests that the stigma society has in this regard, such as the conviction that a Black executive will be involved in unethical practices (AB10) and the expectation of the board/shareholder/politicians from the Black executives to perform certain things, such as doing favours for certain suppliers, ruin the career of the Black executives (AB4). The above gives evidence on how toxic the SOE environment is, resulting in a high turnover of CEOs. *"Because it's just difficult to last in an environment like that. It's toxic (AB2, p. 14).* The research data further explain that it is not advisable for Executives to take positions in the SOEs, some of these Black executives that have been the victims of such practices are currently not employable. *"Some of them their careers have been ruined completely" (AB10, p. 11).*

The toxicity of the SOE environment is seen in some SOEs whereby the CEOs resign due to health issues. The SOE environment, according to the findings of this research, is emotionally

draining and it is challenging to make any progress as a CEO in an environment like that.

The issue of non-supportive SOE culture at a different level was also mentioned under objective 1 (5.1.3) as impacting the CEO's level of influence on the outcome of a turnaround strategy in an SOE.

This research postulates that the CEO has to be mentally and physically fit to face the challenges that comes with turning around the SOE. The CEO should ensure that they have a good support structure as a CEO cannot afford to have health issues. *"You need your health, don't compromise your health" (AB4, p. 21).* Considering how stressful the role of a CEO is, the researcher strongly suggests that the SOE climate should be made conducive for CEOs to be able to discharge their duties without any negative psychological effect. The study by Pecino et al. (2019) affirm that a positive organisational climate results in less stressed and burned-out people, while a higher role stress may results in lower job satisfaction and worse employee well-being. Moreover, Pecino et al. (2019), in their study, made a suggestion to prioritise well-being

studies on the impact the well-being of public sector's employees have on the execution of their responsibilities as a result of the changing world. Castro and Martins (2010) and Vukasović (2019) affirm how changes impacting the organisations constantly affect organisational climate on a continuous basis. This then necessitates a need for SOEs' climate to be adjusted from time to time to ensure that the well-being of the employees are well looked after.

5.2.2 Inappropriate practices of the board of directors, politicians, and shareholders'

The board's lack of commitment, incompetence and poor management styles came out strongly as the main reason for unsuccessful turnarounds in the SOEs in South Africa. The participants were very emotional when they were narrating their experiences working with the SOEs boards.

5.2.2.1 Board's incompetence and lack of commitment

This research suggests that turnaround is not business-as-usual which requires a special board

which will be there for the CEO whenever in need. The boards' incompetence, poor management style and lack of commitment appear to be impacting the success of turnarounds in the SOEs:

> *"They are hugely inefficient, hugely ineffective, but they carry a lot of political weights" (AB4, p. 3). "This is not a retirement place; it's also not a political rally, the board should be there because they deserve to be there" (AB4, p. 20).*

The research data support Laher (2019) by stating poor management and direction from the board of directors as the reasons for failure of SOEs. Moreover, this research supports the Institute of Directors of South Africa (IODSA (2021) which explained that many people do not have the specialised skills and knowledge required to fulfil the duties of a modern-day director. The lack of commitment on the board side is as a result of, among others, lack of preparedness when attending board meetings which results in the board members not making any valuable contributions during the meetings. The study by Mordaunt and Cornforth (2004) found that uncommitted board results in difficulties creating a change coalition and hinders the process of turnaround. In the same vein Harker and Sharma (2000) found turnaround failure to be attributed to lack of involvement from the board in the turnaround process.

This research suggests that the South African boards compared with those across the world tend to focus on governance. The reason for this could be attributed to *"state capture"* (AB6). European boards seem to be focusing on performance (AB6). In addition, in Singapore and China, boards are said to be comprising successful professionals who have made their name. The CEOs of SOEs in SA prefer to work with the European and Asian boards, in addition to private sector boards, due to the results driven and professional attitude: *"They are absolutely business-focused, they focus on business performance and enablers" (AB6, p. 21). The board is a bunch of professionals with success behind their names in business" (AB10, p. 10).* This research indicates that some of the SOEs in SA are made up of boards of academics or members without commercial acumen. The implication would then be their inability to question and interrogate the strategy. *"The ability to question and interrogate the strategy becomes difficult" (AA1, p. 10).*

The OECD (2015a) suggests that the nomination process of SOE boards should be based on the required experience, skills and competencies. The issue of incompetence is also evident on the shareholder's side as indicated by the participants that *"some of them have actually never*

seen an income statement before" (AB4, p. 5). This finding resonates with the World Bank (2014) that stated that it is usually government employees without business management experience that are appointed for political reasons. They lack technical and financial expertise. Jing et al. (2008) also affirm that many SOE leaders are from government departments, and some might lack the required skills or business management qualifications. The OECD (2015a) prescribes that an ownership entity requires unique competencies and should have experts with legal, financial, economic and management skills who are qualified to fulfil fiduciary duties.

Moreover, this research claims that the shareholder imposes certain things on to the CEO. The CEOs would be told to perform things that are detrimental to the SOE and also being expected to implement such with unrealistic timelines being given to them. One of the factors that affects the functioning of the board is the SOE political landscape which automatically turns the board into being political in nature. The finding in this case corresponds with the World Bank (2014) which stated that the SOEs' boards are politicised, and this affects their independence around business decision making. This practice by the board is against the OECD guidelines on Corporate Governance of SOEs. The guidelines suggests that SOEs' boards should exercise their independence by carrying out their responsibilities in such a manner as not to act as representatives of different constituencies. The board's independence will mitigate the agency problems currently present in the SOEs.

5.2.2.2 Poor leadership and board's management's style

This research alludes to incompetence of people in leadership and management roles. Lack of leadership skills and technical competence were cited as challenges impeding SOEs from turning around successfully. SOEs appears to have a shortage of strong leaders to lead and make sound decisions. This became evident with inconsistencies of messages being delivered in SOEs as alleged. *"I picked up from the unions that there were inconsistencies in information due to lack of strong leaders in the organisation" (AB7, p. 4-5)".*

To elaborate further on the leadership challenge, it was mentioned that there is lack of capacity and ethical, purpose driven, impact conscious and committed to service, leaders in the SOEs. Al-Tameemi and Alshawi's (2014) study highlights the negative impact of poor leadership and people practices on organisational performance. The media (Laher, 2019) also allude to the fact that poor management in the SOEs are the reason for the failure of the SOEs. Gill (2002)

argues that change requires effective leadership for successful introduction and sustainability. This research data also share the CEOs' frustrations around the management style of the board in the SOEs. *"You appoint somebody of my caliber and you treat them like primary school kids, you tell them what to do and what else they should not do." (AB6, p. 23).* Furthermore, this research reveals that the SOEs' boards manage as opposed to leading the organisation (AB4).

The findings of this research are in line with agency theory which speculates that that both the actions of agent and principal influence society (Bosse & Phillips, 2016). In this research, it appears that the collective actions of the CEO, board and shareholder impact the outcome of turnaround in SOEs. The CEO's actions in terms of appeasing the principal instead of acting in the best interest of the SOE has an effect on the outcome of turnaround. The same applies to the relationship between the board as an agent to shareholder as a principal and the CEO as an agent to the shareholder. Ghardallou et al. (2020) suggest that agency theory is about the relationship between shareholders and top management in an organisation. Considering the self-interest behaviour of the agents and principals in the SOEs in SA, the researcher identified a gap on lack of proper leadership that applies the principle of "Batho Pele", servant and transformational leadership.

5.2.2.3 Lack of board and shareholder support

Lack of shareholder support was also pointed out as a challenge and this necessitates a decision by CEOs to exit the SOEs, hence the high turnover rate of CEOs in SA SOEs. *"..You don't get the support of the shareholder. Or you find that there's no funding, and they decide that that they can't survive on this, and they resign" (SS1, p. 18).* The implication in this case is that resignations of CEOs while a turnaround process is underway prolong the process and leadership stability, hence there is a high rate of unsuccessful turnaround of SOEs in South Africa. The relationship between shareholders and CEO is key as approval to implement turnaround plans and funding are done at the shareholder level. The necessity to have shareholder support is explained in a case where a competent CEO with turnaround experience is interrogated by DGs who lacked experience in strategies.

This research suggests that lack of support or decision-making to execute a turnaround plan is prominent in an SOE environment. The lack of support to implement turnaround strategies is

not only experienced at the board level but also at shareholder level. It was indicated that SOE9 had approximately ten turnaround strategies which were never implemented as government as a shareholder failed to provide funds and support. *"So, you have a strategy, a well-considered strategy signed off by Cabinet that is not supported by cabinet themselves" (AB10, p. 1).* This research is aligned to Nyatsumba and Pooe's (2021) study that found the shareholder not to be acting in the best interest of the SOE. The research further suggests that the SOEs have been turned into a dumping place for retired politicians.

One of the SOEs that has been successful in turning around seemed not to be having an issue of shareholder support. This does not suggest that the CEO was competent or not competent. It could be that the CEO was incompetent, however his political backing helped him to enjoy the shareholder's support which led to a successful turnaround. However, on the other hand, it could be that the CEO was competent, and that shareholder support enabled him to execute the turnaround strategy successfully. This research supports Yu and Lee's (2016) study which found that the SOEs with a CEO who is politically connected, perform well even during financial crisis due to the favourable treatment that they receive. Moreover, Yu and Lee (2016) found that the CEOs who are politically connected may not perform well due to lack of skills to manage SOEs should they not receive the support, such as government subsidies.

The support from the board also appears to be as essential as the shareholders' in the success of a CEO to turnaround SOEs. The findings of this research further reveal that as a CEO, one has to have political connections which would enable the CEO to have shareholder support which will secure their success in turning around the SOE. Furthermore, this research highlights the fact that most of the CEOs had the right strategies yet lacked shareholder support.

Though the findings of this research point out the relationship between political connection and execution, it does not necessarily mean that those CEOs who enjoyed shareholder support were successful in turning around SOEs. The only benefit derived from political connections could be the fact that such CEOs had a permit to operate as in being in a position to execute their strategies due to shareholder support. This research maintains that for the CEOs to be able to turnaround the SOEs they need to have political connections in order to derive the support needed to turnaround an SOE. Through this research, it was established that lack of support is a major disabler for successful turnarounds as automatically, the CEOs will not have authority to fully implement the turnaround strategy.

"They would not allow me to reduce staff complement. So, you have a shareholder who talks about the strategy, but they are not prepared to put their hats on the block and support the management team in implementing the strategy" (AB10, p. 2).

5.2.2.4 Lack of decision-making, empowerment, and accountability

This research data suggest that lack of decision making, including delayed and wrong decisions and lack of accountability cause the high turnover rate of CEOs of SOEs in South Africa and ultimately, turnaround failure. Accountability is so crucial in a way that it regarded as one of the tools for good governance for public organisations to achieve socio-economic development (Edoun, 2015). To elaborate further, the research data allude to the fact that approvals of turnaround plans by the boards and shareholders take a long time while on the other hand, there is no consequence management on the wrong decisions made. The CEOs' hands are tied as they can only make recommendations while approval responsibility lies with the board and shareholders. *"Decision-making has a long tail and bureaucracy. You may miss an opportunity that could have saved the company whilst waiting for the minister to make a decision" (AB3, SS2, p. 15).*

Lack of decision making and delayed decisions, according to the findings, seem to be caused by firstly, political considerations wherein the CEOs themselves are not comfortable to make certain decisions within their territory to avoid making certain stakeholders unhappy. The CEOs have fear of antagonising the stakeholders as this will result in either dismissal or suspension. Musanzikwa and Ramchander (2018); Nyatsumba and Pooe (2021) found delayed decisions being one of the reasons for failure of turnaround in an SOE.

Considering that political considerations have to be made in certain decisions, one could suggest that the developmental mandate surpasses the commercial mandate. A decision to restructure is just one example of a decision that requires political consideration if one had to take cognisance of the high unemployment rate in South Africa and the developmental mandate that government is championing. Secondly, the decision makers lack business acumen which results in delays in decision making. In cases where decisions are made timeously, you may find that the decision is wrong. *You get to a meeting next time, somebody says, you know, I've looked at this thing and I think we didn't look at it correctly" (AA3, p. 30).*

The implication for wrong decisions is prolonged turnaround as that would mean that the

decision is reversed while in the process of implementation. Thirdly, PFMA processes that require CEOs to make several submissions delay decision making. This research revealed that the SOEs are characterised by lack of accountability which further affects turnarounds. *"I think there is also a culture of lack of accountability so to speak where people can get away with not doing their job" (RR1, p. 4).*

5.2.2.5 Diversity of interest

Another problem that CEOs of SA SOEs are facing is alignment with the board as it was highlighted that some of the board members' vested interest in the business as opposed to being independent was pointed out as an issue that causes misalignment between the board and the CEO. This empirical research is aligned to the study by Nyatsumba and Pooe (2021) who found unhealthy board dynamics to be a constraint in implementing a turnaround strategy in an SOE. Furthermore, this research also identified the shareholders (ministers) to be having commercial interests whereby they will expect the board and the CEO to perform things that would be beneficial to them and their associates. *"They want the SOEs to do certain things that are going to benefit either themselves or their friends and associates" (AB3, SS2, p. 9).*

This issue has been mentioned in the media previously and affirmed during the research interviews (AA3, AB3, AB4, AC2, SS2). This research appears to be against the stakeholder theory which opposes the single-minded idea of maximising the benefits of one stakeholder group, being the shareholder in this case. The research data is instead consistent with a shareholder theory which suggests that the social responsibility of business is to maximise profit, thus the manager has the responsibility to act in the best interest of the shareholder by maximising profit (Friedman, 1970).

Diversity of interest which is not beneficial to the SOEs in this regard discourages CEOs and as a result, they resign in the process of turnaround. Mordaunt and Cornforth (2004) found that conflict of interests between the board and executive affect the turnaround process negatively as it becomes a challenge to establish a change coalition in such situations. The extent of self-interest at commercial levels is so prevalent that incompetent directors are appointed to push the agenda of the principals, being the shareholders/ministers/politicians.

This research supports agency theory which assumes that organisations are based on self-

interest (Eisenhardt, 1989). “Agency theory reminds us that much of organisational life, whether we like it or not, is based on self-interest” (Eisenhardt, 1989, p. 64)”. The findings of this research highlight that the complexity of the functioning of the shareholder at different levels does not only impact the board but also the CEO appointed to turnaround an SOE.

What differentiates the boards in the private sector from the public sector’s is the political landscape. In the public sector, the board is political in nature with the board members having self-interests that jeopardise the success of turnarounds. *“One thing that you have in the private sector versus the state-owned sector is that the political nature of the state-owned enterprise means that the board is political in nature” (AC2, p. 5).*

The above challenges support literature on public choice that the behaviours of government officials are such that benefit their personal gain, rather than public’s interests. Public choice theory assumes that agents have self-serving behaviours (Buchanan & Tullock, 2003). In the absence of government modifying their behaviour, turnaround will never be possible. *“*Too often companies attempt to survive without modifying their behaviour, an approach which most always ends in tragedy” (Zimmerman, 2011, p. 13).

5.2.2.6 Delineation of responsibilities

Lack of segregation of responsibilities is prevalent in the SOEs which is at the core of the failure of the SOEs as a result of multiple centres of decision-making with multiple strategies which makes it difficult to turnaround SOEs. The research data appear to suggest that among the reasons for some of the SOEs struggling to turnaround is that the CEO, management, and board are not empowered to make decisions. The board members do not have an understanding of their roles which then leads to interference with the management, procurement, and appointment of the management. The reason for this confusion could be attributed to the structure of the SOEs. This empirical research reveals that the structure of SOEs is not customised for the current democratic environment. It appears to be still designed for the pre-1994 Government (AB4). The SOEs’ governance structure is so complex that a shareholder is a minister responsible for the SOE and the board serves as Accounting Authority and Management.

This research argues that the CEO should ensure that there is role clarification between the

board and the shareholders' responsibilities. One would argue that the roles and responsibilities of both the CEO and the board should also be clarified. Clarification of responsibilities between the CEO, board and shareholder will ensure that no one oversteps boundaries. Moreover, it will be clear to the CEO as to when to engage each party and with protocols being observed. Moreno et al. (2018) suggest that the overlap of responsibilities between the CEO and the board could lead to a reduction of the independence of the accountability of the management to the directors.

5.2.3 Leadership instability

The length of tenure of the CEOs of SOEs is short as a result of regular leadership changes in government. The findings of this research reflect that a change of leadership at ministry level results in both the board and CEO changes as the minister will be comfortable with appointing their own trusted board and CEO. *"The main issue here is the lack of a permanent or consistent board to ensure that there is continuity in these boards to implement and drive these turnaround plans" (SS1, p. 1).* The research in this regard suggests that both the CEO and the board's office terms are short-term, which is about three years whereas it takes about five years to fully implement a turnaround.

> *"I've been with my company for five and a half years and then within that five and a half years, I think we've changed our CEOs three times (AD3, p. 4). "I mean we've seen in some cases board that are changed every year, sometimes twice a year" (AA3, p. 24).*

This research is aligned to Nyatsumba and Pooe (2021) study that found unstable political leadership as a constraint facing the SOE in implementing a turnaround strategy. The study by Balbuena (2014) points out a high turnover rate of the board as a challenge facing SOEs. The impact in this regard is that change in leadership minimises the success rate of turnarounds due to reasons provided such as the new board having to take time acquainting themselves with the business and at times, things not working out with the new board. In fact, this research data appear to show that change of leadership at ministry level has a triple effect in a sense that the executive team is at times impacted as the CEO or even the board might require their own trusted Top Management Team. In some cases, it will be the CEO appointing his/her own executive team as a result of non-performance or other factors and the process has its own challenges that at times, impact turnarounds. The research further points out the fact that the length of tenure is crucial in the success or failure of SOEs and also that growth and success of

SOEs stems from leadership stability. *"When you get a new board or a new leadership, they develop a new turnaround plan" (SS1, p. 1).*

This research is in line with Zimmerman (2011) as pointed out that managerial stability to a large extent is a success factor for turnaround. Zimmerman's (2011) findings were that the successful turnarounds had constant Top Management for years while unsuccessful ones had CEOs changed every year or second or third year. In some cases, leadership instability, particularly at the CEO level is caused by misalignment between the CEOs and politicians in a sense that the CEO refrains from taking the politicians' orders. *"Maybe the CEOs are not doing what politicians want or expect and this goes against their interest; and that's how sometimes CEOs go" (AA1, p. 11).*

This research data might suggest that achievement of the SOEs objectives could be possible with CEOs staying longer in their positions. However, the criterion for them staying longer should be performance, which is meeting the minimum performance standard. Even though Zimmerman (2011) suggests that management stability, to a large extent, leads to successful turnaround, this research suggest that leadership stability alone is not sufficient to warrant success but the combination with performance. The CEO has to meet a minimum performance standard and satisfy minimum performance expectations and that is *"globally preferred as a principle" (AB3, SS2, p. 17).* Subsequently, the research data suggest that one has to take cognisance of the fact that CEOs also have their own imperfections, therefore by meeting the minimum performance standard should be acceptable as areas of development would be addressed through training and executive coaching. *"Take them to international schools, give them executive coaching" (AB3, SS2, p. 17).* Change of leadership in the SOEs is not only prevalent in South Africa, in Poland, the study by Szarzec, Totleben and Piątek (2020) found that on average three months upon the formation of the new government, board changes take place which is seen as a state capture by the politicians.

- ***Replacement of CEOs, shareholder, board, and executives in the process of turnaround***

Literature (Chauke & Motubatse, 2020; Makoni, 2015; Mfeka, 2019b; Nyatsumba & Pooe, 2021; Thabane & Snyman-Van Deventer, 2018; United Nations; Economic Commission for Africa, 2018) suggests that the turnover rate of the CEOs of SOEs in South Africa is high. The findings of this research suggest that the politicised and stressful environment could be a reason

for the high turnover rate of CEOs of SOEs. Some of the CEOs' resignations are however not voluntary, as the CEOs are replaced during turnaround due to number of reasons, amongst others, performance related or politically motivated. Kim and Hong (2019); Szarzec et al. (2020) in their studies found change in political leadership to have a significant impact on CEO turnover.

Furthermore, the research data appear to show that it is not advisable to always replace the CEO when turning around as the decision should be purely dependent on whether the incumbent contributed to the challenges that the SOEs are facing. The reasoning behind this is the fact that the introduction of new people come with risks and create instability:

> *"Remember every time you introduce new people you introduce new risks, no matter how smart you are going into a new environment, you bring with yourself new risks" (RR2, p. 19-20).*

O'Kane and Cunningham (2012) point out that a decision to change or not change leadership should depend on the characteristics of the turnaround firm. Bibeault (2017) shares the same view that replacement of a CEO during turnaround will be inappropriate if the problems of the organisation are beyond the CEO's control. Replacement of the CEOs, board and shareholders affect the outcome of a turnaround in a negative manner, such as loss of leadership memory and prolonged turnaround process as new people will require time to grasp what the turnaround is about, to get an understanding of how to turnaround the organisation. *"When you exit a CEO, any of those senior executives, you lose a lot of leadership memory in the organisation (AA3, p. 8).* Clapham et al. (2007) affirm that by replacing the CEO, the company will lose out on the CEO's experience with the company and his/her contacts with the clients, customers and other stakeholders.

The research data appear to show another risk of replacing a CEO, which is that the new CEO would start the turnaround process from scratch, thus delaying the process. *"It takes two years for a change initiative to gain momentum, and then you throw your CEO out and put someone new in, it takes you two years back" (AC2, p. 22).*

This issue is also highlighted in Zimmerman (2011) who indicated that new management always brings changes, such as the new strategy and operational focus. The study by Setiawan, Phua, Chee, and Trinugroho (2017) found CEO turnover to be reducing organisational performance. Though Setiawan, Phua, Chee, and Trinugroho's study was conducted within a

private sector, one could conclude that the role of a CEO is the same in any sector, public or private, therefore the effect of CEO turnover applies to all sectors. Shareholder replacement also has an implication on turnaround in the SOEs as it prolongs the turnaround process. Sometimes the mandate initially given to the CEO is changed. In addition, the replacement of a shareholder also comes with board and CEO changes wherein the new minister appoints the new board which will in turn appoint their own CEO. The roles of a shareholder and board are interlinked as changes in either of the two impact the CEO and the outcome of a turnaround.

This research suggests that replacement of CEOs is not necessary in some turnaround situations as is not given that it is the CEO who drove the organisation into what qualifies for turnaround. One has to be cognisant that if the CEO is the one that led to the failure of the organisation then replacement becomes necessary. *"It all depends on what was their role in the troubles you are trying to fix?" (RR2, p. 20).*

This finding is aligned to Brinneman (1998). "I have never seen the team that managed a company into a crisis be able to get it back on track" (Brinneman, 1998, p. 7). Vorbach (2017) affirms that the CEO who has managed the organisation into crisis and failed to fix the situation should be replaced. In other cases, the cause for failure could be the board, as among the board, there are factions. This kind of set-up affects decision-making, hence the SOEs failure. Based on this finding, it becomes important for the board to also be replaced if they are the cause as each situation is different and therefore should be assessed before deciding on whether to replace or not. In one of the SOEs, the board was replaced with an Administrator to assist in turning around the SOE. This research suggests that some of the replacements are voluntary as the CEOs find it difficult to work in an environment that is politically charged. Both voluntary and involuntary resignations are the reason for the high turnover rate of SOEs in South Africa. The causes of involuntary resignations of CEOs of SOEs are the following:

i. The CEOs are dismissed by the board for the actions that are against good governance.
ii. The CEOs are fired should the board be of the view that they block them from performing the things that are of self-interest or hinders governance and are not of benefit to the organisation.
iii. Upon realisation of the board that their vested interests are threatened by turnaround initiatives, they might either terminate or suspend for no valid reason.

Replacement during turnaround is not only limited to the CEO and the board but also the shareholder. Such replacements have implications on the mandate being given to the CEO as each shareholder has her/his own thinking. The change in mandate prolongs the turnaround process. In some cases, the executives also get replaced, however it is not a must as each case has to be assessed to determine the need for replacement. This is supported by one of the participants who mentioned that:

> *"I did not think they had done anything wrong that needed them to be replaced first of all, they were quite receptive to change, they were keen to look at things differently" (AA3, p. 29).*

The issue of CEOs, board and executive replacement during SOEs turnaround is rife. Thabane and Snyman-Van Deventer (2018) point out that SAA in less than four years had seven CEOs while other SOEs, Eskom, Telkom and Post Office in particular had a high turnover of the board and executive management.

5.2.4 Ineffective turnaround strategies and processes

This empirical research suggests that failure of turnarounds is attributed to ineffective turnaround strategies with initiatives that are not beneficial to turning around the SOEs. This research appears to suggest that the mistakes CEOs often make is to agree with turnaround strategies without examining them first as to whether the objectives will be achievable or not. *"I discovered during the implementation that there were mistakes in the strategy" (AB10, p. 8).* It was indicated that in some instances, the SOEs did not really need turnaround *per se* but a change in unethical practices such as self-enrichment at the expense of the SOEs.

In addition, the research data appear to suggest that turnarounds in the SOEs are prolonged (AB6, AB3, AB5, AC2, SS2, RR1) as opposed to a private sector (AB5), thus impacting the stakeholders involved emotionally and, in the process, loses momentum (AC2). Some of the reasons that were cited as the main cause for delays in turning around is: a) approval of certain things, amongst others being PFMA related (AB6, AB3, SS2), b) policy dissonance by government where, for example, legislation to enable turnaround is not passed (AC2) and c) replacement of a CEO in the process of turnaround:

> *"It takes two years for a change initiative to gain momentum, and then you throw your CEO out and put someone new in, it takes you two years back" (AC2, p. 22). It takes too long to do anything and everything." (AB5, p. 3).*

In some instances, the research data indicate that it is the CEOs themselves that prolong the process as they want to first collect 100% data before they make informed decisions (AB6). This could be the issue of being indecisive as Botelho, Powell, Kincaid, and Wang (2017) have suggested.

5.2.5 Inefficient Internal operations

This research appears to suggest that there are internal operations challenges that affect the turnaround of SOEs. The challenges are discussed below:

5.2.5.1 Shortage of liquidity and under capitalisation

This challenge is mostly common in schedule 2 SOEs, hence the SOEs are forever requesting state bail-outs. Without funds, the CEOs are unable to turnaround the SOEs successfully as execution of turnaround plans require funds. This finding resonates with Winston and Patterson (2006) by indicating that lack of sufficient resources makes it impossible to complete the organisational tasks despite how capable the employees or followers are. Lack of finances in this regard was pointed out as an issue that the CEOs are faced with. *"So, such things give me sleepless nights because you've got to think how else do I have to make an income to ensure that we sustain the SOE"? (AA2, p. 13).*

Furthermore, this research suggests that some of the SOEs lost core staff as a result of liquidity issues. *"We never had enough. We started to lose our critical resources" (AB6, p. 4).* In addition to a shortage of liquidity, this research also reveals that capital investment is a challenge in the SOEs as investment companies are hesitant to fund the SOEs. "*This is due to the fact that at times government cannot give guarantees" (AD3, p. 5).* The findings of this research are aligned to Ngwenya et al. (2016); Nyatsumba and Pooe (2021) who found that lack of liquidity and under-capitalisation are among the major factors that negatively impact the implementation of turnaround strategies. Distressed companies, according to Harrigan and Wing (2021), have limited operating cash and financing options become limited because management cannot deliver anything more than breakeven financial results. This is evident in the SOEs in SA as highlighted by a participant that *"investment companies are reluctant to give funding to SOEs" (AD3, p. 5).*

5.2.5.2 CEO's focus on historic governance matters

For CEOs, 80% of their time is spent on past governance issues on which they have no background but are expected to address such while neglecting the core business objectives. An example in this case is the legacy contracts that should be dissolved which came into existence as a result of *"state capture".* One has to take note that CEOs are businesspeople and not forensic experts and therefore being expected to spend most of their time on historical governance issue does nothing but harm to turning around an organisation. Preparations for commissions of inquiry as a result of a *"state capture"* consume most of their time thus giving little attention to business objectives aimed at turning around an SOE. *"Whilst you develop the general plan, on one hand you've got to try and stabilise the organisation on the other side." (AA3, p.1).* This research suggests that the CEO's time should not be consumed by state capture or governance matters as that is not the core of the business. *"Leave Commissions of inquiry to others, assess the issues that are hampering the business.." (AA1, p. 20).*

5.2.5.3 Lack of consequence management and executive coaching

The research suggest that consequence management in the SOEs is non-existent as a result of the nature of the individuals in executive positions who have been deployed due to political alignment other than competence. Regarding executive coaching, it appears that the shareholder does not make provision for executive coaching which is a necessity for the CEOs of SOEs. *"When last did I hear about anything like that? Coaching in our SOEs?" (AB3 & SS2 p. 26).*

The findings by Larcker et al. (2013) also point out that two-thirds (66%) of the CEOs and about half of the senior executives study are not receiving any kind of external coaching nor leadership advice. Executive coaching provides an opportunity for CEOs to develop their areas of weakness which would ultimately add value towards turning around SOEs. This research is in line with Kombarakaran et al. (2008, p. 78) who suggested that "executive coaching is an effective method of leadership development and investment in well-designed and implemented programs can contribute to leadership development and the retention of talent". In addition, there are numerous benefits deriving from executive coaching, as pointed out by Kombarakaran et al. (2008), such as effective people management, goal setting and prioritisation, productivity, communication and relationships with managers.

Rao (2016) highlights how important executive coaching is as a result of rapid business climate changes that are experienced globally. Executive coaching will therefore be of assistance to the CEOs by making them aware of their blind spots to enhance their leadership effectiveness, according to Rao (2016). The importance of executive coaching is seen in fortune 500 companies wherein the CEOs considered to be super performers utilise the services of executive coaches. This research also suggests that Executive coaching has a role in the career of CEOs at specific times, such as, but not limited to, the first time as the CEO or when changing industries.

This research supports Axmith (2004), who states that there are situations where executive coaching will be required, for example, in transitioning a newly appointed external leader in the organisation, helping an executive to improve performance related issues through new skills and behaviour changes, grooming a potential employee earmarked for senior roles and assisting the executives to assess and resolve issues, identifying stumbling blocks and devising a plan of action. The research data appear to suggest that executive coaching is a necessity irrespective of whether the executive is a top performer or not and a case in point is Executive coaching for the CEOs of fortune 500 companies.

5.2.5.4 Shortage of skills (at country level), insufficient execution capability and inefficient processes and systems

The research data suggest that South Africa, as a country, is not competitive and therefore has a shortage of skills because of a poor education system that does not focus on creating nor developing global skills (AC1). It is not only competitive skills that are a problem, in a public sector there is lack of execution capability. Execution capacity is crucial in that it is the responsibility of the CEO to implement the strategy and manage performance to ensure that the objectives as approved by the board are met (AA4). *"This is where most brilliant minds fail" (AB4, p. 28).* The root cause for lack of executive capability is the focus on strategic conversations, shareholder compacts, contracts and score cards, as opposed to execution plans.

The reason for the public institutions not focusing on executions is the fact that execution is difficult. Unlike in the private sector, in times of crisis the CEOs gets their hands dirty by coming up with crisis plans and assisting management teams with implementation and monitoring. Slatter et al. (2006) point out that turnaround leaders need to be seriously hands-

on by sufficiently involving themselves in management. In addition, they should be focused on the main strategic objectives of the organisation.

This empirical research suggests that the failure of turnarounds in the SOEs is caused by inefficient processes, people and systems which cannot be fixed as a result of bureaucracy which results in the SOEs not being self-sufficient. There is no appetite to improve the processes in the SOEs due to ulterior motives, such as passing tenders to the associates, the people or companies that do not qualify for those tenders. The participant used Eskom as an example that the "*the costs have skyrocketed because of incorrect designs. So tenders are incorrectly awarded" (SS1, p. 10).*

This research suggests that some of the CEO's successes during turnaround or proud moments were around internal improvements described to be an introduction of processes, systems and policies, enforcement of compliance for external stakeholders and audit improvements. One could then affirm that efficient processes, systems, and people are success factors for a turnaround. Though this is the case, it appears that certain stakeholders might not welcome the proposed improvements and instead prefer the status quo. This issue was discussed by the World Bank (2014, p. xxv) in the context of governance reforms that "the preferred suppliers and customers may object to greater transparency in SOE commercial dealings, and other shareholders might prefer the status quo, particularly if benefits accrue to an SOE because of its government ownership". In addition, some employees may view process improvements as a threat to job security. The structures are over-full with inefficient people, inefficient processes and systems which hinder the SOEs from generating money to be sustainable (AD1).

According to the World Bank (2014) operational improvements may be viewed by employees as a threat to job security in the context of governance reforms. This research also alludes to the fact that the CEO of SOEs practice nepotism. The implication in this regard is the ripple effect this has as the practice gets cascaded to the lower levels in the organisation. *"If the CEO appoints the wrong people, you will see a rippling effect in terms of it going down in the lower levels" (SS1, p. 11-12).* This research appears to show nepotism practice in the SOEs. This is aligned to Corrigan (2014) who stated that in the SOEs, favouritism and conflicts of interest is prevalent. This practice jeopardises the success of turnarounds as per this research. Nyatsumba and Pooe (2022); Ugoani (2020); Vora (2013); Zimmerman (2011) are of the view that the quality of leadership is a key determinant for a successful turnaround and also the people that

the organisation hires (Vora, 2013; Zimmerman, 2011).

5.2.5.5 Ineffective stakeholder management and lack of buy-in from the employees

A challenge the CEOs of SOEs faces in turning around the SOEs is resistance from the managers who have been in the organisation for many years. The managers in this regard have political connections, therefore that makes it difficult for CEOs to manage such individuals. Resistance from such individuals affects the success of turnaround as they will always revert to the old ways after the implementation of a turnaround strategy. These individuals are referred to as *"strategic terrorists" (AD1, p. 1)*, what matters to them is "what is in it (WIIT)" for them as individuals as opposed to the vision of the organisation. *"Instead of the employees seeing the attractiveness of the vision, they are seeing what they are going to lose" (AB4, p. 8).* Lack of buy-in is sometimes caused by ineffective stakeholder management as the participants alluded to the fact that the mistakes SOEs make is not to engage the employees and other key stakeholders in the turnaround journey. Effective management of stakeholders in an SOE environment is key as stated in that SOEs should take responsibility in managing all the stakeholders and refrain from having a thought that all the stakeholders are represented by government. Management of protocols is also key to ensure that relevant stakeholders are involved where necessary, as in some cases, the findings state that the CEO would engage the shareholder directly which ultimately will cause conflict between her or him and the board.

Ngwenya et al. (2016) found, among others, that lack of buy-in from the employees to be the main reason for failure of turnaround strategies. The study by Lundy and Morin (2013) found that an engaging leadership style minimises resistance to change. In the case of SA SOEs, it cannot be concluded that an engaging leadership style will assist in alleviating resistance as the issue is more of maximisation of personal wealth as opposed to achieving the organisation's vision. Though effective management of stakeholders and obtaining buy-in is the core of the CEO's job, what makes it more difficult in the SOE environment is the complexity and multiple stakeholders who are concerned about opposing results while others are more on self-enrichment. The complexity of the stakeholders is evident, for example, in the case of a shareholder. The CEOs of SOEs deal with more than one shareholder and one would argue that it is not easy to manage multiple shareholders. An example being SAA with multiple shareholders (Minister for Public Enterprises and the Minister of Transport, Minister of

Tourism, and the Minister of Labour" (SS1).

5.2.5.6 Inappropriate culture at Country and SOE level

This research points out inappropriate culture whereby people self-reward themselves for doing nothing beneficial to the SOEs. People join the SOEs with the intention to self-enrich themselves. *"So we go to these State-owned entities with the intention that in a few months or years we should be millionaires" (AD1, p. 4).* This kind of a culture appears to be a countrywide issue as per the findings of this research. This research further suggests that some of the SOEs need to just change their practices of stealing from the SOEs instead of embarking on turnaround. This implies that those SOEs that embarking on turnaround with the aim to restore the profitability will not realise turnaround as the issue is "stealing" rather than the process, structure or technology, for instance. This conduct is a clear case of public choice problem where the agents and principals conduct themselves in a manner that maximises their wealth rather than acting in the best interest of the SOEs (Buchanan & Tullock, 2003).

Mafukata and Musitha (2018) suggest SOEs are rendered unprofitable, inefficient and ineffective as a result of corruption. This inappropriate culture at country level is the reason why the President of the Republic of South Africa has appointed "The Judicial Commission of Inquiry Into State Capture, Corruption and Fraud In the Public Sector Including Organs of State (Commission)" to investigate matters of public and national interest regarding state capture, corruption and fraud allegations (Commission of Inquiry Into State Capture, 2022).

- ***Relationship (distrust, disrespect, and threats) issues***

Trust issues are also prevalent in the SOE environment, the implication is that authorisation has to always be backed by something in writing. The culture says that as CEOs you should ensure that your back is always covered, in black and white. *"You can't trust these people, they will just eat you up. (AD1, p. 14-15)".* Such a culture hinders progress in implementing turnaround strategies while waiting for the authorisers to give authorisation through formal channels. One of the examples cited in this research was that the board would give the CEO or executives instructions/orders in the corridors without anything written in black and out and later on when questioned about their instructions or approval of certain things, they will simply refuse that they had ever given the CEO such orders or approval. This kind of experience lead

to the executives and CEO refusing to implement anything that is not officially approved in writing and the implication is that every initiative in the organisation will take forever to be implemented or not implemented at all while waiting for the powers-that-be to officially approve. *"You cover your back and by covering your back you are not moving. There should always be something in black and white" (AD1, p. 14-15)".* It is for this reason that turnaround initiatives in the SOEs are prolonged while in other cases, turnaround strategies end at the development phase and do not get executed at all. The case in point here is the SAA turnaround strategies that were developed and never got implemented due to among others, lack of support of the shareholder's side and lack of funds to execute the strategy.

The other issues that are prevalent in the SOEs is management by fear whereby the CEOs are threated to be fired if things do not work as the board pleases. As opposed to being enabled to do better in their job, they are rather threatened with dismissal. Management style relevant for SOEs is the one based on a results driven mentality, however also ensuring that the employees that are expected to ensure realisation of the results are treated with respect and are empowered to perform. The culture of threats is evident in the SOEs where a number of CEOs were fired for not appeasing their principals. This issue was also raised during the state enquiry where the CEOs and executives of SOEs shared their experience on being suspended or dismissed for refusing to honour instructions from their principals that were against corporate governance, while some were dismissed for honouring the instructions from their principals that were not written in black and white. *"The system rewarded people who were loyal. That's why a lot of guys ended up on the Zondo commission, they attached more importance on appeasing those who were in charge.." (AB10. p. 6).*

5.2.6 Legislation and corporate governance

The SOEs find themselves challenged to turnaround successfully as a result of obstruction of governance and corruption. The World Bank (2014, p. 12) suggests that "good corporate governance systems ensure that the business environment is fair and transparent, that company directors are held accountable for their actions, and that all business contracts made by the company can be enforced". Literature (Mashamaite & Raseala, 2019; National Planning Commission, 2020; OECD, 2015a; Richmond et al., 2019; World Bank, 2014) has proven that the root cause for many of the SOEs failures is poor corporate governance. The National

Planning Commission (2020) suggests that a starting point in turning around an SOE is through commitment to effective governance. One cannot maintain, turnaround or sustain growth in the absence of such. On the legislation side, this research alludes to the fact that the dual mandates of the SOEs are difficult to achieve.

5.2.6.1 Ineffective and misaligned Public Finance Management Act (PFMA)

PFMA hinders the turnaround process as approval of PFMA section 54 applications is not done in time, thus hindering quick decisions to be made in a turnaround environment. *"It takes years to get response or approval";* by the time approval is granted most of the opportunities would have been lost (AD3, p. 4). The objectives of PMA have been received well in the SOEs however they prohibit worthy business decisions. Those SOEs that managed to turnaround successfully are not managed through the PFMA (AA1). The research suggests a review of the certain parts of the PFMA (AB2) and review of PFMA and its relationship to SOEs with the aim to remove red tape (AC1, AA1) and abuse by the custodians of the PFMA (AA1). The findings further emphasise that PFMA should not be used as a political tool to fire the executives (CEOs and CFOs) but as a government tool (AA1).

Furthermore, this research alludes to the fact that PFMA is in conflict with the Companies Act as it gives the minister authority to run a business as an executive authority whereas the Companies Act states that the shareholder should not be involved in the running of the business but the director as accountable and responsible for the business as the prescribed officers. The implication of conflict of the two legislations is that the CEO ends up finding it difficult to align to the two legislations. It is for this reason that some of the CEOs find themselves appearing at the Zondo Commission as a result of them aligning politically by taking the minister's orders or ending up without a job should they follow legislation fully.

> *"The PFMA is in conflict with the Companies Act. The Companies Act actually encourages that a shareholder shouldn't be too much involved in the running of the business. That's why we have appointed the directors, so the people who've got the ultimate accountability and the responsibility and who go to jail is not the shareholders, it's the directors in terms of the PFMA as the law" (AB2, p. 10).*

The issue of misalignment between PFMA and the Companies Act is also discussed in Corrigan (2014, p. 3) that "in South Africa, SOEs are subject to the Companies Act of 2008 and the Public Finance Management Act, two sets of requirements that are not clearly aligned".

Misalignment of the two Acts is also highlighted in Kanyane (2018) that the PFMA and Companies Act have different provisions on the recruitment of CEOs, directors and/or executive managers and this creates confusion which affects service delivery.

5.2.6.2 Non-compliance (Culture of lawlessness, unethical conduct and purposelessness)

The findings of this research point out that unethical leadership is a challenge in the SOEs. The culture of lawlessness, unethical conduct and purposelessness has an impact on SOEs turnarounds. This research is aligned to the study conducted by Balbuena (2014) as stated that a lack of compliance to corporate rules and also a lack of guidelines for SOEs is a challenge faced by SOEs. Kgobe and Chauke's (2021) study revealed that the SA SOEs are characterised by unethical leaders and public accountability challenges. In fact, a number of scholars (Balbuena, 2014; Corrigan, 2014; Sithomola, 2019) posit that the culture of lawlessness, unethical conduct and purposelessness to be the main reason for the failure of SOEs. This research suggests that SOEs CEOs' conduct appears to be unethical in various ways, which is from financial misconduct to false reporting in Parliament. *"So that's one mistake the CEOs do there, they don't portray the true picture of the status of the organisation" (AD3, p. 10).*

Similar to the findings of this research, Corrigan (2014) is of the view that the SOEs are more at risk of non-compliance to legislation compared to the private sector. This finding supports the agency theory in a sense that the principal is being misled by being provided with incorrect information which will cost the organisation and the society. "When owners do not have perfect information about CEO behaviour, self-interested CEOs conceal selfish actions, and firms bear the cost" (Bosse & Phillips, 2016, p. 278). The study conducted by Musacchio, Ayerbe, and García (2015) in Latin America also found that the SOEs are having a challenge of information asymmetry whereby the managers of SOEs are in possession of more information, compared to the oversight players and mislead them in terms of reporting by providing false information.

In light of the political landscape of the SOE, one could have reservations around the self-interest behaviour on the agent side by arguing that the set behaviour might be the results of a principal in this case being the board interfering in the running of a business, thus leading to the agent providing wrong information to cover for both the principal and him as an agent.

Unethical conduct by SOE leaders is evident when the rules mean nothing as they are implemented on a situational basis (RR2). The lack of consistency in the application of rules in the SOEs conveys contradicting messages to staff. Corrigan (2014) suggests that good corporate governance in the SOEs may be ensured by incorporating it into its operations, subsequently instilling it instead of just treating it as a tick-box exercise. Furthermore, Corrigan (2014) posits that good corporate governance should perhaps be viewed as an asset in the organisation instead of a hindrance to their operations. It would be noteworthy to suggest that even though literature advocates for good corporate governance, the rigidity of the policies, process and systems in place sometimes are hindrances to turning around SOEs as they delay the process for turning around. It is therefore suggested that certain parts of the policies be relaxed to cater for turnaround situations as in turnaround everything is urgent and deserves to be treated as such.

5.2.6.3 Complex SOE model

This research appears to suggest that successful SOEs are not fully owned by government. Government is not a sole owner but partly owns the shares while the rest of the shares are listed on JSE. Astami Emita, Tower, Rusmin, and Neilson (2010) hold a similar view that SOEs with private sector ownership perform better than those that are fully owned by the government. McLeod (2019) attests that SOEs that are partly owned by the private sector are saved from political interference, Telkom being an example in this case. Though the findings of this research are supportive of Astami Emita, Tower, Rusmin, and Neilson (2010) and McLeod (2019), Omran's (2004) study that was conducted in Egypt, suggests that privatised firms do not perform significantly better than the SOEs. In the same vein, Harrison et al. (2019) affirm that in terms of profitability, the privatised SOEs in China still under-perform compared to the private institutions despite some improvement in performance post-privatisation. The reasons for this, as pointed out by Harrison et al. (2019), is that ownership structure alone does not guarantee profitability. Change in behaviour by government is also key. It would be interesting to assess the performance of Telkom in comparison with private entities to be able to arrive at the same conclusion as Harrison et al. (2019). Adam's (2013) view is that poor performance in the private and public sector is due to poor governance and not the nature of ownership.

Singh and Chen (2018) suggest that the most significant strategy to improve the capabilities of

SOEs is corporate governance reforms on state ownership and control which would enable the achievement of both commercial and non-commercial objectives. Though governance reforms were found by Singh to be a way to improve SOEs' capabilities, the culture of the organisation is as important as governance reforms, the two could not be separated, instead they complement one another. Harrisson et al. seem to be having a valid argument by stating that structural change is not sufficient to achieve profitability in SOEs, but rather behavioural change is needed. The study by Limbo (2019) also found that the reason for underperformance by the SOEs is not due to state-ownership but the manner in which they are managed. Regarding Telkom's performance, when compared to the SOEs in South Africa, seems to be leading as per the findings of this research. However, the researcher does not have a view of its performance when compared to the private entities. It will be worth researching this in future studies.

As opposed to a private sector, in an SOE, the minister is a shareholder representative and it is not always the case that they have business acumen, as they are politicians. A shareholder with business acumen was highlighted to be a success factor for turnarounds (AB10). The current SOE model is problematic as the findings show that the SOEs that are 100% owned by government are not in a position to downsize even when labour costs are high as approval will not be granted by relevant parties. Telkom which is partly owned by government, achieved a successful turnaround by reducing the costs of doing business. This was achieved through downsizing which led to a reduction in labour costs.

- ***Complexity of SOEs mandate and difficulties in achieving a dual mandate***

The dual mandate of SOEs in South Africa impedes the success of a turnaround in a sense that it is a tall order to achieve dual mandates. The mistakes CEOs of SOEs often make is to accept the job without applying their mind on whether the dual mandate is achievable. *"I should've agreed with government that it will only be a commercial mandate that I'm going to drive, the developmental mandate will not be my responsibility" (AB10, p. 9).*

This research data points out conflicting views on what the function and mandate of SOEs are as far as the society and economy are concerned. It is not clear what Schedule 2 SOEs' mandate should be, whether the focus should be on a developmental role or commercial role or a mixture of the two. *"The function and expectations of what the entity is designed to do, what its mandate*

is and its role in the community and economy tend to be conflicted or convoluted" (AC1, p. 1). Nyatsumba and Pooe's (2021) study found that the SOEs' commercial and non-commercial mandates should be clarified for the improvement of SOEs' performance and the enhancement of the delivery of public services.

The mandate is complex in such a way that some of the participants could not even share a single defining moment where they felt things were moving smoothly during turnaround (AB10). In articulation of a defining moment, one of the participants was clear to share that there was never that kind of a moment (AB10). The complexity of the mandate of an SOE which is difficult to achieve affect the outcome of a turnaround. *"When they (CEOs) get in they soon realise that what can make their life easier is not what they thought they were expected to do" (RR1, p. 4).* The research data indicate that the mandate is non-commercial as SOEs are not really commercially driven as they are expected to deliver service, as a result, the commercial mandate becomes applicable through service delivery. The second mandate is a developmental mandate which was introduced for SOEs to contribute to the transformation of the economy through a) The inclusion of black people in the economy through BBBEE, b) Enterprise development and c) Community development, amongst others. The challenges associated with a developmental mandate is multiplicity of the stakeholders and in certain cases, government approval. *"Politics and business objectives don't align, they don't merge (AB6, p. 5).* The Republic of South Africa (2015) alluded to the fact that the non-commercial mandates of the SOEs in South Africa impact the financial and operational performance of the SOEs. Mfeka (2019a) pointed out that the high turnover of the executives at the SOEs and in the public service, both in South Africa and internationally, is as a result of a poorly defined interface between administration and politics. This kind of a set-up prevents SOEs from achieving its turnaround objectives, particularly those objectives that require some kind of downsizing or headcount reduction.

The research data further show that in the private sector, mandates are straightforward compared to the public sector. In contrary, one participant indicated that CEOs join the SOEs already with knowledge as to what needs to be turned around. In addition, this research shows that in the SOEs, there is continuous change in the mandates given to the CEOs (UR1). It makes sense for the private sector mandate to be clear as the entities are profit driven whereas the entities in the public sector are expected to be profit driven while also driving developmental

objectives, such as black economic empowerment, job creation, etc. which can be a tall order to balance the two.

The mandates of the SOEs should not be a one-size-fits-all as the findings reveal that there should be focused mandates. It is suggested that Schedule 2 SOEs' focus should be on commercial while Schedule 3As and 3Bs focus is on developmental. It was highlighted that the formation of Schedule 2 SOEs differ from one SOE to another as some will be expected to push the developmental mandate while others are driving commercial objectives.

The issue of unclear mandate was raised by several scholars, for example, van Melle Kamp and Hofmeyr (2013) and Corrigan (2014). Van Melle Kamp and Hofmeyr (2013) affirm that generally, the South African CEOs are challenged with a scarcity of resources, over regulation, a complex socio-economic business environment, such as, for example, black economic empowerment and transformation initiatives, compared to the CEOs in other countries. Clearly defined mandates are so crucial as they outline the more immediate term objectives and targets for the state, in addition, they provide a framework for monitoring of the SOE's achievement of such objectives (OECD, 2015a).

Drawing on Agency theory, the CEOs contracts are not achievable as a result of complex mandates, conflicted priorities, and unclear roles and responsibilities. Agency theory states that difficulties may arise when the principal sets up chaotic contracts with the Agent, agreeing on what is to be delivered, however the agent struggles to continue delivering due to conflicting and confusing objectives (Liechti & Finger, 2019).

- ***Conflicting priorities in the execution of mandates***

As a result of unclear and dual mandates, the expectations of the stakeholders on what the SOEs should be driving differ. An example in this case would be the minister as a shareholder representative expecting the SOE to be profitable, while on the other hand, the politicians are concerned about the creation of jobs. *"You can't have an equation where you balance everything out, because if you try and balance everything out the status quo remains, nothing changes" (AD2, p. 6).*

This research aligns to Titus and Hoole (2021, p. 3) who stated that due to the complexity of

the environment in which SOEs operate, there are multiple stakeholders with opposing expectations, for example, "government expects them to deliver a service to the public, executives expect huge bonuses, employees expect job security, customers expect fair prices and reliable service and suppliers expect opportunities for collaboration". Balbuena's (2014) study holds a similar view as stated that multiple and competing objectives for SOEs pose a challenge. This challenge is highlighted by The National Planning Commission (2012) which explained that there is a need to simplify the tasks of the SOEs to improve performance and also acknowledges that it is unrealistic to expect the organisation with limited capacity and resources to tackle priorities at once, mainly having to do that through complex or unpredictable governance structures. Kanyane and Sambo (2021) also have the same view that the challenge is to have a balance between the developmental and commercial objectives.

5.2.7 Summary of the findings on research objective two

The second objective of this research was to identify the challenges that CEOs face when turning around the SOEs. The below figure 12 provides a summary of the identified challenges. The challenges are clear cases of agency, public choice, leadership, and resource dependence problems. The findings of this research are further aligned to the study by Nyatsumba and Pooe (2021) that explored constraints on implementing a turnaround strategy in an SOE which found the shareholder's slow decision-making, under-capitalisation, unstable political leadership, unhealthy board dynamics, leadership instability and lack of management skills as the main challenges. This research also supports Vora's (2013) study which identified one of the pillars for sustainable change management to be effective leadership to lead change. This research also validates the study of Gomathi (2014) that found a successful turnaround to be comprising stakeholders' co-operation, competent management and sufficient capital to execute a turnaround plan.

The previous section (section 5.1) discussed the level of influence the CEO of SOEs in SA has on the outcome of a turnaround. Some of the issues identified under objective one as factors affecting the CEO's level of influence are also present under objective two as challenges faced by CEOs in turning around SOEs. This means that by addressing the identified challenges will lead to improvement in the level of CEO's influence. This research is consistent with public choice theory, considering the challenges that CEOs face when turning around SOEs. It is

evident that the public officials conduct themselves in a manner that maximises their personal gain rather than the public interest.

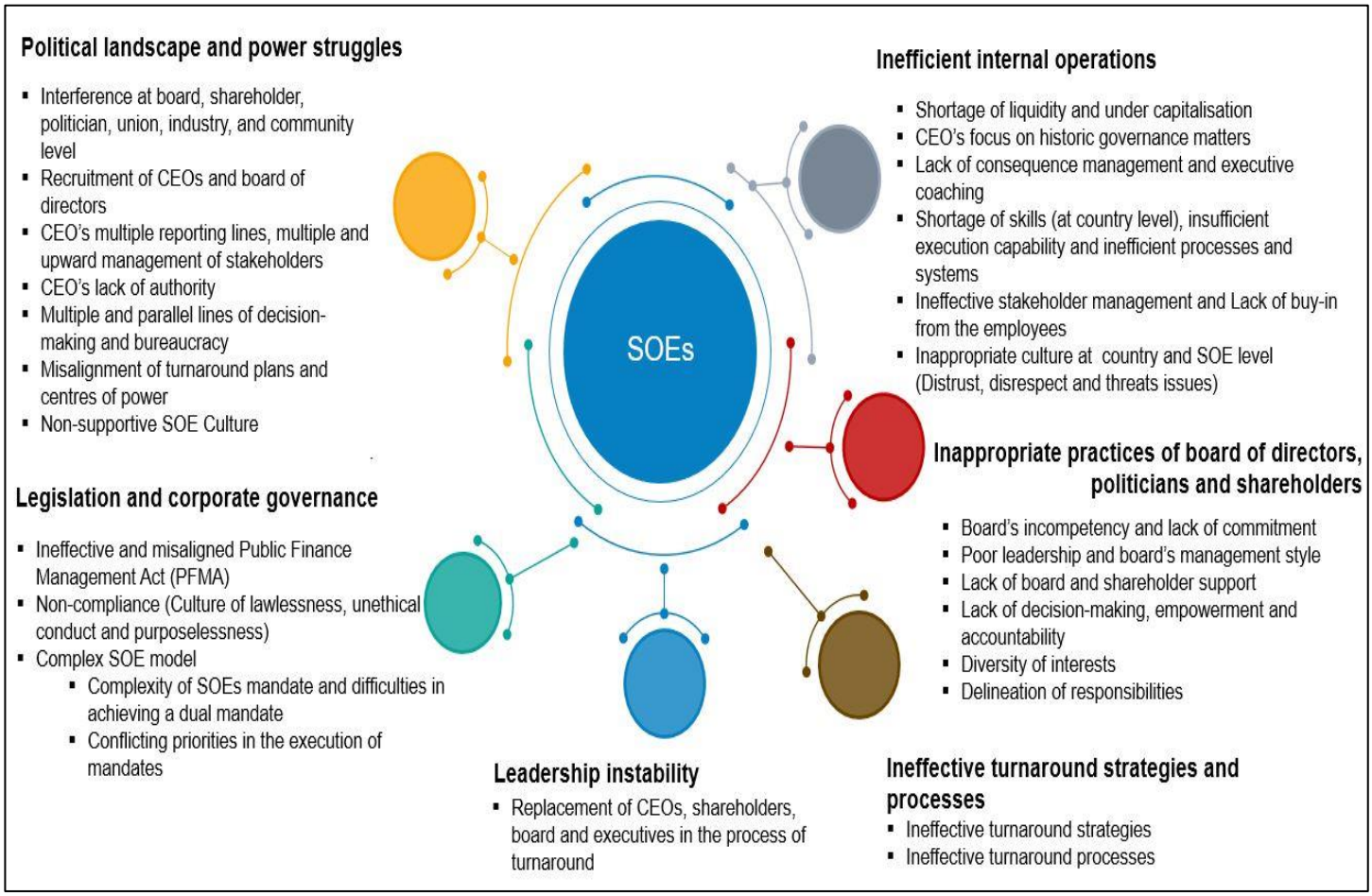


Figure 12: Summary of the challenges faced by CEOs in executing a turnaround strategy (Researcher's own interpretation)

5.3 Objective 3: Capabilities, attributes and values of the CEO who can be successful in executing an SOEs turnaround strategy

This section discusses and interpret the capabilities, attributes and values of a CEO who can be successful in turning around an SOE are discussed. The discussions and interpretation are focused on the key themes that emerged during this research. The identified capabilities, attributes, and values as the objectives of this research are captured in the next section (5.3.1-5.3.4) while the summary of the capabilities, attributes and values are depicted in 5.3.4.

The identified traits will feed into a profile of a CEO who can turnaround an SOE which is presented in 5.4.2.

5.3.1 Capabilities

This research suggests the following capabilities necessary for a CEO to be in a position to turnaround an SOE. The capabilities are summarised in figure 16. The capabilities will assist the SOEs board, shareholders, and recruitment agencies in recruiting turnaround CEOs with the necessary capabilities required to turnaround SOEs. Furthermore, the identified capabilities will assist CEOs in developing themselves into becoming turnaround CEOs. Moreover, these will assist existing turnaround CEOs to assess themselves against the said capabilities and develop areas of concern.

5.3.1.1 Strategic orientation and execution capability

The research data appear to suggest the need for strategy formulation and execution competency for CEOs of turnaround. *"The CEO should have strategic acumen," (AA1, p. 1).* A strategic thinker and visionary CEO is what this research suggests. This is a CEO who is able to crack blockades and industry standards (AA2). This research is aligned to van Melle Kamp and Hofmeyr (2013) who suggests that the CEO's aptitude to think strategically is one of essential skills of a CEO, thus providing strategic guidance and implementing the strategy. Other scholars, Avolio et al. (2009); Wheelen and Hunger (2012); Rao (2019); Gioia and Chittipeddi (1991); Johnson et al. (2007); Kirkpatrick and Locke (1991), also hold the same view.

The CEO should be able to formulate a turnaround strategy, own it, champion it to relevant stakeholders (Board, executives, politicians, unions, employees, etc.) and obtain buy-in. Given the challenges present in the SOEs such as political interference and lack of shareholder support, diversity of interests etc, one would argue that it might be a challenge for the CEO to obtain buy-in of the strategy. Ideally, the CEO is a visionary and therefore she/he should be in a position to envision the future together with the team and obtain buy-in to implement a turnaround strategy (RR1). The vision should be championed in a manner that reflects the reasons for turnaround, benefits, and impact. The CEO should be in a position to paint a clear picture of what the end of the journey would look like even when the picture is not clear. *"…Think five years, ten years, fifteen years ahead ..and position the organisation accordingly" (AB10, p. 13).*

This research supports Kirkpatrick and Locke (1991) that creating the organisational vision is a fundamental job of a leader. Moreover, this research has a similar view as Harrigan and Wing (2021) who suggest that a good turnaround leader keeps external stakeholders acquainted of the turnaround progress and communicates a shared vision organisation wide. Moreover, this research is aligned to Stata (1988); Wheelen and Hunger (2012); van Melle Kamp and Hofmeyr (2013) that the main responsibility of the CEO is to clearly articulate the desired end state (vision) and ensure that the vision is achieved by providing strategic direction and executing the strategy. Other scholars, such as Avolio et al. (2009); Gioia and Chittipeddi (1991); Johnson et al. (2007); Kirkpatrick and Locke (1991) and Rao (2019) equally stress the above skills required of a CEO.

Though much research emphasises the fact that the CEO is responsible for the formulation of a strategy, the execution of the strategy also lies with the CEO. This research data appear to suggest the importance of the execution capacity in the CEO. Execution is everything as the strategy alone is not sufficient to turnaround the organisation (AA1, AA3, AA4, AB4, UR1). *It's pointless to have a very good strategy, and very poor implementation capacity" (AA3, p. 14).*

Kaplan, Klebanov, and Sorensen (2012) study suggest that the buy-out and venture capital CEO's execution skills are positively related to subsequent performance. Bibeault (2017) confers that a turnaround leader should design a realistic turnaround plan and be able to execute difficult parts of the plan. Execution capability in a turnaround situation is key in that Miller

(2001) in their study revealed that failure of change initiatives is usually linked to execution.

5.3.1.2 Turnaround

This research indicates that the CEO has to have a track record of leading a successful organisation. *"The key aspect of that is to see the person's track record in terms of implementing turnaround plans" (SS1, p. 6).* Work experience, training or coaching is necessary for a CEO to be successful, as per the findings of this research. The candidate has to have turnaround experience to avoid the risk of a candidate without a track record. *"So you will have to prove that you actually came about with the vision somewhere and you've seen it through and it has been a success" (RR1, p. 3).*

This research strongly suggests that a general CEO without turnaround experience is not the best candidate for an SOE which is turning around. Wang et al. (2016) found the CEO prior career experience to be positively related with firm performance. The CEO with a track record of turnaround will be able to overcome situations easily due to experience which will enable the CEO to be resilient. Without experience it will be challenging for the CEO to bounce back when faced with challenges: *"You don't want to take a risk of someone who has never done something like that (AB7, p. 1). Experience gives you a better bounce back capacity" (RR2, p. 11).*

5.3.1.3 Governance

Governance skill also seems to be essential for CEOs of SOEs, particularly those appointed to lead turnarounds. The OECD (2015) suggests that corporate governance provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance. This means that the CEO without governance acumen will struggle to follow a governance structure that will enable the organisation to achieve the business objectives. This research suggests that in a turnaround situation, the CEO utilises most of his time on governance issues whereas they should be spending time on core business activities. Governance acumen is therefore key in a sense that CEOs deal with various stakeholders and a variety of issues that require one to keep abreast of governance, inclusive of SOEs related Acts and changes in the political landscape as CEOs of SOEs also deal with politicians. The CEO should have knowledge of PFMA, Companies Act 2008 and other SOEs

related Acts.

This empirical research suggests that a successful CEO of an SOE in SA has appreciation of governance processes because the CEO would attract unnecessary attention which would distract her/him in his role to turnaround the organisation should she/he neglects governance processes. *"He kept issues of cabinet, and governance clean" (AC1, p. 11).* Furthermore, corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance (OECD, 2015). The role of a CEO, as far as governance is concerned, is crucial as the organisation's effectiveness is a reflection of the CEO's leadership.

5.3.1.4 Establish Top Management Team

This research suggests that the CEO needs to have the ability to put together a team to enable achievement of the turnaround objectives (AA1, AB4, RR1, SS1, AB9). This implies that the CEO should have a talent to scout a competent team to support him in turning around the organisation. ". *As an appointed CEO, you are as good as the team that does not support you. (RR1, p. 3).*

This empirical research supports Slatter (1999) that it is the responsibility of a turnaround leader to get the right top management team. The team that the CEO puts together should have a good reputation, they should be respected by the lenders and investors (SS1). This research shows that the CEO is rated the same way as the direct reports therefore by appointing the right candidates in the right positions will make the CEO look good when it comes to performance (AA1, RR2, SS1, AB9, AB4). This research further demonstrates that by appointing the right CEO and top management team enables the board to work efficiently. This statement may not be true as it is evident through this research that in some instances, the board appoints a competent CEO who in turn, appoints the executive team however finding herself/himself being disempowered, together with his team, to perform in such a way to achieve the turnaround objectives as a result of interference from the politicians, shareholder representatives and even the board. This research suggests that the board should only be responsible for the appointment of a CEO, CFO and Company secretary while the CEO ensures that she/he establishes the rest of the top management team to support him to craft a turnaround strategy which will be approved by the board and in other instances, the shareholder will also

approve (AA1). The execution thereof will then be left in the hands of the CEO and his executives. It is therefore quite important for the CEO to establish a competent team with an execution capability to implement the turnaround strategy.

This research posits that the first hundred days in the office, the CEO should conduct skills assessment to understand the skills the executives possess. By doing so, the CEO will have insights into the skills gap to be closed to turnaround the organisation successfully. *"Understand the capabilities of the leadership team…" (AB10, p. 9).* Harrigan and Wing (2021) point out that one-on-one sessions with employees are key for the establishment of a team required to implement a turnaround plan,

This research reveals that a CEO who was able to turnaround one of the SOEs had competent people that helped to identify the strategy and opportunities (AA1). Moreover, the CEO did well in terms of empowering the management team, caring for them and in return, they were loyal to him (AA1). Having a competent team that understand the vision of an organisation and that believes in you as a CEO is fundamental during turnaround as "super hero" CEOs are no longer in existence, therefore one needs to surround himself/herself with competent people in order to excel in your day-to-day work; the team has to be on-board during the turnaround. *"If that team is not on the same par, if not better than you, then it doesn't work; being a hero CEO is not possible anymore" (AB4, p. 18).* The research in this case supports Kirkpatrick and Locke (1991) that effective leaders must not strive to achieve everything by themselves, they should be able to empower others to carry out their responsibilities, seemingly meaning that they should not only be ambitious and driving, but be able to lead others. This research is also congruent with DePree (1992) who postulates that leaders need to have confidence in the abilities and efforts of followers in order to implement a turnaround successfully.

Though establishment of the top management team seems to be key, that alone will not enable turnaround if there are insufficient funds or resources (people) (AB4). In the SOEs in SA it is in the public domain that funds are scarce, hence it would make sense to suggest that the formation of a top management team is not the only factor for successful turnaround. Scarcity of funds even led to some of the CEOs of SOEs resigning in the midst of a turnaround as a result of the lack of funds to fund the execution of a turnaround (AA2, AB6, AD3, SS1, UR1). This empirical research supports Gernetzky (2019); Nyatsumba and Pooe (2021) who indicate that shortage of funds led to the CEO's resignation and that scarcity of funds is among the

challenges the SOEs are experiencing.

5.3.1.5 Human capital management

This research suggests that apart from having strategic and commercial acumen the CEO is also required to have a human side skill to have a complete skill set required to turnaround the organisation. This research points out that the CEO that lacks the human side can be challenging to work with as they struggle to build teams. "*If you don't have good people management skills, people interaction skills, then it is going to be a challenge…change is a challenge on its own" (AC2, p. 4).* The position of the CEO requires someone who will understand that employees are assets and therefore should be valued. People are considered to be the most important assets in the knowledge driven economy (Bello, 2012; Choudhury, 2010); without them the objectives of the organisation will not be met (Bello, 2012).

Personal development should be one of the things that CEOs must believe in or practice as this will enhance the organisation's competency and ultimately, the results would be evident in the execution of a turnaround strategy. Successful CEOs, as per the findings of this research, have people close to their hearts, they treat the employees as assets and also believe in empowering those employees to take the lead in the space assigned to them. The CEO without a human side to them are said to be challenging to work with.

The study by Tran, Fallon, and Vickers (2016) suggests that the SOEs' leaders should possess people skills and moral behaviour. Furthermore, Tran et al.'s (2016) study found that the leaders who are perceived as possessing people skills are regarded as providing a sense of justice in a working environment and also recognise the achievements by the employees. One would therefore conclude that people skill is key for CEOs of a turnaround. It is for this reason that a transformational leader could be suitable for an environment that is turning around due to the volatile nature of the environment that requires a visionary who will understand that employees are human capital/assets that should be treated with respect, dignity and be empowered to do well in their roles while also giving them a hope that things will turnaround for better.

5.3.1.6 Change management

This research advocates the need for the CEO of a turnaround to have a change management skill considering uncertainties involved in a turnaround situation and a mind-set shift that should take place to turnaround the organisation. A CEO is a change management specialist in a turnaround, responsible for mind-set shift. In a turnaround situation, the CEO should be able to influence and inspire themselves and others to think in a particular way and to act in a particular way. This can be achieved by communicating the vision in the manner that will make people to have a desire to be part and parcel of the turnaround journey, to have some emotional connection with the vision. *"The ability to drive, the strength to drive things and drive change is critical for a CEO" (AB3 & SS2, p. 10).*

5.3.1.7 Stakeholder management

Stakeholder management is a critical skill required of a CEO. *"I will see that as number one priority in terms of the CEO" (RR1, p.3).* A CEO has to have the ability to manage numerous and complex stakeholders at different levels and be able to convince them. It seems there is a need for the CEO to study the shareholder and have an understanding of their expectation. Considering the number of stakeholders involved in a turnaround of an SOE, it becomes impossible to meet everyone's expectations. *"You walk into an environment where you need to make the unions, government, shareholder and board of directors happy and there is also the community on the other side.." (RR1, p. 2).* The CEO needs to ensure alignment between the board and the shareholder. The reason for this is that in the SOE, misalignment between the board and the shareholder representative (Political authority) is prevalent and at times, the CEO finds himself caught in the middle (AB7). The CEO is then expected to defuse the situation and ensure that there is alignment between the shareholder and the board.

Though this research identifies a number of stakeholders involved in a turnaround process, it appears that the shareholder and the board are the important ones. *"If you can't convince your board as a CEO, convince your shareholder.." (UR1, p. 4).* The relationship with the shareholder is a complex one as the shareholder in the case of the SOE is a Minister (AB3, SS2). Though they refer to the shareholder as a single individual, in reality it is not, but multiple shareholders, i.e., Minister of Public Enterprise, Minister of Finance; on the other hand, there is also the reporting Ministry (Policy Minister) (AB3, SS2). The complexity of this relationship

justifies the need for the CEO to spare some time studying the shareholder(s) (AB3, SS2).

The role of a CEO is that of a diplomat. The CEO is required to have negotiation skills, a kind of consensus building skill due to broad stakeholders with a broad range of interests involved in turnaround: *"You need a good negotiator because sometimes you're sitting with unions in terms of the annual wage increases" (SS1, p. 8).* The stakeholders want to feel that their interests are looked after, hence the CEO should be able to negotiate with the stakeholders for inclusivity purposes. Zimmerman (2011) is of the same view that a successful CEO should have negotiation skills. The CEO should master different languages in a sense that messages are tailored for each audience or stakeholder group. The CEO would have to persuade the late adopters or laggards why turnaround is necessary (AB2). As the CEO, one has to be able to convince the shareholders to buy into the CEO's ideas.

This research further suggests that in a turnaround situation, the CEO needs to have a healthy relationship with the stakeholders, particularly with the political principles and also join relevant networks that will ensure shareholder support in order to get support in the implementation of the strategy. Beaver (2002) suggests that most of the performing organisations have capable and dedicated CEOs who take into consideration the constituents' needs and interests. All other stakeholders such as the employees, clients and other external stakeholders should also be taken on board in the turnaround journey (AA3, AA4, AB2, AB4, AC1, AD3, RR1, SS1, UR1). Successful managers utilise power developed in their relationships, together with persuasive skills, to influence those that they are dependent on to behave in a manner that would assist them to achieve their goals (Sharpe, 2003).

The study by Geer-Frazier (2014) found that 50% of change failures were attributed to lack of involvement from all levels of the organisation. The stakeholders involved in SOEs will be the unions, employees, board, shareholders including government, regulators, customers, and communities. Therefore, during turnaround, all of these stakeholders need to be engaged. Drawing on the work by Sharpe (2003), dependency relationships are part and parcel of a manager's job wherein performance is more dependent on internal and external stakeholders, such as the unions, regulating agencies, customers, suppliers, subordinates, superiors, peers in other organisations, etc.

5.3.1.8 Political savviness

A CEO does not have to be a politician, but they must be politically savvy as in a turnaround journey, it is crucial to understand the stakeholder landscape and how they evolve, including the stakeholders' interests. In the private sector, it is acceptable to have a CEO who lacks political savviness, however in an SOE environment, managerial or leadership skills are not sufficient; to survive in this environment, a political skill becomes key. This research clearly demonstrates the CEO to be someone who is able to manage political dynamics, as in an SOE environment one gets rewarded for loyalty and not performance. An example that was given by the participant regarding the importance of political savviness is the CEO of SOE9 who lacked political skill and was not successful in his endeavour to turnaround the entity and ultimately left the organisation on an involuntary basis. On the other hand, a successful CEO of SOE6 was "*politically savvy in terms of how to navigate the politics and some of the big changes, he sorts of transitioned between the Zuma to the Ramaphosa era and he still survived." AD, p. 3-4).*

This research is aligned to Steiner et al. (1981) who indicate that the CEO has to be politically conscious. The SOE environment is complex in a way that as the CEO you are expected to perform, while also managing politics. Proactiveness in managing politics in the SOE is also key as people might take advantage of you by playing political games which ultimately would negatively impact the organisation. Politics in an SOE environment is so rife that the success of the CEO is attributed to political cover or political licence.

An example given by the participant on the importance of having political connection is that one of the successful CEOs of turnaround was able to turnaround SOE8 through the ruling government's senior leadership's connections. The CEO was able to perform things that under normal circumstances no one would get approval to do, so even if those are factors to be considered in cases where costs cutting measurements have to take place to ensure the organisation turnaround. An example in this case would be downsizing. In an SOE, it is very rare to get approval to lay off people as this is against the national development mandate, however this particular CEO was able to turnaround the SOE through this with approval of the principals. The research in this case demonstrates how important political cover is as lack of such could be detrimental to the success of a competent CEO. Moreover, this research has a strong view around the CEO having to be politically conscious.

5.3.1.9 Leadership

CEOs need to have leadership skills. Leadership skills, according to Jones (2007), are abilities that are attained through learning and practice. He/she needs to lead into a certain direction and ensure that people follow. The findings of this research support a number of scholars (Kirkpatrick & Locke, 1991; Steiner et al., 1981; Tran et al., 2016). In addition, the ability to co-ordinate different parts of the system that makes up the whole system and communicate upwards with various stakeholders, such as the board, shareholder representatives, etc. *"So it's not one function that they have, but the most important thing is you're co-ordinating a lot of different parts to achieve a whole" (AB10, p. 17).*

This empirical research suggests that successful CEOs of turnarounds have strong communication skills. Having good communication skills is beneficial to the CEO as it makes it easy for him to obtain approval or buy-in of the things that will enable him to implement initiatives that will result in him achieving turnaround objectives. One would argue that the CEO should be able to communicate both upwards and downwards as during turnaround or change, it is crucial for the CEO to be visible by not only engaging the executives, but also the unions and employees on the ground. At times, it is key to hear from the horse's mouth as that will ensure that the message is not distorted. Communication should be an essential skill as CEOs engage the media and other stakeholders on a regular basis. The media can either make or break you, hence it is important for CEOs to have good communication skills. The findings in this regard supports Harrigan and Wing (2021), who stated that successful turnaround managers are good communicators and are able to communicate both internally at all levels of a troubled organisation and externally, with various stakeholders such as customers, shareholders, lenders, etc.

In addition, this research also supports the study by Gilley, Dixon, and Gilley (2008) which established that for the leader to successfully drive change and innovation, should be able to master communication skills. Graetz (2000) in their case study, found the managing director to be communicating the messages around change directly to everyone in the organisation.

This research suggests that a turnaround environment is volatile, uncertain, complex and ambiguous (VUCA) to a lesser degree, therefore the CEO has to play a pilot role and minimise the turbulences.

Though past research suggests that leadership styles have an impact on organisational performance, in the case of SA SOEs, it cannot be concluded that a certain leadership style would enable turnaround in an SOE as the organisational characteristics also play a role, however it can be acknowledged that transformational, situational and servant leadership styles could enable turnaround.

It appears that authoritative/ autocratic leadership style will not be effective in the SOE environment during turnaround as a result of the disadvantages that were identified by the participants of this research. The leaders in an SOE need to be careful about the leadership style they portray, particularly during turnaround. "*Definitely an autocratic leader will never survive" (AA2, p. 7).* Authoritative style might break the employees who may not be able to perform or might perform only in that moment (RR2). By the same token, one can support the above finding that an authoritative style may not necessarily be the appropriate style of leadership in a turnaround setting as the environment is vulnerable and may have a negative impact on performance in a sense that the employees may not perform at all or perform for a short while and not be able to sustain performance. One participant explained further why an authoritative style is not relevant: "*In an SOE you cannot come with what I would call a dictatorship type of leadership. You need a leader who is going to make people to follow" (RR1, p. 4).*

Though Slatter et al.'s (2006) view is that turnaround leaders should be aggressive and authoritative, particularly in the early days of a turnaround to ensure fast results, the authors seem to be cognisant of the disadvantages associated with an autocratic style of leadership. It is said to be limiting creativity and personal development which affects the climate of the organisation (Slatter et al., 2006). This empirical research echoes Slatter et al.'s (2006) sentiment as the participants indicated that the kind of leadership present in an SOE affects creativity: *"There is not enough allowance for people to make decisions on their own" (RR1, p. 1).* Ren, Xu, Zhou and Liu (2020, p.20) propose that "leaders should abandon a "top-down" authoritative leadership style and adopt a more "bottom-up" humble leadership style in order to encourage employees' creativity and improve the organisation's swift response to the challenges in this era of rapid changes. On the other hand, this research suggests that an authoritative style may be necessary in a turnaround environment, particularly in cases where people are not performing. It is for this reason that a situational leadership style might be

relevant. This research suggests the following leadership styles that will enable turnaround:

- **Transformational leadership**

In a turnaround situation, a CEO with a human side takes people on the journey of turnaround (AA1). She/he strives for support and buy-in and creates a safe environment whereby people are free to speak their mind and share aspirations without any fears. Furthermore, everyone participates in the solution that is being crafted and the CEO assures them that their interests will be looked after in the turnaround journey (AB3, SS2). The aforesaid characteristics describe the leadership style relevant for an organisation that is turning around. Looking at the characteristics of the leadership style in this case, one can argue that the style is transformational in nature, as every stakeholder's participation and opinion is key, however the CEO is the ultimate person to make an informed decision based on the stakeholders' views which will be justified. This leadership style is inclusive, and it also advocates for an open-door policy. *"People tend to accept it when they know you're an inclusive type of leader, you're a transformational type of leader" (AA2, p. 8).* The CEO should possess the necessary skills to coach/mentor the sub-ordinates as this research establishes that it is the role of a CEO to identify the employees' weaknesses and assist in bridging the gap and also to reiterate the strategic objectives of the organisation to ensure that people are focused throughout. This research shares the same view as Bass and Riggio (2006) as they stated that transformational leaders align the objectives and goals of individual followers and the larger organisation, and provide the followers with support, mentoring and coaching. Gilley, Dixon, and Gilley's (2008) study also identified employees' coaching as a skill that impacts the leader's ability to drive change and innovation.

This research indicates that a successful CEO of turnaround operates in a "Shaka mode" which implies that one has to lead from the front (AA1). The CEO in a "Shaka mode" does not have expectations that he himself cannot meet, he is competent and decisive (AA1). The findings of this research further suggest that a successful CEO of turnaround is not a leader by talk, but a leader through his actions and therefore such a leader is highly influential on the outcome of a turnaround strategy. The leadership style that is discussed here as a finding of this study seems to be transformational in nature, Bass's (1990) view on transformational leadership is that it should be encouraged as it can make a substantial difference in the performance of the organisation at all levels. The reason for believing that transformational leaders are

performance driven could stem from the fact that they are not afraid to make tough decisions which would enable turnaround. In addition, transformational leaders are said to be self-secure as opposed to authoritative leaders. *"The autocratic leadership style is indicative of insecure leader" (AA2, p. 7).*

Moreover, this research argues that a transformational leadership style is not a one-size-fits-all as it was evident that of the SOEs whose CEOs were portraying this leadership style, it is not all of them that experienced improvement in performance or were in a position to turn around. This research further suggests that situational leadership is necessary in the SOEs that are in a process of turning around. In view of the above finding that transformational leadership style is not a one-size-fits-all, it makes sense that a situational leadership style might be relevant for SOEs. If one had to consider the study by Eresia-Eke and Mabasa (2018) that suggests that the top black managers in the SOEs in South Africa predominantly display a transformational leadership style, this leadership style would seem not to be effective in view of the current state of the SOEs. Van der Voet (2014) study found a transformational leadership style to be necessary, however not adequate for implementation of change in a public institution, due to a complex environment that requires the leader to direct the efforts to the external environment, such as getting support from the political stakeholders. Though it appears that the transformational leadership style may not be effective in an SOE, the findings of this research support transformational leadership style. Sengupta (2021) found that diverse work experiences, bright traits and transformational leadership impact organisational performance positively. This research is aligned to the study by Haron, Rahman and Smith (2013) which suggests that leadership style which motivates and support the employees results in corporate turnaround success. Moreover, the findings of this research have a similar view as Bastari, Eliyana and Wijayanti's (2020) study that found transformation leadership to have an impact on organisational performance. The researcher acknowledges that the transformational leadership style appears to be the relevant leadership style for SOEs that are turning around, however would like to conclude that drawing on resource dependence theory, one would suggest that this is the case in the SOE and therefore this research is not consistent with upper echelons theory as a transformational leadership style might not affect the turnaround positively, but support from the external environment would be positive.

- **Situational leadership**

This research portrays different kind of preferred leadership style, leaning towards a situational (AA3, AB4, RR2), servant (AA3, AB2, AB4, AB9, UR1) and transformational (AA1, AA2, AB3, SS2, AD3, AB6, AD1, RR1).) kind of leadership which is inclusive (AA2, AB6, AD1, RR1). This research therefore prescribes that every situation requires CEOs to adjust themselves to the needs of that particular situation. In a turnaround situation, time is precious as everything is urgent, therefore if you are dealing with unproductive people then the CEO in this case, will have to adjust the leadership style to be more aggressive or authoritative (AB4). In situations where the people are driven and are productive, it will not hurt for the CEO to adopt a relaxed approach and empower people (AB4). Slatter et al. (2006) is also of the view that time is of essence in a turnaround situation. Situational leadership appears to be relevant in a turnaround situation considering the fact that the turnaround environment is vulnerable, therefore the CEO has to be careful in how they lead the organisation. The CEO in this case should therefore be flexible to adjust the leadership style to the situation at hand. A situational style of leadership embraces the following principles as per this research: Ethics, Purpose driven, Impact conscious and Commitment to serve (EPIC). Jesus in the book written by Laurie Berth Jones which is called "*Jesus CEO*", captures the leadership style of Jesus CEO, being situation based whereby he is decisive and authoritative, consultative, compassionate, exemplary through his actions by walking in water and vulnerable if needs be. "*Jesus CEO*" captures the leadership style of Jesus being situation based.

Zirgami et al. (2004) affirm that successful leaders adapt their style to each situation when necessary. Though this research is not "religious" in nature, it speaks highly about Jesus's leadership style which is situation based. What makes Jesus's leadership style even more interesting and more suited for a turnaround environment is that if he needed to be decisive and authoritative for quick results to ensure survival of the organisation, he was. This then supports Slatter's view on an authoritative style. Moreover, if he needed to be consultative, compassionate, vulnerable and exemplary he was, which then aligns with Avolio et al. (2009); Bass (1990); Boerner, Eisenbeiss and Griesser (2007) who argue that transformational leadership should be encouraged due to its ability to make a difference in performance (Bass, 1990) and that it transforms and inspires followers to give outstanding/extraordinary performance (Bass, 1990; Boerner et al., 2007) by providing a clear direction (Boerner et al.,

2007) through support, mentoring and coaching (Puffer & McCarthy, 2008). Furthermore, Puffer and McCarthy (2008) state that a transformational leader strives for a culture of trust inside the organisation and between the external stakeholders and the organisation.

Situational leaders make good turnaround leaders as per the findings of this research. Referencing the book, "*Jesus CEO*", the book clearly describes how Jesus, as a situational leader, was also a turnaround specialist. In almost every situation in which Jesus found himself, his job was to turn things around. In fact, that was his speciality (Jones, 2021). The findings of this research are in line with literature on situational leadership as stated by Farkas and Wetlaufer (1996); Fiedler (1964); Tracy (1994); Van Wart (2015), that leaders should flexibly adopt a leadership style that is suited for the situation at hand.

- **Servant leadership**

Moreover, this research posits that CEOs should know who they are serving. In addition, this research suggests that in terms of the values, the CEO should have an interest in the country. In that regard, servant leadership becomes necessary in an SOE. This finding supports Sithomola's (2019) view around the need for the appointment of leadership on merit and the spirit to apply servant leadership for SOEs to realise their objectives. The study by Tasneem and Qureshi (2021) found both servant and transformational leadership to be effecting knowledge transfer positively in an SOE of which one would think that knowledge transfer might result in positive organisational performance.

5.3.1.10 Technical know-how

CEOs need to have technical skills or industry knowledge. The findings of this research support a number of scholars (Kirkpatrick & Locke, 1991; Steiner et al., 1981; Tran et al., 2016). Steiner et al.'s (1981) view is that the CEO, as an astute administrator, should have sufficient knowledge of the organisation's technical and economic characteristics. In the same vein, they suggest that due to the nature of a turnaround environment, the CEO should have technical and managerial skills. Kirkpatrick and Locke (1991) also hold the same view that *"technical expertise enables the leader to understand the concerns of subordinates regarding technical issues".* It is risky appointing someone who is not knowledgeable (at all) about the organisation or lacks some level of technical skill to turnaround an organisation. The implication in this

regard is that people might take advantage of them by misleading them to make decisions that might not be beneficial to the organisation which might even add to the long list of commissions of inquiries. *"They will be immediately captured by the people because they don't have any clue, every decision they have to make they will have to read or be told," (RR2, p. 7).*

Tran et al. 's (2016) study found that high levels of expert knowledge are regarded as assisting the leaders as far as problem solving and decision making are concerned, furthermore, lead to the leaders gaining respect from the employees. Contrary to this, some of the findings of this research specify that it is not a necessity for the CEO to have technical skills as what it fundamental is leadership skills to enable to lead and be followed:

> *"You don't necessarily have to be essentially the best technically capable person, but you have to be able to rally the troops and around you (AC1, p. 8). Understand the environment you are operating in, don't be a specialist but a leader who moves right along with all members of your executive team" (UR1, p. 6).*

- **Functional background**

This research data suggest that the CEOs that have a specific functional background are inclined to be conservative and refrain from trying out new things: *"They tend not to want to think out of what they know now" (AA2, p. 5).* What matters mostly is the ability to think laterally as opposed to vertical thinking. (AA2). The above make a strong case that functional background is not essential but gives an added advantage, however, stresses the need for basic finance skill to be able to interpret financial statements. This finding is in line with Miglani (2014), who suggested that the CEO's functional background does not improve the likelihood for successful turnaround. Miglani's (2014) reasoning in this case could be attributable to the fact that CEOs with functional knowledge could be conservative and not be open to innovation and other things that could increase the probability of a successful turnaround.

On the contrary, Zimmerman's (2011) view on functional background is that CEOs with internal functional background (manufacturing) lead successful turnarounds. This research also gives another view that the kind of functional knowledge required of a CEO should be informed by the nature of a turnaround. If a turnaround, for instance, is aimed at increasing clientele by improving service delivery, a CEO with marketing and sales experience could be more suited to lead a turnaround. Rajagopalan and Datta's (1996) view on functional background is that it is considered a vital predictor of the types of knowledge and cognitive bias that top managers

bring to their jobs. The researcher, in this case, concludes that functional background has a place in a turnaround situation, however each case should be assessed to determine the need for a specific functional skill. However, this research suggests that basic financial skill is a "must have" for a CEO of turnaround. Furthermore, this research acknowledges Abebe (2009), who suggests that executives with an output-related functional background impact corporate turnaround performance positively, however argues that the necessity for a specific output functional background depends on the objectives of a turnaround. The research data show that CEOs of turnaround should have knowledge of Finance, Law and Economics to be able to turnaround an SOE.

Finance: Firstly, an understanding of finance; they do not have to be Accountants, but they need to have a functional knowledge of it in order to be able to process financial information and grow business to another level:

> *"You have to be financial literate" (AA2, p. 5)."…You get to be able to look at an income statement, cash flow statement and balance sheet, and form an opinion on your own. So, you must be very comfortable with numbers" (AB10, p. 12-13).*

In addition, the understanding of finances gives the CEO an advantage of not being misled by direct reports. *"Sometimes the guys withhold information, they don't want to share bad news with you" (AB10, p. 12-13).* In contrast, Zimmerman's (2011) study on successful and unsuccessful turnaround found that none of the successful turnaround agents had a financial background. It would make sense to have a CEO of turnaround who is able to read and interpret financial statements based on the findings of this research, however according to Zimmerman's findings, this does not mean that CEOs with financial backgrounds make great CEOs of turnaround. Considering that Zimmerman's study was not conducted in the SOE environment, one would suggest that the CEO with a financial background could lead a successful turnaround in the SOE, as most of the SOEs are not financially sustainable.

Law: Secondly, a good understanding of the law as those that do not have a basic understanding of how the law works could have a problem at work considering the contracts that CEOs deal with on a daily basis (AA1). The CEO thus is expected to have an understanding of the rules of the game and how they operate. Considering that the SOEs are highly unionised and that the unions are part of the stakeholders that CEO should manage, particularly during turnaround, it is suggested for CEOs to have some level of understanding of labour relations. The CEOs

should have a knowledge of "the Labour Relations Act and section 189" (AB7).

Economics: Thirdly, an economics background is key; the CEO needs to have an understanding of what drives the business and its interface with the economy (AA1, AB3, SS2). This finding supports Steiner, Kunin, and Kunin (1981), as stated that the CEO should be an astute administrator with sufficient knowledge of the organisation's economic characteristics.

This research data appear to be aligned to Ghardallou et al. (2020), who found that organisations that employ CEOs with a degree in business administration, economics, finance, or accounting perform well. In contrary, Zimmerman (2011) suggests that unsuccessful turnarounds are more possibly have turnaround leaders with a finance or marketing background.

Nevertheless, the need for the CEO to have a financial, law and economics background, this empirical research further suggests that a functional background is not key but an added advantage as it only reflects your area of strength which one can broaden through development of other functional areas that seem to be weak: *"Functional background indicates where the strengths are and out of those strengths one can diversify, grow and provide leadership using that as an anchor" (AB4, p. 23).* This research to some extent, appears to be in support of Ofe (2012) who posits that in today's era, the CEOs must have much background knowledge to enable them to tackle complex business challenges (evolving technology, governance, globalisation and regulations).

Drawing on upper echelons theory, Hambrick and Mason (1984) pointed out that it is assumed that CEOs are generalists and therefore bringing their experiences in some of the main functional areas which might influence strategic choices. It is for this reason that each turnaround case in an SOE should be assessed to determine the right CEO with specific functional orientations to turnaround the situation. If the strategic focus is on increasing the client base and sales, then the right match would be someone with a marketing background as his or her functional background will influence the strategic choice. By so doing, the CEO who is marketing oriented, will then develop strategies focusing on increasing market share and sales.

- **Industry, commercial, private sector experience, and global exposure**

This research suggests that industry experience is not a "must have" but it gives one an added advantage. What matters most is commercial experience. Business acumen is crucial as the research data indicate that the CEO has to have an understanding of business, including finances. *"You can't be a CEO if you don't have business management experience and financial skills" (AB6, p. 4).* This research is aligned to Bibeault (2017) who suggests that a turnaround leader should possess business skills. Private sector commercial experience also appears to be necessary as a result of the mandate of schedule 2 SOEs which is a commercial mandate (AB3, SS2, SS3, AA1). This research further highlights that the private sector learnings will have to be adjusted to fit the SOE environment.

Industry experience does not matter in the recruitment of a CEO as the fundamentals for driving businesses are similar (AD1). Furthermore, the CEO can always surround herself/himself with people who have industry experience who will act as advisors (SS3). A good turnaround specialist does not have to have an industry or functional experience (AD2). Business and Governance acumen are essential and should have more prominence than sector experience. Successful CEOs surround themselves with experts who will act as advisors to the CEO:

> *"He was willing to listen to different experts you know, in terms of ..you don't necessarily need to be an expert in every area. But if you bring on board experts and then you're the conductor of that Orchestra" (AD2, p. 3).*

Industry experience is therefore not a necessity (AA1, AB3, AD1, SS2, SS3). A solid leadership foundation is needed as the greater part of the skills required to function as a CEO are transferrable (AB10). *"Industry experience would always be an advantage, but it can't be all that matters" (AA2, p. 5).* Though industry experience is not that significant, it appears that there are certain sectors that would be difficult to penetrate as a CEO with that specific industry experience (AC2). An example in this regard could be a health sector (AC2). This kind of an industry is so specialised that even the language is different (AC2). The study by Chahyadi, Doan, and Naym (2021) found the CEO with specific industry experience to be driving the organisation to perform higher, as opposed to the CEO with cross industry experience.

Those who indicated that industry experience is necessary are of the view that for the CEO to be successful in turning around an SOE she/he should have an understanding and experience

in that specific sector as people relate well with CEOs who understand the dynamics of the sector:

> *"People relate better to someone who has an understanding of the issues that they are talking about. So if you are in the Energy space it would help to come in with some knowledge of the industry (RR1, p. 3).*

Zimmerman (2011) holds a similar view that as a result of the typical requirement in a turnaround situation to improve quality through the reduction of costs, it then becomes necessary for the CEO to have industry experience. This finding supports Kirkpatrick and Locke (1991) who indicated that effective leaders are highly knowledgeable about the company, industry and technical matters. In addition, in-depth industry and organisation knowledge enable leaders to make well-informed decisions and to appreciate the implications of those decisions (Kirkpatrick & Locke, 1991). This indicates that industry experience gives the CEO an advantage of becoming successful or effective in the organisation. "Experience in the industry being served eases the difficulty the CEO has in turning a company around" (Zimmerman, 2011, p. 184). Furthermore, Zimmerman (2011) alludes to the fact that in their study, successful cases of turnaround had the turnaround agents with extensive industry experience as opposed to unsuccessful cases that had turnaround agents who were unfamiliar with the industry. In the same vein, Steiner, Kunin, and Kunin (1981) posit that the CEO should have sufficient knowledge of the organisation's technical and economic characteristics while also carrying out social responsibilities.

One can conclude that industry experience is not fundamental but an added advantage, however there are certain sectors that are not that easy to navigate without industry experience. Global exposure seems to be giving a CEO an advantage in becoming successful as this research suggests that the CEO of one of the successful SOEs (SOE1) in SA was globally exposed. Van Melle Kamp and Hofmeyr's (2013) study suggest that a future CEO should acquire international experience and exposure in various functions. The findings of this research support the study by Le and Kroll (2017) which found that the amount of time that an executive spent overseas impacts performance positively. In addition, Le and Kroll state that the time the executive spent abroad also enhanced strategic change from interactions with various countries which ultimately, improved performance.

- **Educational**

This empirical data reveal that education is not a necessity, however an undergraduate education is necessary as it equips one with cognitive and problem-solving skills. The aforesaid skills demonstrate that one has the basic skills necessary for thinking and learning considering that the world is forever changing and therefore the ability to learn new things becomes necessary. *"Tertiary teaches you how to think and solve problems" (AB10, p. 5).*

Thinking and learning skills are necessary for running the business as they are a symbol of someone who is resilient and able to learn and achieve things. Education also equips one with systems thinking ability as the CEO is a general manager and therefore should be able to identify the interdependencies in the system and be able to see the whole and not only certain parts of the system (AA3). This research is in support of the need to have education as certain things that we learn through formal education, such as theories, enable one to have a base for the analysis, thinking and decision-making. *"You need to have a level of appreciation, also in terms of what are the theories behind what we are doing" (AA3, p. 16-17).*

This appears to be making sense, as an example one would suggests that things like "PESTEL and SWOT" which most of the organisations use as tools to perform environmental scanning during strategy planning and development are useful. One other example that the researcher could think of is BCG's (Boston Consulting Group) product portfolio matrix that organisations utilise to assess how their products and services across different portfolios perform in order to among others, to either grow, diversify, discontinue or invest more. One participant also mentioned that PESTEL or SWOT could be used as tools for analysis of the organisational strengths and weakness (AC1). This research suggests that education plays a role in decision making. *"Something to anchor your thinking on, and something to anchor your reasoning on" (AB4, p. 18).*

Though some level of education is required, it does not supersede the importance of experience as education is not the only factor to get the work done. *"The individual has to have an education in my view and has to have experience, critically it's the commercial experience" (AA1, p. 17)*. The findings of this research in this case support Sengupta (2021) study on turnaround that found qualifications not to be the only element for organisational success but also the leader's qualities. It is suggested that recognition of prior learning (RPL) be considered

when recruiting CEOs as opposed to focus only on education. Each candidate should be evaluated as they come as some candidates might be cases of recognition of prior learning (RPL) (RR2). The CEO should possess a combination of competencies for example, formal education, experience, and ability (AB3, SS2) as certification without application is not sufficient.

This research shows the importance of a formal education as opposed to the one acquired in the streets in a sense that the latter does not teach ethics. The CEO who has not undergone a formal education will base his/her decisions on gut feeling and not facts (RR2). Street education does not teach ethics hence some level of education is required to avoid situations whereby the CEO just act according to instincts (RR2). By having education, the CEO will be able to navigate through different disciplines such as Finance, Marketing, Procurement, HR, Corporate services, IT, etc. as that is the role of the General Manager to have an understanding of all the aspects of business. Huang, Davison, Liu, and Gu (2008) acknowledge the importance of education in shaping the leadership behaviour.

It is quite important for the CEO to be in possession of some kind of advanced education as the CEO engages various stakeholders that would not entertain you if you do not speak the same language as them. *"Without education even if you are talented, you will spend a lot of time convincing the country to trust you, even your own employees because a lot of them will be more educated" (UR1, p. 7).* In addition, education equips the CEOs with knowledge to navigate complex situations.

Though education appears to be essential as a contributing factor to the CEO's knowledge, a number of scholars (Andalas et al., 2017; Bhagat, Bolton, & Subramanian, 2010; Gottesman & Morey, 2010; Mentari & Sulistyowati, 2018) are of the view that the level of education does not affect performance. In contrary, the study by Saidu (2019a) which was conducted within the firms in the financial sector which are listed on the Nigerian Stock Exchange, suggest that CEO education leads to improvement in profitability. This being the case, the researcher maintains that some level of education is necessary considering the benefits deriving from it, such as equipping the CEO with knowledge on how to navigate complex situations, shaping leadership behaviour and overall equipping one with cognitive and problem-solving skills as per this research.

This empirical research data do not only suggest that education is key at the level of a CEO but further add that a Post-graduate qualification is necessary as a result of the benefits it offers such that it enable one to perform cause and effect analysis and dependencies. *"You can't be a CEO without at least any undergraduate degree, and it's also advisable that the CEO has some post-graduate" (AA5, p. 5).* MBA as a business qualification is recommended for CEOs (AB3, SS2, AD3, SS1). The advantage of such training is that it does not only teach one the principles as in theory, but the application thereof in real life. "*It equips one in terms of strategic development and implementation, which is critical for turnaround strategy for the SOEs" (AD3, p. 2).* Post-graduate education teaches you to manage the system, to see cause and effect, to look at correlations because you do not do a lot of that in your undergraduate, so postgraduate definitely helps (AA3, p. 17).

Post-graduate education is important, according to this research, however it does not take away the necessity of work experience or track record. *"Leadership course like an MBA for example is also very helpful. But I think what's important is the history of actually implementing" (SS1, p. 8).*

Andalas et al. (2017) have a different view that the CEO with a high educational level struggles to lead organisations in a turnaround situation. According to Andalas et al., this is due to the fact that education level is linked with cognitive complexity, this being the case, highly educated CEOs are inclined to consider more options in a turnaround situation, and this results in delays in turning around the organisation. On the other hand, the study by Ghardallou et al. (2020) found that CEOs with post-graduate qualification, such as an MBA and PhD degree, do not have any impact on the financial performance of the organisation.

Though this empirical research suggests that highly educated CEOs tend to consider more options before arriving at a decision, one would suggest that such CEOs are more risk averse and therefore their decisions might lead to a successful turnaround.

5.3.1.11 Summary of capabilities

The previous section identified the capabilities of a CEO who can be successful in executing SOEs turnaround strategy to be: Strategic orientation and execution capability, turnaround, governance, establish top management team, human capital management, change management, political savviness, leadership and technical know-how. The following figure summarises the capabilities of the CEO who can be successful in executing a SOEs turnaround strategy.

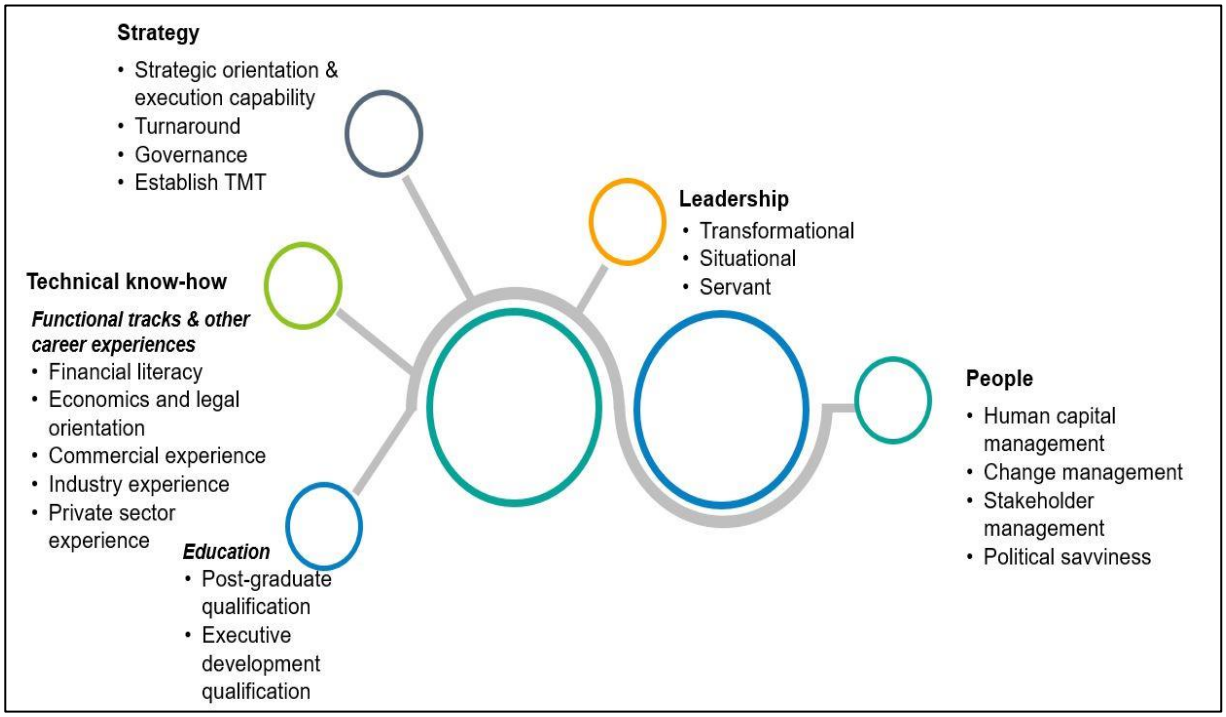


Figure 13: Summary of capabilities of a CEO of turnaround (Researcher's own interpretation)

This research shows that the CEO should possess a strategic and execution capability to develop and execute a turnaround strategy. In addition, the CEO of turnaround has to be a visionary and also possess change management, communication, and stakeholder management skills to create awareness, understanding and buy-in of the turnaround. Concerning experience, this research attests that the CEO should have a track record as in turnaround experience.

Industry experience and functional background are also important but not essential in a sense that the fundamentals for driving a business are the same (AD1), what is required is a solid leadership foundation (AB10). In addition, the CEO is not a specialist but a leader, she or he can bring on board the experts that play an advisory role (AD2). This finding then implies that what matters are leadership skills. There are special cases however where industry experience

would be necessary. An example in this case is those specialised industries such as a Health and Energy sector (AB9, AC2, RR1) where the CEO will be expected to speak the same language used in that industry to relate with people better (AC2, RR1). Zimmerman (2011) found that industry experience to be relevant when the purpose of turnaround is to improve quality through reduction of costs, furthermore most of the successful turnarounds had turnaround leaders with industry experience while unsuccessful turnarounds consisted of leaders who were not knowledgeable about the industry.

The researcher is of the view that what is important as the CEO, is leadership as the utilisation of experts in those industries that are regarded as more specialised, for example the Health sector, a CEO without medical background could still be successful if the leadership skills are on par. What is also more important is the characteristics of an organisation, in the SOE environment, one could possess the necessary industry experience and leadership skills but still fail in turning around the SOE because of factors such as poor practices of the board and shareholder, lack of funds, complexity of the mandates and other internal operations related issues, for example. Industry experience should not be a necessity but an advantage. As for a functional background, exceptions would be in cases whereby the turnaround is focusing maybe on just one or two aspects, such as cost cutting to ensure profitability. In this case, then it would make sense to appoint someone with a financial background. One other example would be to appoint someone with a marketing or sales background if the strategic imperative is to increase market share or improve customer experience.

Commercial or private sector experience was identified as key which really means that the CEO has to have business acumen (AA1, RR2, AD3, AD2, SS1). He has to possess some financial skills to be able to read and interpret financial statements (AA1, AA2, AA5, AB3, AB10, SS2), in addition have an understanding of business drivers (AA1, AA2, AA5, AB3, SS2). Moreover, the CEO should have some appreciation for economic (AA1) and legal (AA1, AB3, SS2, SS3) aspects. The need to possess such skills is necessitated by the fact that in an SOE environment there is a lot of contracting work that happens that requires one to have an understanding of the contracts, procurement and SOE related laws (AA1). The findings of this research are aligned to Ghardallou et al. (2020) who found successful CEOs to be in possession of a degree in business administration, economics and finance or accounting.

This research suggests that the CEO has to be politically conscious because the SOE

environment is complex, and the CEO should be able to perform while also managing politics. The CEO should also have governance acumen because CEOs deal with various stakeholders and a variety of issues that require one to have understanding of SOEs related Acts. The findings of this research assert that the CEO should have leadership skills. It is evident that a combination of transformational, situational and servant leadership is what the SOEs requires if one had to take into account the characteristics of each, however bearing in mind the challenges such as political interference, leadership incompetencies, board practices, legislative and governance issues etc. one could argue that these leadership styles do not warrant SOE's turnaround. The CEO should also have the ability to establish a competent top management team when necessary to enable the achievement of the turnaround objectives. The CEO also needs to have human capital management skills and understand that employees should be valued as they are assets.

5.3.2 Attributes

This research identified the attributes required of a CEO to be able to turnaround an SOE. The traits are discussed below while a summary of the most significant traits is presented in 5.3.4:

5.3.2.1 Decisive

This research identifies courage as a trait required of a CEO due to the challenges that the CEOs of SOEs are faced with in a turnaround situation (AB2, AB7, AB10, AB9). The ability to take bold steps and move quickly when faced with challenges. The courage to face challenging situations as the CEO who lacks courage will not achieve anything. Kumalo and Scheepers (2018) study found courage to be top-ranked by the executives as traits required of a turnaround leader. The role of the CEO is stressful as stated that having tenacity as a CEO is therefore crucial. *"It's a very stressful position" (AA3, p. 38).*

This research upholds a need for the CEO to be brave and not be indecisive and uncomfortable in challenging wrong decisions, a strong personality then becomes apparent. Turnarounds come with their own pressures, such as bullying, threats and intimidation), therefore a strong CEO will be able to overcome such without being scared of being unpopular (AB7, p. 8). CEOs of SOEs should have a thick skin, as the results suggest that it is very rare to be praised, instead you will be attacked from different angles including the media that will feast on you. It is for

this reason that this research suggests a strong personality to be a "non-negotiable" skill which CEOs should possess. *"You will have to absorb pressure and the pressure is going to come from different angles" (p. 11)* and therefore one has to be strong enough to pull through despite the pressure (AB3, SS2): Strong leaders make unpopular decisions that are in the best interest of the organisation and the country at large. Successful CEOs of turnaround ought not to be scared of being unpopular. Botelho, Powel, and Raz (2018) attest that a successful CEO is bold and does not fear any conflict. Moreover, Miller (2001) suggests that strong leadership is vital for successful implementation of a major change. Though a strong personality seems to be key, on the other hand, it was suggested that the CEO has to show vulnerability where necessary (RR2). In a turnaround situation, there are opinionated people therefore a leader with a strong personality will not be scared to challenge people like that and make quick decisions instead of never-ending consultations that will delay the process of turning around (AB3, SS2). This research is aligned to Slatter et al. (2006) who stated that successful turnarounds require new strong leadership.

This finding of a CEO having to have a strong personality also backs the study conducted by Sprong et al. (2019, p. 1626) that suggests that "a strong leader is needed to restore order, even when that leader is willing to challenge democratic values". Furthermore, this research appears to be aligned to the Great Man theory which argues that leaders are strong and intelligent (Mouton, 2019). It appears that what is required in the SOEs in SA to restore these SOEs is Great men who are able to develop the plans that cater for most possibilities.

The SOE environment requires someone who is self-secured, someone with confidence. The CEO should not doubt herself/himself because nothing will ever be achieved. *"If you're insecure, you're not going to lead, you create this defence that's unnecessary and you start fighting with everybody" (AA2, p. 7).* It is for this reason that an autocratic leadership style is not appropriate for an SOE in a turnaround situation as it is a reflection of an insecure leader (AA2). Confidence helps the CEOs to reject the things and demands from the politicians that will impact the success of a turnaround. Nothing will threaten the CEO with a high level of confidence. *"When you are doubtful people are actually going to take advantage of that and you won't be able to get it right (AB7, p. 7-9).* Kirkpatrick and Locke (1991) share the same sentiments that a leader who expresses a high degree of doubt is less likely to be trusted by the followers and the implication would be that they will not be committed to the vision. In the

same vein, Bibeault (2017) states that a turnaround leader has to have a self-confident image, otherwise people will doubt the survival of the organisation.

The turnaround situation requires that quick decisions be made (AB7, AB3, SS2, RR2, AA1, AA4, AD1, AC2, SS1), therefore the CEO needs to have the ability to make tough decisions, they have to analyse quickly and make the call (AA1, UR1, SS1). The CEOs in a turnaround situation should avoid indefinite consultations. The situation does not require an analysis/ paralysis kind of approach, the CEO should be able to pave the path, identify a critical path and optimal path for the employees (AA1). The research data show that a tentative CEO in turnaround situation will make unpopular decisions, it is therefore suggested that the CEO has to be decisive (AA1). Regarding tough decisions that the CEO must make, one has to take cognisance of the fact that turnaround is painful. At times it involves head count reduction where you have to take a decision to release certain people from their positions (AB7, AA1, AC2): "*Being able to make tough decisions around having to retrench or having to close down certain projects and redirecting the team to a different sort of way of doing things" (SS1, p. 8).* This research supports Harrigan and Wing (2021) who mentioned that a great crisis manager will have to make hard decisions about headcount and remuneration.

The CEO of an SOE has to be very assertive, considering the stakeholders they deal with. This research suggests that the SOE environment is complex, and it is made up of smart people and political predators. This research therefore suggests that the CEO has to be firm to avoid a situation where the stakeholders dictate to them. Ames and Flynn (2007) found assertiveness to have a relationship with instrumental outcomes (effective and success). This research also aligns with trait theory which states that assertiveness is a key trait for a successful leader (Kirkpatrick & Locke, 1991). Similar to this research, Slatter (2011) and Bibeault (2017) attest that turnaround leaders are aggressive and decisive. Botelho et al. (2018) also discuss that successful CEOs are decisive and further suggest that quality decision-making behaviours such as thoughtfulness and analytics distinguish high performing CEOs. The advantage of being self-confident as a leader, according to Kirkpatrick and Locke (1991), is that such leaders are likely to be assertive and decisive which are skills required of an effective leader. From this research, it is evident that self-confidence is an umbrella trait that influences a number of other essential traits, namely, assertiveness, decisiveness and emotional intelligence, as reflected in Kirkpatick and Locke (1991) that the execution of a decision and the level of emotional

intelligence are influenced by self-confidence. It is said that self-confident leaders are emotionally stable (Kirkpatrick & Locke, 1991). Bibeault (2017) suggests that self-confidence is insufficient for a turnaround leader, it has to be complemented by a positive outlook and be encouraged throughout the organisation.

Though literature suggests that self-confidence is an overarching trait which has an influence on several traits required of a successful leader, it appears that there is gap in that the SOE environment is political and therefore one cannot conclude that self-confidence, inclusive of its members (assertiveness, decisiveness, and emotional intelligence) traits alone will result in a successful leader. Future studies should consider assessing if these traits are also relevant in an SOE environment as it appears that without a political backing, a leader could be a failure as the powers that be are capable of blocking the CEO's decisions.

5.3.2.2 Humble

Humility has been identified as a personal attribute for a CEO (AB2, RR2, UR1). The nature of the job requires the CEO to be humble and not big headed. The research data suggest that successful CEOs are grounded and not easily excited (AC1). *"…Someone who's got humility.., who understands the direction and the vision and be able to drive it without walking on people's toes so to say" (AB2, p. 5*).

This research largely support the study conducted by Ou, Waldman and Peterson (2018) that suggests that humility has an impact on organisational processes and performance. Ren et al. (2020, p. 18) affirm that "humble CEO leadership improves start-up firm performance and promote the firm's sustainable development (p. 18)". Though the SOEs under study are not start-ups, they could benefit from having a humble CEO as a result of the benefits associated with this trait, as reflected in Ren et al. (2020). This research further supports O'Kane and Cunningham (2012) who explained that a turnaround leader has to incorporate humility in their leadership approach. Ren et al. (2020) posit that a humble CEO creates an organisational learning climate which is inclusive and conducive for improvement of start-up enterprise performance. Upper echelons scholars (Ou, Waldman, and Peterson) suggest that a humble CEO is likely to adopt a strategic orientation based on multiple approaches which is related to stronger firm performance. Considering that successful turnaround CEOs of an SOE are supportive of a learning organisation, it is suggested that a CEO who is humble will be able to

create the aforesaid environment which will aid in turning around an SOE. It is therefore suggested that this finding supports upper echelons theory in a sense that a CEO with humility as an attribute will select a turnaround strategy that will lead to a positive outcome.

5.3.2.3 Charismatic

It appears that charisma in the context of an SOE is a trait required of a CEO: "*I will call it charismatic leadership, which really is something to me that is working with the people" (AC2, p. 4).* This research is aligned to Avolio et al. (2009); Steiner et al. (1981); Van Melle Kamp and Hofmeyr (2013); Wheelen and Hunger (2012) who indicate that charismatic leadership is a key characteristic of successful executives. Charismatic leaders are powerful and influential, therefore employees would want to identify with them (Bass, 1990). Moreover, they are trusted, and employees have confidence in them.

Hayibor, Agle, Sears, Sonnenfeld, and Ward (2011) suggest that charismatic leaders are visionary leaders who possess certain personalities and behaviours that motivate the followers to perform exceptionally. Considering that a turnaround environment is normally volatile, a charismatic leader who will motivate the employees to perform under such conditions is a personality that is required. It is however worth noting that not all successful CEOs have charisma, as pointed out by van Melle Kamp and Hofmeyr (2013).

This empirical research found motivational skills are necessary for the CEO to inspire the employees. Kirkpatrick and Locke (1991) reported motivational skills to be one of the core traits of a leader. Zimmerman (2011) suggests that successful CEOs motivate others to reach greater heights. It is important to have this skill as the CEO of a turnaround as a turnaround journey is mostly painful and the stakeholders are impacted, particularly the employees need some inspiration that there is a light at the end of each tunnel:

> *During the tenure of Mr XXX, employee morale was high. That's what I would refer to as things moving too smoothly because that is a very big thing" (UR1, p .8).*

Employee morale is influenced by the role models and motivators (Scherrer, 1992). It is for this reason that Scherrer points out that in a turnaround situation, a turnaround leader has to make use of positive employees to motivate the stakeholders. Larcker et al. (2013) state that motivational skill is one of the skills that CEOs would want to develop during coaching. The

importance of a motivational skill is also reflected in chapter five by the participants who mentioned that as a CEO *"you need to be a morale builder" (AB2, p. 5).* Garvin and Roberto (2005) point out that turnarounds are emotionally draining, therefore the CEO in charge of turnaround should ensure that the organisational climate is managed, thus this becomes an essential skill. The study by Gilley et al. (2008) identified motivation skill as one of the predictors for successful implementation of organisational change. The study by Ganesh and Kumar (2013) found that low motivation was a hindrance for organisational growth and achievement of large-scale projects. Gilley et al. (2008) suggest that in order to implement change and innovation successfully the leader has to master motivation skill. This clearly shows how important it is for the CEO to possess motivational skills.

5.3.2.4 Sense of humour

This research suggests that a CEO with a sense of humour helps in defusing a stressful environment by turning a burden into a joke to aid the employees in alleviating stress that comes with turning around an organisation. *"I had a good sense of humour in the midst of all the challenges" (AB6, p. 8).* This kind of personality is required in a turnaround situation to ease the situation by making people laugh about the unpleasant turnaround situation. Schnurr (2008) defines humour as one of the key tactics which assist the leaders in achieving their various transactional, as well as interpersonal, objectives. Drawing on the study by Ho, Wang, Huang and Chen (2011), humour can create a fun environment which will help people to deal with pressure, solve predicaments, conflicts, awkward situations and also build positive relationships; however it may not necessarily be a primary criterion for success but building an effective and high performance team. SOEs environments are stressful, particularly during turnaround, a CEO with a sense of humour can add value by making fun of the stressful situation which will aid in relieving pressure on the shoulders of the subordinates. The findings of this study support the view of Ho et al. (2011) that humour is a personal trait required of a leader. Drawing further into the view of Ho et al. , self-enhancing humour should form part of the criteria for the selection of prospective leaders and also for developmental purposes.

5.3.2.5 Emotionally intelligent and resilient

The position of a CEO requires someone who is calm and reasonable considering the challenges that CEOs face on a daily basis, particularly in a turnaround situation. As the CEOs

deal with complex problems, the position requires someone who will remain calm in such situations and be resilient. CEOs are story tellers that tell the same stories to numerous stakeholders (union, staff, board, customer, shareholder, regulator, public, etc.) in a different manner. Patience then becomes key as the messages should be repeated over time:

> *"You have to repeat the same thing over and over again, for the union, staff, board, customer, etc. you know, therefore one must be good at storytelling as a strategy is like story line" (AB6, p. 16-17).*

This research data show that successful CEOs of turnarounds are also caring. The CEO should not only nurture and care for the well-being and development of the workers but also challenge them at an intellectual level. This finding aligns with transformational leadership as suggested by Bass (1990) that a transformational leader takes care of employees' emotional needs while also intellectually challenging them. The SOE environment is challenging, it is therefore important to have a CEO who is a nurturing figure to walk the journey with the employees.

SOEs environments are stressful, emotionally, and physically draining. The CEO has to be able to take the heat and bounce back quickly, therefore a high degree of resilience and emotional intelligence or intellect are essential characteristics required of a CEO of an SOE. *"I sat three years in the state, it is emotionally taxing. It is personally difficult. So, a high degree of resilience" (AC2, p. 14).* The study of Ugoani (2020) found emotional intelligence to be driving positive behaviours which results in a successful turnaround strategy. The CEO with the right level of emotional intelligence is able to stomach the mistakes that come with turnaround and instil the principles of a learning organisation whereby the employees will feel that they are part of the environment that is changing and that they will not be punished for bringing solutions that might not work. One could support the above finding as in a turnaround situation, certain things are trial and error, therefore the CEO should have an attitude to understand when employees make mistakes. Top performers in senior leadership positions are distinguished from the average performers by emotional intelligence capabilities rather than cognitive abilities (Sharpe, 2003). Emotional intelligence is therefore regarded as a *sine qua non* of leadership even though technical skills and IQ (Intellectual intelligence) are crucial (Rao, 2006; Sharpe, 2003). On the other hand, Goleman (2021); (Sharpe, 2003) claim that IQ and technical skills are still relevant however they are regarded as entry level capabilities for executive roles. A leader can have the best training, analytical mind and smart ideas and still not be a great leader (Goleman, 2021; Sharpe, 2003). Literature on emotional intelligence indicates that there

is a relationship between emotional intelligence and effective performance (Sharpe, 2003). The researcher is of the view that the CEO's levels of IQ and EQ (Emotional intelligence) should be acceptable to be able to perform at a strategic level.

This research suggests that successful CEOs are naturally intelligent (AD1). Kirkpatrick and Locke (1991, p. 51), affirm that leaders are often portrayed as intelligent and that they have to be intelligent enough to be able to craft effective strategies, "solve problems and make correct decisions". Bibeault (2017) is also of the view that successful leaders possess intellectual ability. On the other hand, Sharpe (2003) claims that IQ and technical skills are still relevant, however they are regarded as entry level capabilities "threshold capabilities" for executive roles. Goleman's (2017) view is that IQ or technical skills do not differentiate good leaders from the bad ones but emotional intelligence does. The study by Botelho et al. (2017) found that of the executives that they coach, those with the highest IQ struggles most with decisiveness because they strive for flawless answers. Based on this finding, it appears that the CEOs with the highest IQ will struggle in a turnaround situation which requires urgency as they will take their time before arriving at a decision which will delay the turnaround process. Emotional intelligence is a success factor for a leader (Rosyidi & Fitriana, 2018). The studies by Desti and Shanthi (2015); Fitzpatrick, Shete, and Richards (2018); Goleman (2017); Sadiku, Adebo, Musa, and Oyewunmi (2021) found emotional intelligence to have a relationship with performance, meaning that to be successful, one requires emotional intelligence. High levels of emotional intelligence result in higher organisational success (Fitzpatrick et al., 2018). Based on this, the researcher strongly advocates that the CEO of a turnaround should possess acceptable levels of intellectual ability and high levels of emotional intelligence as emotional intelligence has a positive relationship with organisational success.

5.3.2.6 Innovative

A creative mind in a turnaround situation is a necessity. This makes sense in a way that a turnaround is not business as usual, therefore there is a need for the CEO to devise creative plans that will aid the SOE in turning around. This research supports Bibeault (2017) who indicates that for a turnaround to be successful, a turnaround leader has to have a significant degree of creativity.

5.3.2.7 Flexible

The CEO of turnaround is not someone who is there to maintain the status quo but someone who is flexible and looking for intellectual stimulation. Flexibility also comes in on the working hours part and availing themselves at short notice to Parliament or the Minister's office in certain circumstances. SOEs are demanding, the CEOs of SOEs work long hours, seven days a week. *"You are expected to work exactly as politicians work, which means you work seven days a week" (AB4, p. 8).* Flexibility, according to Bibeault (2017), is a trait of a successful business leader which in this case, appears to be necessary for a CEO of turnaround and suggests that flexibility is similar to multitasking which is key in situations that require it (Morrey, 2020). The CEO of turnaround needs to be flexible as turnarounds and SOEs are complex and sometimes unexpected results may turn out which would require the CEO to make necessary adjustments to ensure that the turnaround efforts are not jeopardised.

5.3.2.8 Summary of attributes

The previous section identified the attributes of the CEO who can be successful in executing a SOEs turnaround strategy to be: Decisive, humble, charismatic, sense of humour, innovative, flexible, emotionally intelligent and resilient. The attributes are depicted below in figure 14:

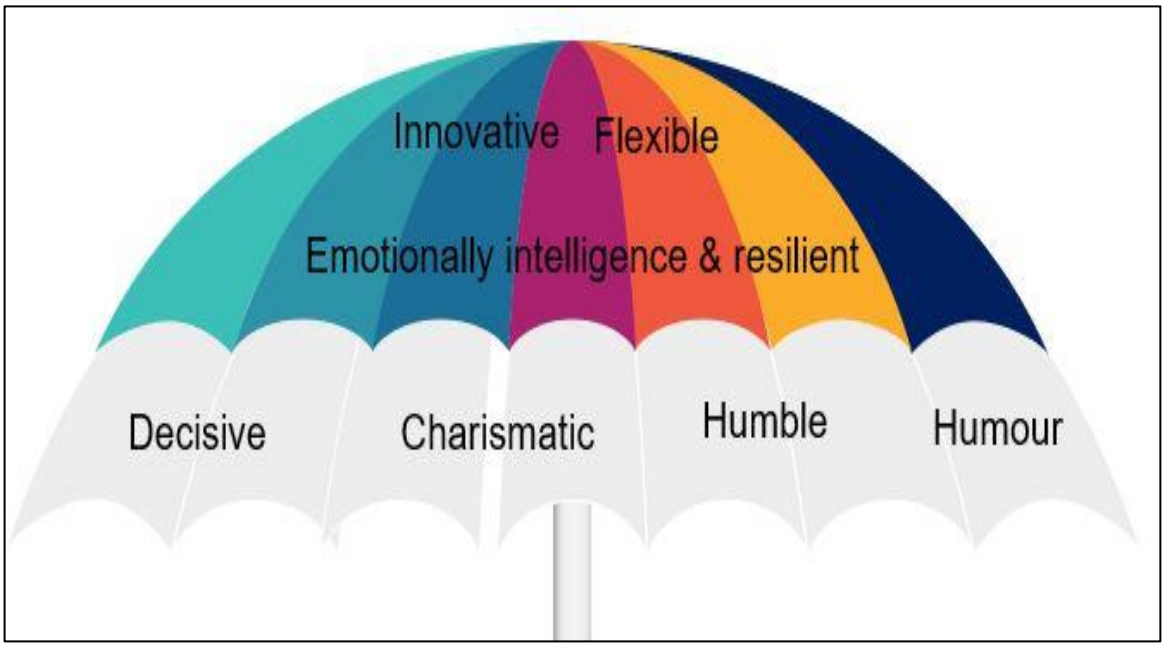


Figure 14: Summary of the attributes of a CEO of turnaround (Researcher's own interpretation)

The findings of this research suggest that the CEO of turnaround has to be decisive. She/he needs to have the ability to make tough and quick decisions. The CEOs in a turnaround situation does not require someone who will consult indefinitely before making decisions. This research shares the views as Bibeault (2017); Slatter (2011) who found turnaround leaders to be decisive. Botelho et al. (2018) found decisiveness to be an attribute for high performing CEOs. This research also found a strong personality to be a significant attribute for a CEO of turnaround because of the challenges that comes with turnaround such as retrenchments. According to Miller (2001), strong leadership is important for successful implementation of a major change. Resilience was identified as key for a turnaround CEO as turnarounds are challenging, therefore the CEO who lacks resilience will find it difficult to bounce back when challenges present themselves. Kumalo and Scheepers (2018) found that resilient to be a key trait for a turnaround leader.

This research posits that the CEO of turnaround needs to have a motivation skill to inspire the employees during turnaround. The findings are in line with Gilley et al. (2008) who found a motivation skill to predict successful implementation of organisational turnaround. The CEO also needs to be assertive as a result of the complex stakeholders SOEs have. The findings of this research are in support of a trait theory which suggests that assertiveness is a key trait for a successful leader (Kirkpatrick & Locke, 1991). This research also found humility to be significant for turnaround CEOs. This finding supports upper echelons theory which suggests that a humble CEO is likely to adopt a strategic orientation with multiple approaches which results in stronger firm performance (Ou et al., 2018).

5.3.3 Values

This section discusses the key values required of a CEO to be able to turnaround an SOE while a summary of the values is presented in 5.3.3.6. The values play an important role towards the outcome of turnaround in an organisation. This research emphasises the importance of a value system. CEOs should have a value system that drives them, which guides their behaviour. The CEO is expected to lead by example by portraying the set behaviours. Leading by example is key for the success of an organisation as it was seen in many organisations with espoused values that are there and socialised to the employees though the leaders themselves do not put them into action (AC2). *"The CEO should live and breathe the values" (AA1, p. 33)*. This

research shares the view of Mishra (2017) who posits that good leaders portray both their values and ethics through their leadership style and actions. This research is also aligned to Tran et al.'s (2016) study that suggests that the leader is perceived to be exemplary thus leading by example. CEOs without principles are perceived to be failures, according to this research (AB7). The key values identified in this research are discussed below:

5.3.3.1 Strong work ethic and team culture

This research suggests that lack of principles creates chaos. The establishment of commissions of inquiry in South Africa justifies the importance of principles. Being principled is everything that one can ask from the CEO, according to this research. The CEOs should be principled in such a way that "*they do everything as if they are doing it for God" (AB12, p. 16).*

The challenges that the CEOs of SOEs are facing is that principles do not matter in the eyes of the leaders, but loyalty. Loyalty is a good thing and in theory, it will make sense to reward the employees for their loyalty, however loyalty in the case of the SOEs means a different thing. According to this research, in the SOE environment, loyalty is about appeasing the powers-that-be by compromising one's principles. This is evident with commissions of inquiries that have been set-up to deal with such behaviours.

This research appears to suggest the linkage between the values and the outcome of turnaround in an organisation as indicated that personality X produces X results and not Y. According to the findings of this research, personal values are key in the role of a CEO. The research data indicate that for the organisation to turnaround successfully, the CEO should have strong work ethics and instil a team culture (AA1): *"A culture that says I am here to build something" (AA1, p. 13).* Ethical principles and team culture are add-ons to the standard personal values such as honesty, integrity, etc. (AA1). One can argue that these values are key in a sense that the SOE environment is corrupt and made up of incompetent people. It then becomes apparent to have a CEO who is principled to drive the SOE to a point of efficiency and effectiveness without any fear of favour.

This empirical research indicates that a fundamental aspect required in business is possession of right values. Right values, as per this research, have an element of teamwork and are results driven. Furthermore, this research data might suggest that CEOs with right values are not

influenced by politics. Their organisation is not made up of people who belong to a certain social class or affiliated to a certain political party but meritocracy. *"A CEO with the right values are not political, they promote a culture of teamwork, they are results driven and their organisation is based on meritocracy" (AA1, p. 33).*

For organisations to turnaround successfully, there is a need to have competent people, knowledgeable people, and achievers in place. This research corresponds with Gathiru, Khamah, and Nyakora (2021) that teamwork has an impact on performance because the employees learn and gain skills which will benefit the organisation by consulting with one another. Khan and Al Mashikhi (2017) also found teamwork to have a positive relationship with performance. This is due to the fact that employees acquire many ideas through collaboration which results in increased effectiveness of their tasks (Khan & Al Mashikhi, 2017). Harker and Sharma (2000) found successful turnarounds to be attributed to teamwork in assessing and solving the problems. Teamwork appears to be what is required in a turnaround of SOEs to collectively solicit and implement a plan which will aid in reversing poor performance. One would suggest that collectivity is better than individuality as through collective efforts one would eliminate any possible mistakes through consultation and ascertain any scepticism in the turnaround process.

As a CEO you need to be ethical, purpose driven, impact conscious and be committed to serve. Kariuki (2019) states that ethical leadership is the type of leadership which is not bound to any sector. It is only bound by a set of morals, made up of core values and guided by a code of ethics, for the dignity and rights of others (Kariuki, 2019). The study by Bedi, Alpaslan, and Green (2016) suggests that ethical leadership is positively related with transformational and transactional (contingent reward) leadership. This could imply that leaders who are transformational or transactional (contingency reward) could instil strong work ethics in the organisation. In the case of an SOE in SA, this could not be concluded, thus leaving a gap in literature to investigate if transformational and transactional (contingency reward) leaders instil strong work ethics in the SOEs. This research is in line with Osibanjo, Akinbode, Falola, Oludayo and Ethics (2015) who suggest that strong work ethics lead to excellent work performance. Though literature (Esmaeili, Sianaki, Esmaeili, Pashayi & Pour, 2016; Malik, Awais, Timsal & Qureshi, 2016; Osibanjo et al., 2015; Peng & Lin, 2017) has shown the relationship between strong ethical leadership and organisational performance, this cannot be

conclusive that in an SOE environment this will be the case as there are a number of factors, such as the political landscape and multiple stakeholders involved. This leaves a gap in knowledge that a study has to be conducted to investigate if strong work ethics in the SOE in SA will result in a successful turnaround.

5.3.3.2 Integrity

This research appears to demonstrate that integrity is a key when appointing the CEO. Integrity is key in a such a way that it is regarded as a cornerstone for everything:

> "*My believe is that it starts from the top, if you as the head of the organisation are seen to be clean then it is easier to get everybody to buy into that culture of a clean organisation" (RR1, p. 4*).

This research supports Karthikeyan (2017); Morrey (2020) who posit that integrity is the '*sine qua non'*, the first and primary trait of a leader. This empirical research further suggests the challenges that come with being a black CEO or executive is that there is a stigma attached to the black executives that they are corrupt and are bound to be involved in improper practices, such as sexual harassment. In addition, this research is consistent with Yusoff, Kazi, Arisar, Jamil, and Hishan (2016) who found integrity to be the key element for any business. It is not easy to maintain integrity in a public sector as the Politicians make attempts for CEOs to be involved in unethical practices. *"You must be willing to stand against what is wrong and that's not what they want to hear but they would respect you because of you are honest and you are upfront" (AB7, p. 7-9).* Some of the CEOs of SOEs in SA have compromised their value system as a result of influence from the politicians (AA1, AC2). The implication in this regard is that some are not employable while others are locked in commissions of inquiry (AA1). Principled CEOs appear to be successful hence it is necessary to have a value system as a CEO (AB7). Any individual in a leadership position ought to be guided by a set of morals when executing their responsibilities (Kariuki, 2019). Integrity is so important in that Karthikeyan (2017) suggests that it is a key criterion which determines top executive's success.

CEOs should have a clean record characterised by a good value system (AB6, AB7). Sant's (2016) study found CEO's credibility to be positively linked with employee engagement and consequently affects the reputation and success of the organisation. Changing your value system to appease authorities should be the last thing that comes to the CEO's mind. What is

important for the CEO should be loyalty to the people they serve, which will be evident in the service they provide to the public/country and not loyalty by acting against their principles in order to appease the principals. It is suggested that future studies conduct research to establish if the above values are being portrayed in SOEs in South Africa and the rest of the world. The findings of this research resonate with other scholars (Hayibor et al., 2011; Kariuki, 2019; Karthikeyan, 2017; Yusoff et al., 2016) who identified integrity as an important value of a CEO.

The research further suggests a need for integrity by reflecting honesty, respect and fairness as values that the CEO should live. The research data suggest that successful CEOs of turnarounds are **fair, honest and trustworthy** in how they do things. Honesty should be practiced in the engagements with the stakeholders across all the levels, from the board to the employees on the ground (AA1). There is a need for respect and treating everyone in the organisation in a fair manner that will ensure that their interests are looked after. The management style stated as being suitable for organisations to turnaround successfully is that where people are respected and empowered to perform their duties. The organisation has to be a source of pride for the employees, and this is possible through fairness, respect and transparent behaviours. This research is in support of the stakeholder theory which asserts that all the stakeholders should be treated fairly, honestly and liberally (Harrison et al., 2015). Moreover, this research is also aligned to Zimmerman (2011) who stated that the CEO has to practice fairness and honesty to have the co-operation of the stakeholders. Honesty and trustworthiness were found to be key for the success of a corporate turnaround (Gomathi, 2014; Ugoani, 2020). One would suggest that fairness is a key value in an SOE considering that the CEO has to deal with multiple stakeholders impacted by turnaround. The CEO has to treat all the stakeholders with fairness to ensure inclusivity. This research also corresponds with the views of Kanyane and Sausi (2015); Slatter et al. (2006) that leaders need to be honest in their dealings.

5.3.3.3 Transparency

The researcher is of the view that transparency and fairness in the SOEs is what is required to be able to turn around the SOEs successfully. The CEO of an SOE should be transparent is his dealings inclusive of reporting to various governance structures and stakeholders. *"We need to be transparent and show how we arrived at the decision." (RR1, p. 13).* Transparency is one

of the Batho Pele principles contained in the South African constitution to which government departments and state-owned enterprises in SA should adhere in order to transform public service delivery. Moreover, this research is also aligned to Kanyane and Sausi (2015) who suggest that the executives, shareholders, boards, and employees of SOEs should conduct themselves in a manner that portrays among others, transparency, and honesty to ensure good corporate governance. In the same vein, Slatter et al. (2006) assert that all turnaround leaders exert confidence through transparency and honesty. Moreover, the findings are in line with Madumi (2018) who stated that the management of SOEs should be informed by the principles of transparency and accountability and that the performance of the SOEs should be monitored and reported to Parliament on a timely and transparent manner.

This research also aligns with Gately (2014) who argues that transparency and fairness in policies is an essential principle for the management and production of extraordinary performers who ultimately contribute to the success of the organisation. This practice, according to Gately (2014), transforms human capital into an unrivalled and enduring source of competitive advantage.

5.3.3.4 Trust

Trust appears to be crucial in an SOE environment, considering the number of stakeholders involved. Lack of trust leads to lack of buy-in into the CEO's initiatives by the stakeholders (AB7). "*The CEO must not be corrupt, they must be trustworthy, transparent and have a clean track record" (AB7, p. 7).* The data might suggest that trust issues are prevalent in SOEs, it is therefore important that the CEO instils a culture that says trust is fundamental. Trust is so fundamental as a value that the CEO should portray in that, according to this research, some of the successful CEOs of turnaround in an SOE were let down by their lack of trustworthiness. *"The only thing that let him down on the trust part…he proved to be not very strong in that part of trust." (AA2, p. 6).*

Puffer and McCarthy (2008) claim that it is the core responsibility of a transformational leader to establish a culture of trust in the organisation, as well as between the organisation and other stakeholders. Bar-Or (2017) states that one the challenges that a turnaround leader is faced with is, among others, to rebuild trust. Bibeault (2017) also has a similar view that a turnaround leader should instil trust in an organisation to rebuild employees morale as a turnaround

environment is stressful. Considering the fact that building trust within and outside the organisation is one of the characteristics of a transformational leader, one could suggest that a CEO of turnaround should be transformational in nature. The study by Fard and Karimi (2015) found a positive and significant relationship between organisational trust and job satisfaction and organisational commitment. Trust could be an essential aspect for effective organisational change (Fard & Karimi, 2015). One would suggest that the CEO of turnaround in an SOE should instil a trust culture to enable employees' commitment which will result in effective achievement of a turnaround. It is suggested that the CEO ensures that she/he trusts the employees, board, shareholders, etc. and is also trusted by these stakeholders to enable successful implementation of a turnaround strategy.

5.3.3.5 Accountability and commitment `

Commitment is important in a CEO to drive turnaround and achieve its objectives. Commitment is about setting the objectives, being present and focused on the objectives and therefore taking all the relevant stakeholders on board (AA3, AA4, AB6, AB3, SS2, AC1, AB10, AD1, AD2, AD3): *"It's the type of KPI based and of course quantitative and qualitative in a way, but it's as I say at the end of the day, we all strive to be good" (AB2, p. 20).*

This empirical research is aligned to Bibeault (2017) in that the turnaround leader should be action-oriented, they thrive for tangible results. It is for this reason that Bibeault (2017) suggests that the turnaround leader needs to have a simple and realistic plan to ensure that it is achievable. The study of Kahn and Sachs (2018) suggests, among others, focus on results as an essential element to recover successfully from a disaster. Ambition and determination for success is what is required of the CEO and not an 8-5 person. *"In a turnaround, you want a person that comes at six (6) and leaves at six (6) and think about the company midnight" (AA1, p. 33).*

This research holds the same view as Slatter et al. (2006) that if you are turning around an organisation you need to put in long hours and therefore it is a 24/7 job. Considering long hours that are required in a turnaround situation, the CEO has to be fit emotionally and physically to lead the turnaround. This is what Slatter et al. (2006) refer to as a "stamina". This research also supports Zimmerman (2011) who mentioned that perseverance is what the CEO of turnaround should possess. A culture of accountability produces a high-performance organisation, and this

can be achieved through commitment and ensuring that the responsibilities assigned to the CEO are executed as such. *"I commit hundred and twenty percent of who I am into getting that done and you want that because if you are a CEO people look up to you" (AA3, p. 27).* This research suggests that successful CEOs of SOEs avoid political issues and focus on implementing a turnaround strategy. *"They block out political factors and they really look at the company itself and driving a turnaround strategy" (SS1, p. 12).*

A good leader, according to Miller (2001), builds high levels of commitment and tenacity though the change success is ultimately dependent on discipline and a proper implementation framework. On the other hand, Duke (2014) asserts that the best turnaround plans will be distracted if there is lack of commitment. In the same vein, Haron, Rahman and Smith (2013) found commitment towards turnaround as an enabler for a successful turnaround.

5.3.3.6 Summary of values

This research identified strong work ethic and team culture, integrity, transparency, trust, accountability and commitment as important values the CEO of SA SOE should possess to be able to execute a turnaround strategy. The values are depicted below in figure 15:

Figure 15: Summary of the values of a CEO of turnaround (Researcher's own interpretation)

The value system encapsulates the values that the organisation should live. It was emphasised that the values in this regard should not only be espoused but the CEO should lead by example by living the set values. The CEO has to be ethical, purpose driven, impact conscious and committed to serve.

Integrity appears to be a cornerstone for business. Karthikeyan (2017) suggests that integrity is a key criterion which determines top executive's success. This research suggests that the CEO who can be able to execute a turnaround strategy in SA SOE should not be corrupt. She/he should have a strong work ethic and she/he has to be a person of integrity, transparent, fair, and trustworthy. Though this is the case that the CEO should have integrity, this research found that at times, the CEO's integrity gets tested by the politicians who will force the CEO to behave outside her/his principles. It is for this reason that the CEO has to really have integrity. This research suggests the CEO has to ensure that he is trusted by the stakeholders to enable successful implementation of a turnaround strategy and also trust the employees, board, shareholders, etc. Transparency is one of the principles of "Batho Pele", the CEO should exercise transparency by including all the stakeholders that are impacted by turnaround. All the relevant stakeholders should be informed about the progress of turnaround, for example, the CEO has to be transparent in terms of reporting to Parliament, etc. This research is aligned to the views of Kanyane and Sausi (2015); Madumi (2018) that to ensure governance, the SOE leaders need to conduct themselves in such a way that portrays transparency, among others. Moreover, the findings of this research suggest that the CEO is expected to instil a culture of trust within the SOE.

5.3.4 Summary of the findings on research objective three

The researcher identified the capabilities, attributes and values of the CEO which help to develop a profile of a CEO who can be successful in executing a SOEs turnaround strategy. The researcher based the identification of the capabilities, attributes, and values on upper echelons theory with the focus being on psychological characteristics and little on demographic characteristics. It is only education, industry experience and functional characteristics as demographic characteristics that were identified. The capabilities, attributes and values of the CEO who can be successful in executing SA's SOEs turnaround strategy are depicted in figure 15 below:

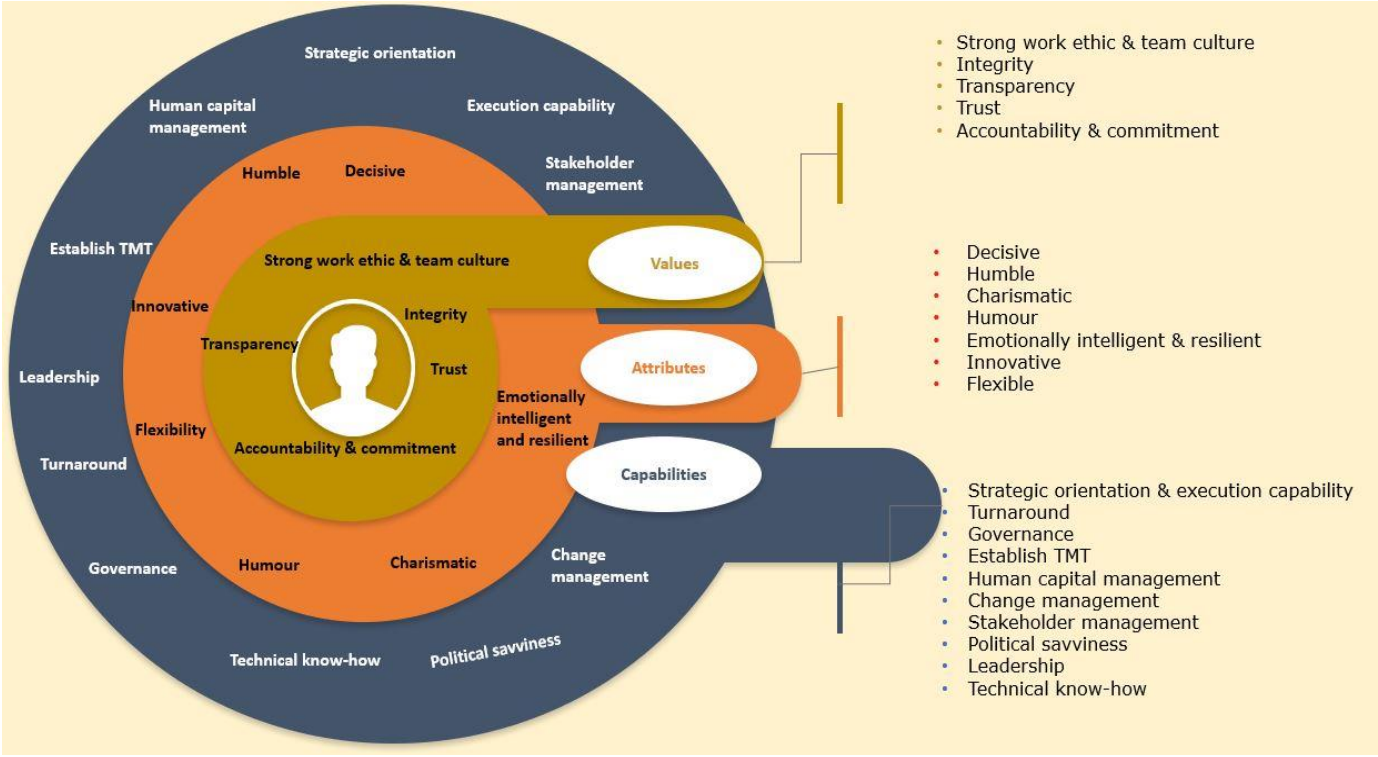


Figure 16: Summary of the capabilities, attributes and values of a CEO who can be successful in executing SA SOEs' turnaround strategy (Researcher's own interpretation)

The identified capabilities, attributes and values as per the findings of this study are in line with Kirkpatrick and Locke (1991); Maloş (2011);Winston and Patterson (2006) that there are certain core traits which contribute significantly to the success of the business leader being: motivation, integrity, cognitive ability and knowledge of the business among others. Moreover this research supports Vora's (2013) study which identified motivation, communication and building teams skills as predicting a successful implementation of organisational change.

Strategic orientation, execution and leadership capabilities were found to be important for a successful turnaround. This research confirms Pretorius and Holtzhauzen (2008) who found leadership and strategic management to be the key capabilities for a turnaround manager.

Regarding leadership styles relevant for an SOE which is turning around, this research supports a combination of transformational, situational and servant leadership theories based on the identified leadership styles that the participants believe are the most relevant for an SOE which is turning around. In terms of experience, stakeholder management was found to be key for the CEO of turnaround as the SOE entails multiple stakeholders with varying interests. Turnaround, establishment of top management team and Governance experience were also identified as key for a turnaround CEO.

Though this research points out economics, law and finance being the functional areas required of a CEO of turnaround, the findings revealed that functional know-how is not a necessity as a functional background is just an indicator of your strength as a CEO. However, the findings reveal that the CEO needs to be financially literate to be able to read and interpret financial statements. The findings of this research suggest that industry and functional background are important but not essential. Education in the form of undergraduate and postgraduate qualification was found to be essential, however the findings further showed that experience is as important as education. Private sector experience was found to be important for the CEO of turnaround. The third objective of this research was sufficiently addressed, and empirical research was also able to address it in the best possible manner through the development of a profile of a CEO of turnaround informed by findings of research objective 1-3.

5.4 Objective 4: Profile of the CEO who can be successful in executing an SOEs turnaround strategy

This section generates a final profile of a CEO who can be successful in executing an SOEs turnaround strategy which is based on the findings of research objective 1-3. The discussions and interpretation mostly derive from the capabilities, attributes and values identified under objective three (5.3). Moreover, further insights into the profile of a CEO of a turnaround are also discussed and interpreted to reflect the perceptions on the role of the CEO, types of CEOs, recruitment process and factors to be considered when recruiting the CEO of turnaround. The

participants' views are discussed and interpreted below:

5.4.1 Various interpretations of the role of a CEO and types of CEOs

This research uncovered various descriptions of a CEO which are interlinked. The role of a CEO is described as the head of the organisation accountable for all that happens in the organisation from strategy to operations. This research shares the same view as Ireland and Hitt (2005) that the CEO is accountable for the performance of the entire organisation. The CEO is responsible for both the development and execution of a strategy, in addition the CEO is regarded as the reflection of the organisation. The role of a CEO was described to be key and similar to what happens in a family setting. The CEO, as a director responsible for running the company, was referred to as almost everything in the organisation. She/he plays a number of roles from being the mother and father figure of the organisation to being a caretaker of the board and other stakeholders. Haslan, Ramos, Badri, and Santos (2021) have the same view that a leader is often regarded as a father figure. Furthermore, the CEO is regarded as a Chief of everything from the Chief Communications Officer, Chief Risk Officer, Chief Safety Officer and last, he is the Chief Executive Officer (AB12). He is an integrator, a centrepiece that makes everything stick (AB12). This research reveals how heavy the role of a CEO is. The CEO is also said to be a conductor in a choir (AB10, AB5, AD2). This view is similar to OECD (2015a) which stated that a CEO is the highest-ranking executive officer in the organisation who is responsible for the implementation of a corporate strategy and management of the operations in the organisation.

This research asserts that not all the CEOs will be able to turnaround an SOE.

> *"..It takes a special breed of leaders in turnaround." (AD1, p. 24). ...It's a very unpleasant scenario.., you may not be the right person for it" (AC1, p. 16).*

Apart from the identification of the capabilities, attributes and values of a turnaround CEO, this research also suggests the types of CEOs involved in turnaround and what each type means:

- This research demonstrates that **turnaround CEOs** are not maintainers of a status quo. These kinds of CEOs are "change agents" by nature. They go there to turn around and stabilise things (AA1). *"If you want to turn around the company, you need that CEO that is more strategic, that is more stakeholder understanding" (AB5, p. 8).* The process

of turning around an organisation can take 3-5 years; therefore, a maintenance CEO should then take over the business after five years of transformation for maintenance purposes. In O'Neill (6), restructuring strategies that turnaround leaders can adopt, are mentioned including a management strategy which has to do with redefining the business, changing the top management team and a cutback strategy which concentrates on costs cutting. A turnaround leader, in this case, may adopt the aforesaid turnaround strategies in moving the organisation into the direction that has been set up.

- **Growth CEOs** are not maintenance nor turnaround CEOs per se, their strong point is to grow businesses to another level. O'Neill (1986) points out a growth strategy as one of the turnaround strategies which is executed through market share increase, increasing a product line, etc. Bibeault (2017) confers that most of the organisations (eight out of ten cases) undergoing turnaround do not appoint CEOs who are turnaround specialists but growth-oriented executives, followed by CEOs with an entrepreneurial reputation. Considering what a growth strategy entails and the findings of this research that every turnaround situation is different and therefore the right type of a CEO has to be appointed, it would make sense to assess each situation before a decision is taken as to the type of a CEO required to drive a turnaround strategy in an SOE.
- **Maintenance CEOs** find business in a particular way. They maintain it so they can be extraordinary in the sense of actually maintaining the business by executing an existing plan, but they are not going to change anything. They just continue with things. They do not make any drastic changes (AC1). Maintenance CEOs are operationally strong, according to the findings of this research.

This research alludes to the fact that the SOEs sometimes appoint a maintenance CEO to turnaround an SOE while a turnaround CEO is appointed to maintain the status quo. Things like these were identified as an oversight on the SOE side to appoint the types of CEOs who are not fit for certain situations. This research therefore posits that at times, failure to turnaround SOEs is not as a result of capabilities but the nature of the SOE. *"There was nothing wrong with the CEO of SOE 9; the reason he left is not because he failed, but probably because SOE 9 was not the entity for him" (AC1, p. 13).* The research data also claim that at times the general CEOs who are not suited for either a turnaround or a maintenance situation are appointed, and they struggle with turnaround. Furthermore, this research argues that growth CEOs perform well in growing businesses, therefore they might be suitable for turnaround

situations that entail. for example, expanding businesses.

This research emphasised more on turnaround and maintenance CEOs, later referred to as "Extraordinary CEOs". Based on this one can assume that most of the SOEs in South Africa have extraordinary CEOs. However, that does not make them successful in their endeavours to turnaround. That leaves question marks as to the root cause for failures of turnaround. Could the reasons be only attributed to various challenges that CEOs face when turning around SOEs? Could the reasons be that maintenance or general or growth CEOs are appointed to lead turnaround? Moreover, this research claims that the wrong CEOs are appointed for the wrong organisation and when appointed in the right organisation they perform better. This ties back to the type of situations for which the CEO is required. Each type of CEO should be assigned to the corresponding situation. In addition, this research reveals that some of the mistakes that the boards and shareholders sometimes make is to appoint wrong CEOs. *"Sometimes we don't obviously get the right CEOs employed, that's the first thing, that comes from maybe the board or the shareholder" (SS1, p. 9).*

The figure below was developed by the researcher to depict the kinds of CEOs who play a part in turning around an organisation, as informed by the findings of this research:

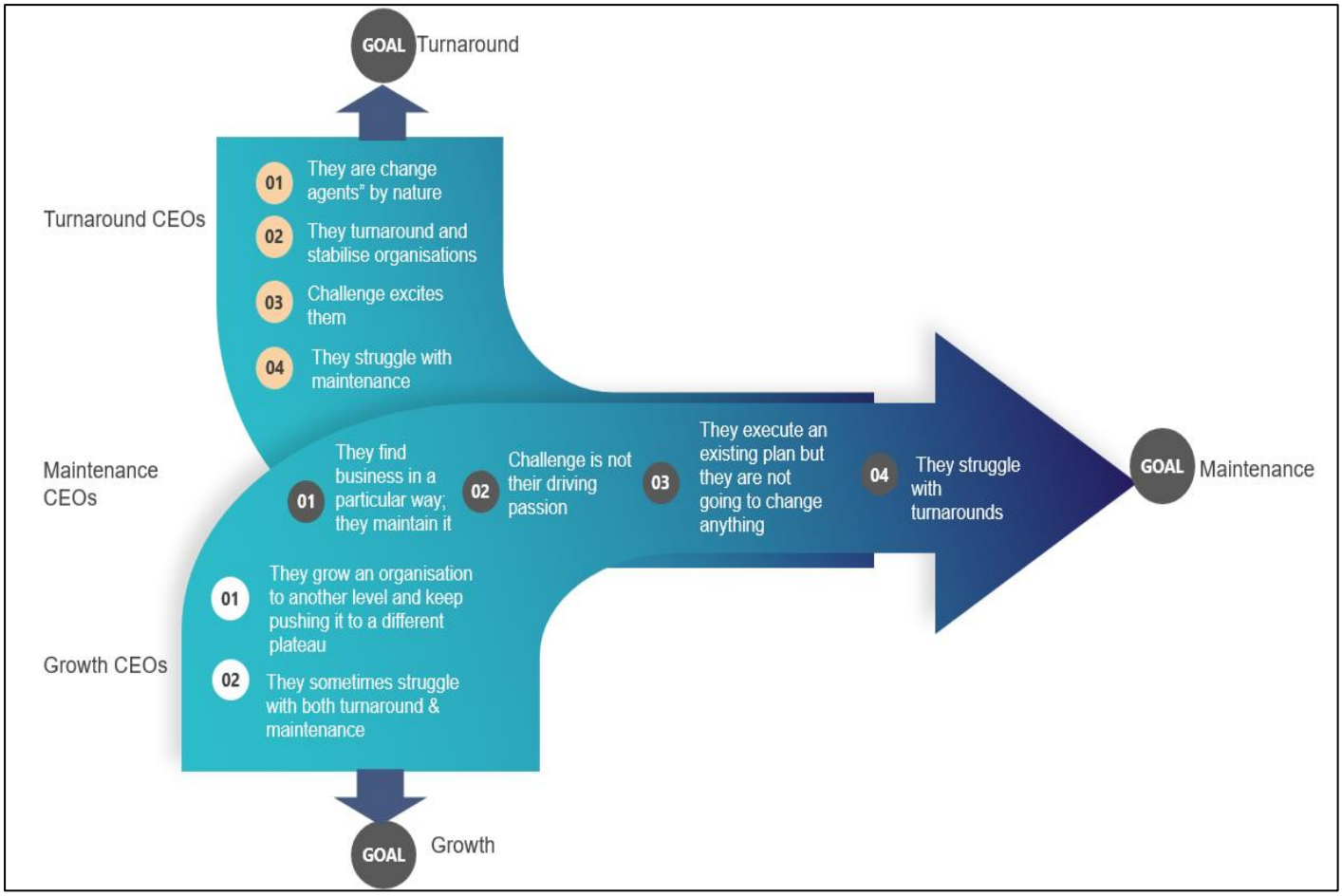


Figure 17: Types of CEOs involved in turnaround (Researcher's own interpretation)

The types of CEOs identified imply that the job profile will differ per type of CEO. The profile will have to be customised for each CEO type. This research is focusing on the profile of a CEO of turnaround which is covered in the next section.

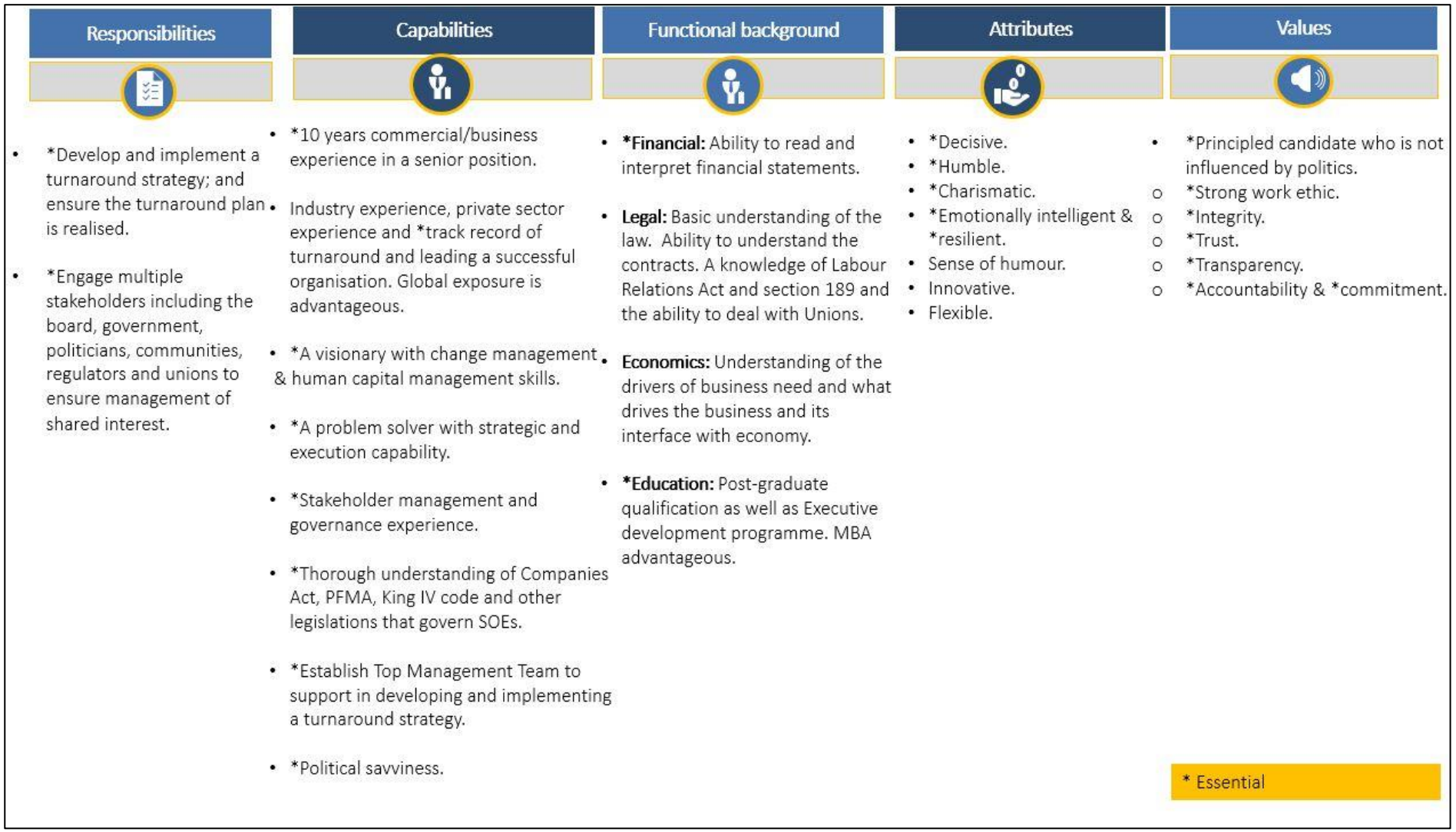
5.4.2 Profile of a CEO of a turnaround

The final profile of a CEO of a turnaround which is based on the findings of research objective 1-3 is depicted below in Table 5. The capabilities, attributes and values contained in the following profile of a CEO are an illustration of the nature of the challenges of SOEs and unique dynamics within the SOEs' turnaround situation[6]. The profile covers the responsibilities of a CEO of turnaround mainly being to develop and implement a turnaround strategy and

[6] The capabilities, attributes and values marked in an asterisk symbol (*) are essential, they appeared to be more significant.

ensuring that a turnaround plan is realised. The CEO of turnaround needs to engage multiple stakeholders including the board, government, politicians, communities, regulators, and unions to ensure the management of interests. The candidate needs to possess a postgraduate qualification and an executive development programme with MBA as advantageous. He/she should be financial literate and have a basic understanding of legal and economic drivers. The candidate has to be principled and not be influenced by politics. To operationalise the profile, the researcher developed a model to support the candidates. The model is depicted in 6.2 Figure 18 as a recommendation for turning around SOEs successfully.

Table 5: Job profile of a Turnaround CEO (Researcher's own interpretation)



5.4.3 Summary of the findings on research objective four

The fourth objective of this research was to develop a profile of the CEO who can be successful in executing a SOEs turnaround strategy. The findings of this research revealed various interpretations of a CEO which are interlinked. This research found the CEO to be the head of the organisation accountable for overall performance of organisation. The CEO develops and executes the strategy. He/she wears many hats and therefore apart from being the Chief Executive Officer, he/she is also a Chief Communications Officer, Chief Risk Officer, Chief Safety Officer (AB12). The CEO is a glue that makes everything stick. He is accountable to the board and other stakeholders. The profile of a CEO based on the identified capabilities, attributes and values of the CEO who can be successful in executing SOEs turnaround strategy was developed. The types of CEOs, recruitment process and factors to be considered when recruiting the CEO of turnaround were also discussed and interpreted to provide more insights into the profile of a CEO of turnaround. This research found the types of CEOs to be turnaround, growth, and maintenance CEOs. The findings of this research allude to the fact that each type of a CEO needs to be assigned to the corresponding situation as at times, the boards and shareholders appoint the wrong CEOs.

The profile covers the responsibilities of a CEO of turnaround, capabilities, attributes, and values of a CEO who can be successful in executing a turnaround strategy. Furthermore, the model of a CEO which will aid the CEOs to operationalise the profile was also developed and discussed. The model provides tactics for a turnaround CEO to survive in a complex turnaround environment, explains the relationships that the CEOs should have with employees and provides an ultimate goal of turning around the SOEs successfully and leaving legacies.

CHAPTER 6: CONCLUSION

This chapter concludes the research by focusing on each research objective in relation to theories that underpin research. The purpose of this research was to describe the CEO's influence on the outcome of the turnaround strategy, to identify the challenges faced by CEOs of SA SOEs in executing a turnaround strategy, identify the capabilities, attributes and values of the CEO who can be successful in executing a SOE turnaround strategy and to develop a profile of a CEO who can be successful in executing a SOE turnaround strategy. This thesis is amongst the first to narrate the experiences of the captains of the industry within the political landscape of SOEs in an attempt to turnaround the SOEs. In addition, the recommendations for turning around SOEs successfully, research contributions and directions for future research are discussed.

6.1 Major findings of this research

The findings of this research assert that the leadership of the CEO in the turnaround of SA SOEs is important. The CEO develops and implements a turnaround strategy and ensures the realisation of a turnaround plan.

6.1.1 Objective 1: Analysis of CEO's level of influence towards turnaround

This research highlights that the level of influence of the CEO on the outcome of turnaround should be as high as five on the scale of 1-5, however it appeared to be three which is a moderate influence. In general, the CEO is recognised as highly influential on the outcome of a turnaround. However, in an SOE environment with the challenges that CEOs face, such as political interference, lack of board/shareholder support and multiple and parallel lines of decision making, the level of influence becomes diluted. The SOEs have numerous role players (shareholder, board, politicians and in some cases, the unions) that dominate the space and ultimately, influence the outcome of the turnaround. Based on this, this research concludes that the CEO is influential on the outcome of a turnaround strategy in an SOE however the level of influence is constrained by mainly **lack of authority and non-supportive SOE culture**.

The success of SOEs is dependent on support, the relationship between the shareholder, board and politicians, and availability of resources, such as funds. In a nutshell, that is "political backing". The findings of this research are consistent with resource dependence theory which suggests that the organisational performance of the organisation is dependent on external resources (Pfeffer & Salancik, 2003). This research validates Cannella et al. (2009) who found that the characteristics of an organisation such as capital intensity, culture, size, resource availability, internal political conditions, could enhance or limit the CEO's power. This research is therefore not consistent with the upper echelons theory that the outcomes of the organisation are reflective of the leaders' experiences and characteristics (Hambrick & Mason, 1984). This research makes a contribution to the body of knowledge in the field of strategic leadership, corporate turnaround and SOE s and validates how crucial the leadership of the CEO is in the turnaround situation.

6.1.2 Objective 2: Challenges faced by CEOs in executing a turnaround strategy

Inefficient internal operations, political landscape and power struggles; and inappropriate practices of the board of directors, politicians and shareholders were found to be the major challenges faced by CEOs in executing a turnaround strategy in SA SOEs.

Political landscape and power struggles: The findings of this research found **multiple and parallel lines of decision-making and bureaucracy** to be a major challenge that prevents the CEOs of SOEs from executing turnaround strategies. The CEOs receive instructions from multiple stakeholders, including Parliament. Instructions are not channelled, according to the governance structure, in addition major decisions are made by the board thus leaving the CEO and management team disempowered. In addition, the CEOs of SA SOEs have **multiple reporting lines, multiple and upward management of stakeholders**. They find themselves managing upward stakeholders, such as directors general from both policy and shareholder ministries and this results in prolonged turnarounds. **Interference at board, shareholder and politician level** was found to be significant. The CEOs are not empowered to drive the execution of a turnaround without the board or shareholder or politician interfering in the operations of the SOEs, inclusive of Procurement. It is interference at all the levels including directors general and ministry which ultimately affects the functioning of the SOEs. The shareholders and politicians also interfere in board matters. The implication is that the CEO

would not be in a position to implement turnaround initiatives with the board, shareholder and politicians interfering in operational matters and not providing support where it is due. This research identified the board and shareholder as a big feature in the success of the CEO. The practices of the board and shareholders are not in line with the OECD guidelines on corporate governance of SOEs. Their behaviours have a triple effect in a sense that they affect the CEO or force the CEO to comply with their orders to secure employment which ultimately affect the public to an extent of establishing Commissions of inquiry to resolve the self-enrichment behaviour. The findings of this research are aligned to Mbo and Adjasi (2017), who postulate that government involvement in the operations of SOEs hinders SOE performance which is a reflection of a notion of the public choice. In addition, this research is consistent with agency theory as a result of misalignment between the agent and principal (Eisenhardt, 1989). Political interference and lack of support by the principals (Boards and shareholders) results in the CEO as an agent being disempowered to perform the tasks that will turn around the organisation or to achieve the turnaround objectives. Based on this finding, it could be fair to conclude that this research supports the agency theory to some extent, however, it takes into account the gap in this theory that the relationship issues are one-sided as the theory assumes that it is only the behaviour of the agent that should be justified. The researcher is of the view that the behaviours of the principals, for example, the board and shareholders should also be justified. The findings are also consistent with resource dependence theory as lack of support from the board and shareholder affects the SOE turnaround.

Misalignment of turnaround plans and centres of power was also found to be significant. There is a misalignment between the SOE's turnaround plans and long-term business objectives. The turnaround plans are structured around the politicians' calendars which are short-term and not long-term, this results in the SOEs not achieving its objectives because turnarounds are long-term in nature. Misalignment is also found in the mandates given to the CEOs. It is either the mandates are not clear, changed in the process of turnaround or different at each level. The implication is that each party (CEO, board, and shareholder) would be working towards a different goal which would strain the relationships and ultimately, SOE performance. This is the issue of agency theory where the contract is poorly designed by the principal therefore making it difficult for the CEO who is an agent in this regard to execute turnaround activities as per the contract (Liechti & Finger, 2019).

Inefficient internal operations: This research also found the challenges around **inefficient internal operations** to be strongly evident. Lack of liquidity as an internal operations issue appeared to be a significant challenge that CEOs of SOEs are facing. Execution of turnarounds requires funds and therefore lack of such results in the CEOs not being able to turnaround the SOEs successfully. This is a classic example of resource dependence where the success of the organisation is dependent on the acquisition of external resources (Pfeffer & Salancik, 2003). The board and shareholders are responsible for making the resources available, however this is not always the case in the SOE environment. The findings also reveal **ineffectiveness of turnaround strategies and prolonged turnaround process.** It was found that turnaround strategies entail objectives that are not achievable. Furthermore, this research highlights that certain SOEs do not require turnaround but to change their unethical practices as an example.

Inappropriate practices of board of directors, politicians, and shareholders: This research asserts that the **boards' incompetence, poor management style** and **lack of commitment** impact the success of turnarounds in the SOEs. The findings suggest that some of the boards comprise members who lack commercial acumen or knowledge of the different types of SOEs, as entailed in the PFMA, and the same applies to the shareholders. In addition, **lack of decision, delayed and wrong decisions, and lack of accountability** results in the high turnover rate of CEOs and ultimately, turnaround failure. Approval of PFMA section 54 applications takes a long time and this hinders the turnaround process. In a turnaround situation, quick decisions need to be made.

Leadership instability: **Replacement of the CEOs or board or shareholders** in the process of turnaround impacts the success of turnarounds as the new team has to start from scratch instead of continuing where the previous team left off. The CEOs find themselves repositioning the turnaround strategy with change of leadership at government level. This research confirms the study of Nyatsumba and Pooe (2021) which found the shareholder's slow decision-making, under-capitalisation, unstable political leadership, unhealthy board dynamics, leadership instability, and lack of management skills as constraints for implementation of a turnaround strategy in an SOE.

Legislation and corporate governance: the SOE model is complex in a way that the mandates are difficult to achieve. Complexity of SOEs mandate and conflicting priorities result in

difficulties in achieving the SOE mandate. Drawing on agency theory, the costs of the SOE will be high when the roles are not clear, and monitoring is not done appropriately. The PFMA is rigid and in conflict with the Companies Act. In addition, it is subject to abuse by government officials.

6.1.3 Objective 3: Capabilities, attributes, and values of a CEO of turnaround

The findings of this research suggest that it is not any general CEO who can turn around an SOE. The capabilities, attributes and values of a CEO who can be successful in executing a turnaround strategy were identified. This research utilised upper echelons theory to identify the characteristics with a focus on psychological characteristics and little on demographic characteristics. The CEO who can be successful in executing a turnaround strategy in an SOE should possess the following capabilities, attributes, and values:

Capabilities

The capabilities that appeared to be contributing significantly to the success of a turnaround CEO are: Strategic orientation and execution capability, turnaround, governance, establish top management team, human capital management, change management, stakeholder management, political savviness, leadership and technical know-how. The identified capabilities, according to the findings of this study, confirm the view of Kirkpatrick and Locke (1991); Maloş (2011); Winston and Patterson (2006) that there are certain core traits which contribute significantly to the success of the business leader. The CEO needs to have a talent to scout a competent top management team to support her/him to execute a turnaround strategy. This research further suggests that a combination of transformational, situational and servant leadership styles are more relevant in an SOE which is turning around, seemingly showing support for the three leadership theories (transformational, situational and servant). However, this research shows a significant support for a situational leadership style as the effective style for a successful turnaround. Situational leadership suggests that there is not one-size-fits-all leadership style (Hersey & Blanchard, 1997). According to Hersey and Blanchard, successful leaders adapt their leadership style depending on the situation. This research has just confirmed Anh and Nhàn (2021) who found that a good leader does not rely on one leadership style throughout the leadership phase but adjusts per situation. Drawing on the resource dependence theory, it could be suggested that transformational, situational and servant leadership styles

might not be sufficient to turn around the SOEs successfully. As a result of the political landscape of the SOEs, turnaround would be possible through a combination of these leadership styles and external environmental factors, such as support from the board and shareholders, funding, etc. that will enable turnaround. Van der Voet (2014), for example, found the transformational leadership style to be necessary, however not adequate for implementation of change in a public institution, due to a complex environment that requires the leader to direct the efforts to the external environment such as getting support from the political stakeholders.

Regarding the demographic characteristics, industry experience and functional background appeared to be important but not essential in a sense that a CEO is not a specialist but a leader therefore implying that what matters most is leadership skills. There are special cases whereby industry experience and functional background would be necessary, according to this research such as the energy and health sectors (highly specialised sectors). Zimmerman (2011) suggests that if a requirement in a turnaround situation is to improve quality through the reduction of costs, it then becomes necessary for the CEO to have industry experience. In terms of functional background, the following backgrounds were identified: Financial, economic, and legal. This research found financial literacy to be strongly significant as a turnaround CEO should have the ability to read and interpret financial statements. This research concludes that industry experience and functional background are not essential but advantageous, however each case should be assessed to determine the need. What matters most is business experience/commercial acumen and a leadership foundation as certain skills are transferable. The CEO has to have business acumen, he/she should have an understanding of business drivers and show some appreciation for economic and legal aspects. Educational orientation, both undergraduate degree and postgraduate degrees were found to be necessary because they equip the CEOs with cognitive and problem-solving skills and enable them to view the organisation as a system with interrelated and interdependent sub-systems respectively. Despite the finding that education is important, this research also revealed that work experience or track record is as important as qualifications.

Attributes

This research found that decisive, humble, charismatic, sense of humour, innovative, flexible, emotionally intelligent and resilient attributes are significant for a successful CEO of turnaround. The CEO should be assertive because of complex stakeholders with whom they deal. This research aligns to a trait theory which suggests that assertiveness is a key trait for a successful leader (Kirkpatrick & Locke, 1991). The CEO should have a strong personality due to the challenges that CEOs of SOEs face during turnaround. As an example, they engage complex stakeholders, such as the media, which focuses on the negatives rather than positives. They are also expected to make tough decisions. This research is in line with Miller (2001) who found strong leadership as key for successful implementation of a major change. The CEO of turnaround has to be decisive as quick and tough decisions, such as retrenchments, are made during turnaround. An indecisive CEO will consult indefinitely before arriving at a decision and this will prolong the turnaround. The findings of this research are aligned to Bibeault (2017); Slatter (2011) who found decisiveness as an attribute for turnaround leaders. Moreover, this research validates Botelho et al. (2018) who posit that high performing CEOs are decisive. The CEO of a turnaround needs to be resilient to be able to bounce back when challenges arise. This research supports the views of Kumalo and Scheepers (2018) who found that resilience was a key trait for a turnaround leader. Moreover, emotional intelligence appeared to be significant in a turnaround situation. This finding validates Ugoani (2020) who found emotional intelligence to be resulting in a successful turnaround strategy. Charismatic and motivation skills are also necessary for the CEO of turnaround to be able to inspire the employees during turnaround. The findings validate Gilley et al. (2008) who found a motivation skill as a predictor for a successful organisational turnaround. Avolio et al. (2009); Steiner et al. (1981); Van Melle Kamp and Hofmeyr (2013); Wheelen and Hunger (2012) found charismatic leadership to be an important characteristic of successful executives. Moreover, they are trusted, and employees have confidence in them.Humility as an attribute was also found to be significant for a turnaround CEO. This finding shares the same view as upper echelons theory which suggests that a humble CEO adopts a strategic orientation based on multiple approaches which lead to stronger firm performance (Ou et al., 2018).

Values:

The findings of this research assert that strong work ethics and team culture, integrity,

transparency, trust, accountability and commitment values are significant to the success of a CEO of turnaround. The findings of this research are aligned to literature (Esmaeili, Sianaki, Esmaeili, Pashayi & Pour, 2016; Malik, Awais, Timsal & Qureshi, 2016; Osibanjo et al., 2015; Peng & Lin, 2017) which found strong ethical leadership to have a relationship with organisational performance. The CEO has to exercise transparency in her/his dealings with the stakeholders, such as, timely and transparent reporting to stakeholders. Transparency is one of the principles of "Batho Pele" which is based on the South African constitution. Slatter (2011) posits that in a turnaround environment, the CEO has to earn the confidence of the stakeholders through transparency. Trust was also found to be a key value for a successful CEO of turnaround. The CEO has to inculcate a culture of trust in the SOE and also ensure that she/he trusts the employees and that she/he is also trusted by them and other stakeholders, such as the board, shareholders, regulators etc. The study by Fard and Karimi (2015) found organisational trust to have a positive and significant relationship between job satisfaction and organisational commitment. The CEO should have integrity and ensure that it is maintained as in the SOE environment the CEO's integrity is tampered with by the politicians who behave in a manner which forces the CEO to act outside their principles.

The findings of this research validates Ugoani (2020) who found that integrity and resilience are some of the elements required to build trust and organisational relationships necessary for successful turnaround

6.1.4 Objective 4: Profile of a CEO who can be successful in executing SOEs turnaround strategy

The findings of this research revealed that it is not any general CEO who can turnaround an SOE, it takes a special CEO to be a turnaround CEO. The role of a CEO is described as the leader of the organisation from the operations and strategy point. This view is aligned to OECD (2015a) that discusses that the CEO is responsible for the operations of the organisation and implementation of a strategy. The CEO is accountable for everything that happens in the organisation. This research shares the same view as Adriaanse (2016); Ireland and Hitt (2005); Jain and Yadav (2017); Zhong et al. (2018) that the CEO is accountable for the performance of the whole organisation. This research asserts that the CEO is responsible for developing and implementing a turnaround strategy. In addition, the CEO should ensure that the turnaround

plan is realised while also engaging multiple stakeholders (Board, government, politicians, communities, regulators and unions) to ensure management of shared interests.
The identified capabilities, attributes and values were translated into a job profile which will assist the board, shareholders, and recruiters in recruiting a CEO who can turnaround SOEs though it is known yet proven that the proposed CEO's job profile will lead to a successful turnaround considering the challenges identified in this research that hinder the CEOs from turning around SOEs. The profile is presented in 5.4.2 (see table 5) together with a model for a successful CEO of turnaround in 6.2 (see figure 18) which will assist to operationalise the profile of a CEO. Drawing on upper echelons theory, the profile is subject to test to determine if it will predict the outcome of turnaround.

6.2 Recommendations

This section presents the recommendations for turning around SOEs successfully. The participants not only provided the challenges CEOs face when turning around SOEs but also potential solutions to address such challenges.

The participants were also asked to provide advice to those individuals involved in turning around the SOEs; the advice in this regard, turned out to be recommendations to enable successful turnaround. Furthermore, the participants were asked to share the mistakes that they made during turnaround which were analysed by the researcher and translated into lessons learnt which then form part of the current and future state of the SOEs depicted in table 6. The recommendations were classified into themes and sub-themes and moreover the researcher developed a preliminary turnaround roadmap based on the recommendations (see figure 19) to assist SOEs in addressing the challenges that impede them from turning around. The recommendations were classified into the time frames of medium-term and long-term in the turnaround roadmap. The main objective of these recommendations is to ensure successful turnaround of SOEs in the future. The recommendations are as follows:

- ***Recommendation One: Appoint capable people in leadership and management positions and retain core board members at the end of board's term***

Leadership is paramount in turning around SOEs. In cases where the board's term has come to

an end, the core of the board should be retained to ensure continuity.

Leadership and management appointments should be on merit. Capable people should be appointed. This recommendation supports literature that "there is an urgent need to focus on the aspect of leadership, whereby those who serve in SOEs will be appointed based on merit and the spirit to apply servant leadership" (Sithomola, 2019, p. 77). The selection process has to be depoliticised to ensure that the focus is on merit (AA1, AB4, AC2, RR2). The board should be given full responsibility for the appointment of a CEO as opposed to the current set-up where the board only conducts interviews and recommends appointments to the minister. The proposed recruitment process will enable the board to have authority over the CEO (AC1, AC2, AA4, AD1, AB5). Thomas's (2012) view is similar to the findings of this research that suggested that the appointment process has an impact on the authority the board has over the CEO responsible for the operation of the organisation. The authority of the board over the CEO with the current recruitment process disempowers the board and ultimately, impacts the performance of the organisation.

- ***Recommendation two: Segregate the board and shareholder's responsibilities***

Improve relationships between the CEO and board, ensure alignment and CEO's access to the board. Stability of the board, harmony on the board and what transpires in the boardroom was highlighted as a success factor for turnaround in SOEs in South Africa (AB3, SS2). A single shareholder needs to be considered as the current set up entails multiple shareholders from Finance and Public Enterprise Ministries (AB3, SS2), in addition to the minister from the Policy Department. This set-up adds complexities to the relationship between the CEO and shareholder (AB3, SS2).

- ***Recommendation three: The board and shareholder upskilling and establishment of Voluntary Supervising Board (VSB) (AB2)***

In addition, the board and shareholder should upskill themselves by knowing their roles and that of executives, the purpose of the SOE they are serving or representing, including the role of Schedule 2 SOEs as opposed to Schedule 1 & 3 (AB2). In addition, they should take time to understand the business and also familiarise themselves with the burning challenges in the organisation as board members. By so doing they will know when, where and how to support

the CEO from an oversight perspective in executing the strategy.

Another suggestion around the effectiveness and efficiency of the board as per the findings of this study is to appoint a Voluntary Supervising Board (VSB) to oversee all the SOEs' boards (AB2). The suggested board will report to the State President. The study by Mubecua (2018) suggests that South Africa requires a non-political organisation to play an oversight role in ensuring accountability and transparency in the SOEs.

In China, it was reported that since the establishment of the State Owned Assets Supervision and Administration Commission (SASAC) in 2003 which oversees the SOEs, corporatisation and the expansion of competition, the SOEs' profitability increased (World Bank, 2014). The board and shareholder should also stay away from procurement decisions because procurement is operational. By empowering the CEO and management team to do what is right will keep the board away from operational matters to allow them to focus on oversight and governance matters which is their role. Politicians should refrain from interfering in turnaround matters.

- ***Recommendation four: Review SOE model and PFMA***

Consider adopting the same shareholding model as that of Telkom by allowing shareholding other than the state being the sole shareholder. This could be achieved by listing some of the shares on the stock exchange to avoid a situation where the state owns 100% of the SOE's shares (AB3, SS2). Certain sections of the PFMA should be reviewed to alleviate the challenges associated with turnaround, such as prolonging the turnaround process (AA1, AC1, AD3).

- ***Recommendation five: Improve internal processes***

  - Personal Development (Executive coaching and business education)

CEOs should continuously develop themselves and their own employees to become better employees in order for the institution to operate at the highest possible level. The employees should be exposed to the best possible training programmes and capacitation programmes and be retrained, that will boost their self-confidence (AB7).

Executive coaching is beneficial and should therefore not be limited to the CEO, other executives and senior managers should also undergo executive coaching as they work collectively in driving the SOE's turnaround strategy. The shareholder has to fund Executive coaching as this will assist in addressing CEOs' weakness and in the long run, benefit SOEs to achieve their objectives (AB3, SS2). The CEOs should consider attending management training. This kind of training assist CEOs in acquiring the lessons from other CEOs on how they dealt with and approached certain things; they will then apply and adapt them to their environment (AB3, SS2). In addition, business education, such as an MBA, provides an opportunity for CEOs to get insights into real life challenges in the form of case studies that are similar to theirs and how other CEOs tackled such challenges (AB3, SS2). This recommendation is in line with the study by Ofe (2012) which found the need for graduate schools to incorporate the expanding challenges of the real business world in their curriculum.

- Funding of strategic turnarounds

The shareholder's commitment to funding turnarounds is the major enabler of turnaround. A number of participants raised the lack of funds as a serious challenge that impacts the implementation of turnaround strategies in the SOEs (AA1, AA2, AA4, AB2, AB4, AB6, AB10, AD2, AD3, UR1). Literature has the same view around lack of funds being a disabler for turnarounds in the SOEs (Ngwenya et al., 2016; Nyatsumba & Pooe, 2021). Government needs to consider funding strategic turnarounds off balance sheet as opposed to on balance sheet where necessary. This means that the funding should happen outside the SOE as funding on the balance sheet of the organisation would mean that the balance sheet starts to take on debt, borrowing will be against the balance sheet and ultimately, that will put a strain on the organisation's balance sheet, thus delaying delivery or finalisation of whatever is being delivered as part of the strategic turnaround due to costs related challenges.

This would be, for example, strategic turnarounds involving the purchase of infrastructure whereby a third party would fund infrastructure and some sort of an off-take agreement would be in place (AA1). The off-take agreement basically means that at the end of the construction, for example, whatever has been built will be taken over by the SOE as operating and fully functional and it is only then that assets will be included in the SOE balance sheet as an asset with cash (AA1).

- Change management and SOE Values

Change management is a key success factor for many projects or initiatives. In most instances, most of the effort goes into planning and little is given to people management (AC1). Values such as transparency, trust and accountability seems to be necessary in an SOE environment to ensure a successful turnaround. CEOs should focus on change management work to ensure that the stakeholders walk the turnaround journey and are on par with what turnaround is aiming to achieve in order to get buy-in.

- Performance Management System, competent employees, aligned processes and system

There is a need to have very clear measurement tools in place to evaluate the achievement of turnaround objectives. Having the right people with the right skills in the right positions, together with the right system and aligned processes is fundamental for turnaround.

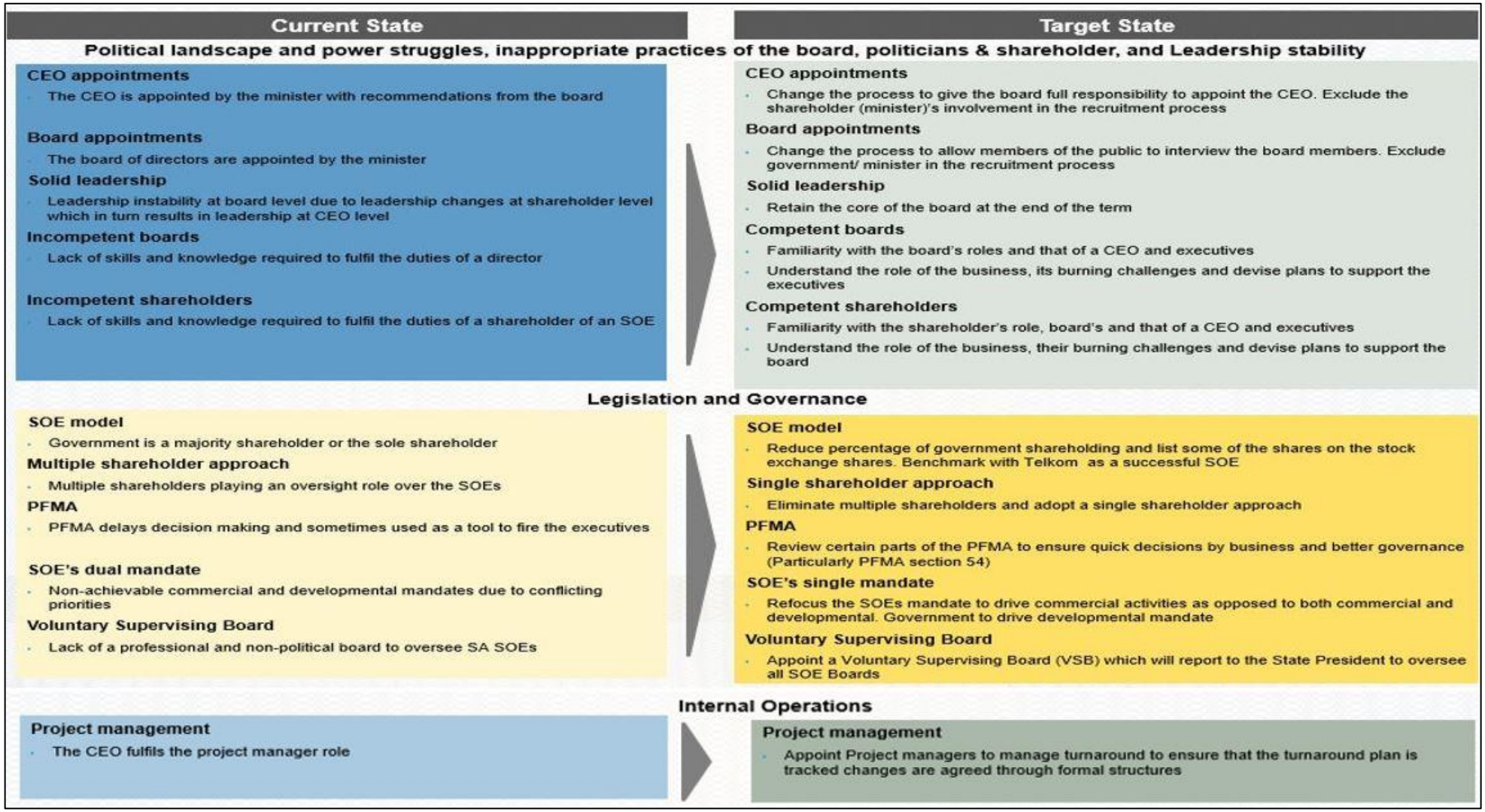
- Benchmark with Industry leaders and appointment of a project manager

Conduct benchmark exercises with competitors or leading organisations to assess the strategies they use that drive the competitors to the level they are at.

The project manager should be assigned in a turnaround environment to manage turnaround initiatives and ensure delivery within the set timelines, budget, and quality. In the process of turning around, the CEO has to take people along by sharing the roadmap, tracking progress against the roadmap and communicating delays, if any (AA1). It is the project manager who should support the CEO by driving turnaround as a project by tracking progress and communicating activities that are behind the schedule and developing risks and recovery plans.

Recommendations one to seven have been translated into the current and future state of the SOEs as depicted below in table 6. The table provides a helicopter view of the current state of the SOEs and what the future state should be as highlighted by the participants (AA1, AA4, AB2, AC1, AC2, AB3, SS2, AB4, AB5, AB6, AB9, AB10, AD1, AD2, AD3, UR1, RR1, RR2) as recommendations for addressing SOEs' challenges.

Table 6: SOEs' Current and Target State (Researcher's own interpretation)



- ***Recommendation Six: Avoid bureaucratisation of the post reporting***

Oversight bodies (Regulators, shareholder, policy departments and the board) should have post report engagement exercises and avoid bureaucratisation of the post reporting (RR2). They should consider providing not only negative feedback but also positive feedback. Oversight bodies should influence and inspire CEOs to think differently and therefore act differently through leadership and not policing (RR2).

- ***Recommendation Seven: Appoint reputation management specialist***

SOEs should consider appointing reputation management specialists to assist and prepare the CEO for engagements with media and other public bodies (AB6). This is due to the fact that in a turnaround situation, other that change management and psychological activities that CEO undertake, they have to protect and maintain the reputation of the organisation. As part of image management, the CEO should also refrain from being in the media for the wrong reasons in order to focus on the job that should be done as the media tends to distract CEOs from doing what they should be doing (AC1).

- ***Recommendation Eight: Proper Stakeholder Management***

Involvement of relevant stakeholders in a turnaround journey is key. It is therefore suggested that the CEO should involve other stakeholders in the journey of turnaround and ensure that they are taken along, and each is allocated responsibilities that contribute towards turning around an SOE.

The analysis of the SOE environment should be done as a joint effort between the CEO, executives, and senior leadership of an SOE and not only the executives to understand the reasons behind a turnaround. Ensure that everybody within the SOE and also outside the SOE understand the cause of the problem. A shared diagnosis has to be conducted and a solution identified collectively to ensure inclusiveness. CEOs should avoid crafting solutions in isolation, inclusiveness is key to avoid being seen as imposing the solution (AB3, SS2). A solid business case with clear objectives and benefits, together with a rigorous implementation plan, is required.

- ***Recommendation Nine: External psychological support***

Considering the stressful environment that CEOs find themselves in when turning around SOEs, there is a need for external psychological support. Some of the CEOs, according to the findings of this study, is that they join SOEs with a positive heath status and it would be seen over time their health deteriorating as a result of strenuous conditions which in turn leads to turnover (AB2). Due to the seniority of the CEOs' positions a provision should be made for them to acquire the services of external therapists instead of internal ones as they may not feel comfortable to discuss psychological needs with their subordinates. It became apparent during the interviews that some of the participants made use of the sessions for venting and therefore the experience of the researcher in this case is that psychological assistance is key for CEOs of state-owned enterprises considering the environment they work in.

- ***Recommendation Ten: Model for a successful CEO of turnaround***

The model depicted below is the researcher's own model which is informed by the findings of research objective 1-3. Successful CEOs of turnaround are naturally intelligent and receive proper coaching. They also believe in personal development. They are visionaries, principled, good listeners and networkers and they make sure that whatever they deliver is aligned with the vision of the organisation. They understand the political environment and know which buttons to press when they are confronted with challenges:

> *"She she's got a very good business sense. She's business minded. And she had the political will on her side, which is also a huge component. If you've got the political will, you know, and you've got the ear of politicians then it makes a big difference (AD2, p. 2).*

Successful CEOs leave legacies, they surround themselves with competent teams to assist in developing and executing a turnaround strategy (AA1). They are competent (AA1, AD1), decisive (AA1, AA4, AB2, AB7, AB3, AD1, S1, SS2, RR2, UR1) involving (AA1, AC2) and lead from the front (AA1). They are drivers of change (AA1, AC1, AC2, AB3, SS2, AB4). They possess good people management skills (AA1, SS3) and they empower their employees (AA1, AB6, AC2, SS3). This research data suggest that a CEO who exhibits the qualities of a transformational leader is successful, considering the above qualities of a successful CEO that were highlighted by the participants. This research is aligned to Avolio et al. (2009); Bass (1990); Bastari, Eliyana and Wijayanti's (2020); Boerner, Eisenbeiss and Griesser (2007);

Sengupta (2021) who found transformational leadership to have a positive impact on organisational performance.

The researcher developed the model (Figure 18) for a successful CEO of turnaround in a SOE which will enable the CEOs to operationalise the CEO profile. The model starts by reflecting the responsibilities of a CEO of turnaround, functional background, capabilities, attributes, and values of the CEO who can execute a turnaround strategy successfully. Subsequently, the tactics on how to survive a turnaround situation and relationship management with employees is explained. The model specifies that for the turnaround CEOs to survive in a complex turnaround environment, they must: a) establish a competent top management team to help with the development and execution of a turnaround strategy, b) empower the team to implement and take decisions withing their jurisdiction, c) upskill themselves through executive coaching, d) proper management of stakeholders to ensure that all the stakeholders impacted by turnaround are engaged throughout. The model further explains the relationships that the CEOs should have with employees as including development of the employees, nurturing and challenging the employees. In the end, the model reflects the ultimate goal in terms of what successful turnaround CEOs of SOEs strive which is to turn around the SOEs successfully and leave legacies.

The researcher is of the view that the model will guide the current CEOs of turnaround to upskill themselves in order to operationalise the profile and be successful in their endeavours to turnaround the SOEs. By adopting the survival tactics and managing employees' relationships while also developing or improving the necessary attributes, the turnaround CEO would be able to survive in a challenging turnaround environment. This model is based on data gathered during the interviews. The model is depicted below:

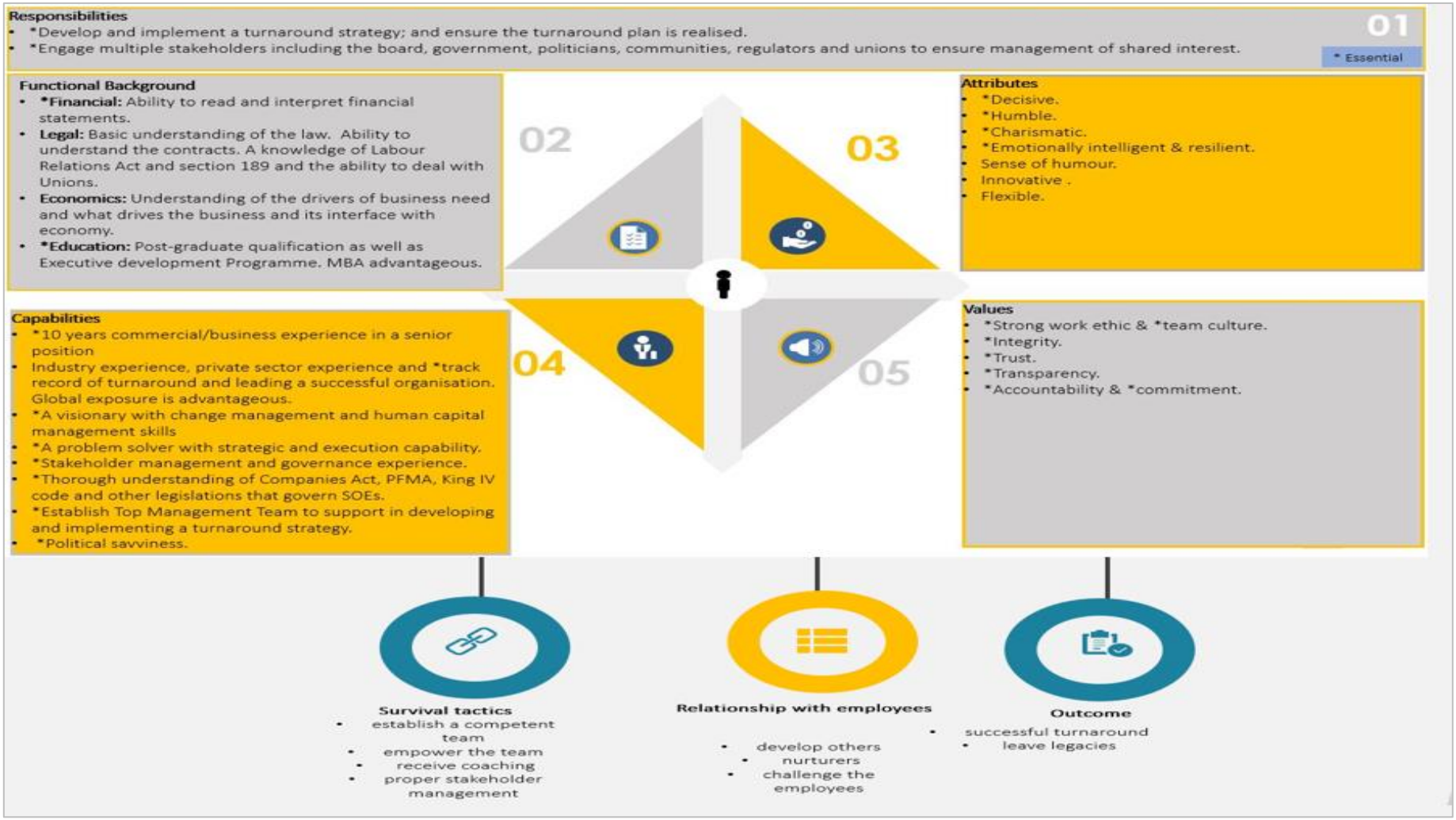


Figure 18: Model for successful CEO of turnaround (Researcher's own interpretation)

- ***Recommendation Eleven: Preliminary turnaround roadmap***

The current and proposed future state of SA SOEs and a preliminary turnaround roadmap are presented in table 6 and figure 19 respectively as recommendations made by the participants (AA1, AA4, AB2, AC1, AC2, AB3, SS2, AB4, AB5, AB6, AB9, AB10, AD1, AD2, AD3, UR1, RR1, RR2) for addressing SOEs' challenges. Table 6 provides a helicopter view of the current state of the SOEs and what the future state should be as highlighted by the participants as recommendations. The recommendations were further categorised into medium-term and long-term timeframes and translated into a preliminary roadmap to address the key challenges which are common in all SOEs. The challenges in this regard are hindrances to the success of turnarounds in the SOEs.

The researcher is of the view that the implementation of these recommended turnaround initiatives will in future, enable the SOEs to implement their turnaround strategies/plans successfully without any challenges that prevent them for turning around. Most of the initiatives should be carried by the highest authority in the SOE environment, which is the Cabinet, as they are legislative in nature.

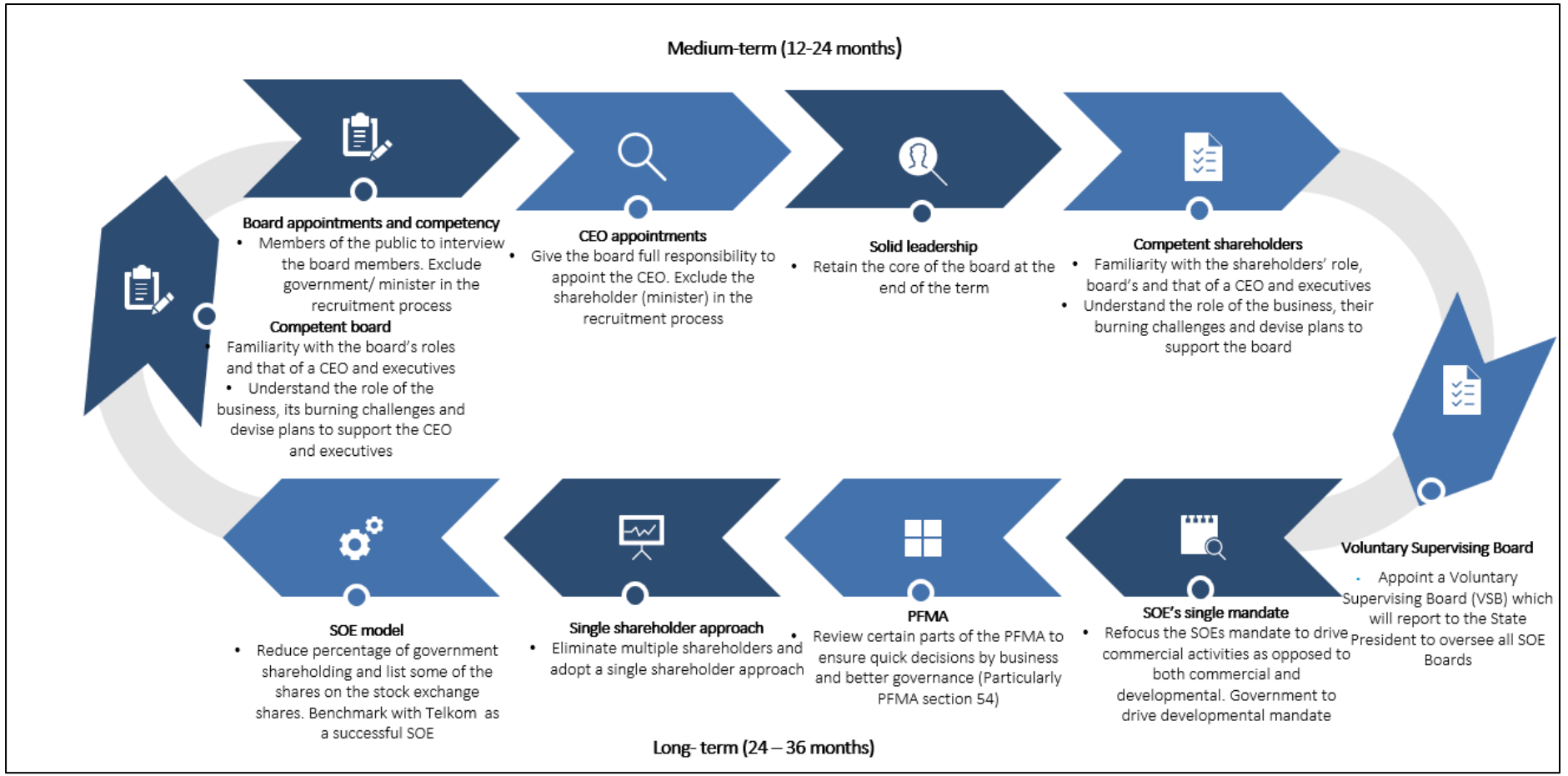


Figure 19: Preliminary turnaround roadmap for SOEs (Researcher's own interpretation)

6.3 Research contributions

This research makes a contribution at policy, theory, practical, economic, and social level as discussed below:

6.3.1 Policy

The findings of this research make a contribution to SOE policy as follows:

(1) This research makes a suggestion to policy makers to review certain parts of the PMFA and SOE model due to their ineffectiveness. The need to review certain sections of the PFMA and to change the SOE model was highlighted in chapter four by the participants. The review of the PFMA was necessitated by prolonged turnarounds in the SOEs in SA as a result of, for example, section 54 applications that take a long time to be approved (AB2), red tape and abuse of the policy by its custodians (AA1). In addition, this research also makes a suggestion to review the recruitment process to ensure fairness, transparency and appointment of competent and qualified directors and executives. "*Currently, appointments are made by a political party and priority is not performance but loyalty and other things*" (AB10, p. 10).

(2) Regarding the SOE model, this research makes a contribution that the model could be changed from an ownership perspective through elimination of majority shareholding by government (AB3, SS2). This could be achieved by private participation through the listing of some of the shares on the stock exchange. The proposed policy changes depicted in table 6 and figure 19 will ensure quick decision making, segregation of responsibilities and the achievement of SOEs' mandates (AA1, AB2, AC1, AC2, AB3, SS2, AB4, AB5, AB6, AB9, AB10, AD1, AD2, UR1, RR1).

6.3.2 Theory

This research contributes by creating new theory. It makes the following theoretical contributions:

(1) This thesis expands the theories of the firm (Agency theory and resource dependence

theory), public choice theory, leadership theory and upper echelons theory by analysing the leadership of the CEO in the turnaround of SA SOEs. Past researchers focused more on the performance of SOEs (Böwer & Baqir, 2017) while others explored governance challenges in the SOEs (Armstrong et al., 2005; Chauke & Motubatse, 2020; Corrigan, 2014; Kanyane, 2018; Kanyane & Sambo, 2021; Kanyane & Sausi, 2015; Kikeri, 2018; Mutize & Tefera, 2020; Thomas, 2012). Other researchers investigated the failures of SOEs in an emerging economy (Rajib, Kumara, & Fan, 2016).

The studies did not explore the leadership of a CEO in an SOE as far as turnaround is concerned. In South Africa, a study that is closer to this research focused on the attributes needed for a CEO of a turnaround (van den Steen, 2007). However, the leadership of the CEO in the turnaround was not thoroughly investigated. Furthermore, the study was not conducted within a state-owned enterprise. Other previous studies on the CEO of an SOE focused on the impact the CEOs' remuneration has on performance and not on the leadership of a CEO on turnaround (Bezuidenhout & Bussin, 2020; Bezuidenhout, Bussin, & Coetzee, 2018; Bussin & Carlson, 2020; Marimuthu & Kwenda, 2019). This research contributes to theory by providing an intensive view of the leadership of the CEO in the turnaround of SA SOEs. This research contributes new knowledge into the upper echelons theory by providing insights into the influence the CEO has on the outcome of the turnaround strategy in the SOE environment. Moreover, this research expands the upper echelons and leadership theories by providing new insights into the capabilities, attributes and values of a CEO who can be successful in executing a turnaround strategy. Most of the upper echelons studies are based on the demographic characteristics of top management. This research was not focusing on the demographic characteristics but cognitive bases and values (psychological traits) of the CEO which expanded the upper echelons theory therefore providing future researchers with a variety of constructs to be assessed or measured. Oppong (2014) posits that most of the upper echelons scholars approached their research in a demographic manner rather than psychographic.

(2) This research not only identified the capabilities, attributes and values, but also reflected how these can be translated into a profile of a CEO who can be successful in executing a turnaround. A strong contribution to theory is the profile of a CEO (see table 5).

(3) This research provides detailed explanation of the challenges that the CEO faces in executing a turnaround strategy in the SA SOEs. Previous studies only explored the constraints

that a particular SOE experienced in the implementation of a turnaround strategy , the study comprised only one SOE. That study cannot be generalised as it was conducted in one SOE. This research therefore closes that gap by expanding the sample to include ten (10) schedule 2 SOEs and provides the SOE landscape in detail while analysing the challenges. Furthermore, by analysing the challenges that the CEO faces in executing a turnaround strategy in the SA SOEs, this research introduces and provides empirical support for the theories of the firm (Agency theory and resource dependence theory) to the SOE field, expands knowledge in the field of leadership and turnaround in the public sector while also contributing to public choice and leadership theories.

(4) Previous studies ignored the CEOs and turnarounds in the public sector and in South Africa in particular, turnaround is under-researched. This research closes this gap by providing theory on the CEOs' role in detail, types of CEOs and factors to be considered when recruiting a CEO in the turnaround of SA SOEs. It contributes to turnaround and SOE literature by describing turnaround, turnaround processes, elements of a successful turnaround and the role players involved in a turnaround.

6.3.3 Practice

The findings of this research make a contribution to practical solutions on the execution of SOEs' turnaround strategies as follows:

(1) This research captures real-life SOE challenges and solutions to tackle the challenges the CEOs of SOEs are confronted with that hinder the SOEs from turning around. The research reveals the leadership and political landscape to be the major issues for turnaround failures in the SOEs. Moreover, this research makes practical recommendations to assist government and SOEs in addressing the challenges that CEOs face in executing a turnaround strategy. The roadmap for addressing the challenges is also provided in 6.2 (see figure 19). Furthermore, the findings of this research enhance an understanding of the leadership of the CEO in the turnaround of an SOE which will help the government, board, shareholders, communities, regulators, service providers and unions to relook at how they portray the CEOs of SOEs and improve how they deal with them.

(2) The profile of a CEO who can be successful in executing a turnaround strategy was

generated which makes a significant contribution that will assist the boards, shareholders and recruiters regarding the capabilities, attributes, and values of a successful CEO of turnaround for recruiting and development purposes. This research has an implication for the boards, shareholders, and recruiters to consider the types of CEOs when recruiting a CEO of turnaround. The research demonstrates how leadership, strategic orientation and execution capabilities are key for a turnaround CEO. This research goes further to demonstrate how the profile of a CEO of a turnaround could be operationalised by the CEOs by providing a model for a successful CEO of turnaround.

6.3.4 Economic and Social

This research makes the following economic and social contributions:

(1) Since the SOEs play an important role in the economy through the provision of essential goods and services, this research makes a valuable contribution to the economy by providing solutions and recommendations to enable SOEs to turnaround successfully to ensure that they deliver the services as mandated and that they are profitable and financially sustainable.

(2) At a social level, by being profitable and financially sustainable, this will curb poverty by paying the employees their salaries on time and by creating job for the unemployed. Literature (Parliament of the Republic of South Africa, 2022; Rupiah, 2018) show that some of the renowned SOEs are struggling to pay employees' salaries and service providers; they are dependent on state bailouts to survive. This research further makes a contribution at a social level by equipping the SOEs and government with recommendations to alleviate service delivery protests by correcting the practices that prevent SOEs from turning around.

6.4 Directions for future research

This research analysed the leadership of the CEO in the turnaround of SOEs in the South African context. The research opens avenues for future studies to explore the leadership of the CEO in the turnaround of SOEs. Future studies could perform similar research in their country or local context. In the South African context, a different methodology could be used to overcome the limitations presented by this study. This research only identified the capabilities,

attributes and values of a CEO who can be successful in executing a turnaround strategy based on upper echelons theory, however the theory was not tested to determine if the identified characteristics result in successful turnaround. Future studies should consider testing the researcher's theory by investigating if the CEO profile developed in this research will lead to a successful turnaround. The profile could also be put to test in terms of operationalisation using a model for successful CEO as support. Follow up studies could provide evidence as to whether the profile and model for successful CEO of turnaround is effective. Based on upper echelons theory, it is recommended for future studies to investigate if the identified capabilities, attributes, and values predict a successful turnaround.

This is a qualitative study which made use of semi-structured interviews to collect data; future studies could utilise different approaches for data collection. Future researchers could complement this research with a quantitative study to test the profile of a CEO of turnaround. This research only included schedule 2 SOEs (major SOEs), future studies could consider conducting the study within schedule 3 SOEs to determine if the empirical findings will support this research or provide a different view. In addition, they could broaden the sample to include over 24 participants. Since this research focused on the leadership of the CEO in the turnaround of SA SOEs, future studies could consider broadening leadership to include the entire top management team. They could explore the leadership of the CEO in the turnaround of private institutions and determine if the challenges the CEOs of SOEs face in executing a turnaround strategy are similar to those in the public sector. They could also analyse the influence the CEOs of private entities have in the turnaround of private entities. Since this study took place in the South African context, this could be broadened to include other countries to determine if they derive the same results.

It might be worthwhile to conduct a study to establish if the values identified in this research are being portrayed in the SOEs in SA and the rest of the world. Furthermore, this research only focused on the positive capabilities, attributes, and values of a CEO of turnaround, future studies could focus on the negative. Future studies could expand and put upper echelons theory to the test by incorporating the attributes, capabilities, and values of a CEO of turnaround that were identified in this research. Though this research suggests that those CEOs who were successful in turning around SOEs in SA did not experience any political interference, future research could focus only on those SOEs that were successful and investigate if they were free

from political interference. It would also be valuable to investigate in detail if the CEOs of SOEs who were influential during turnaround resulted in a successful turnaround. Future researchers should consider investigating whether the structure of the SOEs contributes to failure to turnaround.

This research went beyond what has been set up as the research objectives by providing recommendations for turning around SOEs successfully, particularly the preliminary roadmap (see figure 19) and target state of the SOEs (see table 6). It would be worthwhile for future research to scrutinise these contributions, test and refine where necessary.

REFERENCES

Abebe, M. A. (2009). Leadership characteristics of declining firms attempting turnaround. *Journal of Strategy and Management, 2*(3), 201-216. doi:10.1108/17554250910982462

Abebe, M. A. (2014). *CEO Characteristics and Corporate Turnaround Performance under Environmental Stability / Turbulence (Full Paper Submission)*.

Abebe, M. A., & Tangpong, C. (2017). Founder-CEOs and corporate turnaround among declining firms. *Corporate Governance An International Review 26*(3).

Abernethy, M. A., Kuang, Y. F., & Qin, B. (2019). The Relation between Strategy, CEO Selection, and Firm Performance. *Contemporary Accounting Research, 36*(3), 1575-1606. doi:10.1111/1911-3846.12463

Abramov, A., Radygin, A., Entov, R., & Chernova, M. (2017). State ownership and efficiency characteristics. *Russian Journal of Economics, 3*(2), 129-157.

Adam, M. (2013). Cooperative Governance of State-owned Enterprises (SOEs) in South Africa. In Protecting the Inheritance: Governance & Public Accountability in Democratic South Africa (pp. 163). Retrieved from https://books.google.co.za/books?hl=en&lr=&id=YTjbHE91RoMC&oi=fnd&pg=PA163&dq=SOEs+in+south+africa&ots=c9DUg9QC7j&sig=HznZ2xC9QGfktBCsmGJcLnAEtk0&redir_esc=y#v=onepage&q=SOEs%20in%20south%20africa&f=false.

Adom, D., Hussain, E. K., & Joe, A.-A. (2018). Theoretical and conceptual framework: Mandatory ingredients theoretical and conceptual framework: Mandatory ingredients engineering. *International Journal of Scientific Research, 7*(1), 93-98.

Adriaanse, J. (2016). Gender diversity in the governance of sport associations: The Sydney scoreboard global index of participation. *Journal of business ethics, 137*(1), 149-160.

Aggerholm, H. K., & Thomsen, C. (2020). Change management and communication in public sector organizations: The gordian knot of complexity, accountability, and legitimacy. *The Handbook of Public Sector Communication*, 197-213.

AGSA. (2017). General Report on the National and Provincial Audit Outcomes for 2016-2017. *www.agsa.co.za*. http://www.agsa.co.za/Portals/0/Reports/PFMA/201617/GR/04%20status%20of%20state-owned%20enterprises.pdf

AGSA. (2017-2018). *Governance, Oversight and Financial Sustainability of SOEs*.

Retrieved from https://www.agsa.co.za/Portals/0/Reports/PFMA/201718/GR/Section%207%20-%20Governance.pdf

AGSA. (2018-2019). *Governance, oversight and sustainability of state-owned entities*. Retrieved from South Africa: https://www.agsa.co.za/Portals/0/Reports/PFMA/201819/GR/PFMA2018-19%20-%20Section%207.pdf

Ahmad, E., Muhammad, A. U., & Arfeen, M. I. (2012). Does corruption affect economic growth? *Latin American Journal of Economics, 49*(2). doi:1O.7764/LAJE.49.2.277

Aivazian, V. A., Ge, Y., & Qiu, J. (2005). Can corporatization improve the performance of state-owned enterprises even without privatization? *Journal of Corporate finance, 11*(5), 791-808. doi:10.1016/j.jcorpfin.2004.11.001

Al-Azzam, Z., Al-Qura'an, A., & Al-Mohameed, M. (2015). How The Corporate Governance Affects Organizational Strategy: Lessons From Jordan Environment. *OSR Journal of Business and Management (IOSR-JBM) 17*(4), 52-66.

Al-Tameemi, K., & Alshawi, M. (2014). The Impact of Organisational Culture and Leadership on Performance Improvement in Iraq. *The Built and Human Environment Review, 7*.

Al Khajeh, E. H. (2018). Impact of leadership styles on organizational performance. *Journal of Human Resources Management Research, 2018*, 1-10.

Almeida, F., Faria, D., & Queirós, A. (2017). Strengths and Limitations of Qualitative and Quantitative Research Methods. *European Journal of Education Studies, 3*, 369-387. doi:10.5281/zenodo.887089

Amedu, S., & Dulewicz, V. (2018). The relationship between CEO personal power, CEO competencies, and company performance. *Journal of General Management, 43*(4), 188-198. doi:10.1177/0306307018762699

Ames, D. R., & Flynn, F. J. (2007). What breaks a leader: the curvilinear relation between assertiveness and leadership. *Journal of personality and social psychology, 92*(2), 307.

Andalas, H., Johan, A. P., Handika, R. F., & Yulihasri, I. (2017). CEOs characteristics and the successful of Turnaround Strategy: Evidences from Indonesia *Academy of Strategic Management Journal, 16*(1).

Angwin, D., McGee, J., & Sammut-Bonnici, T. (2015). Turnaround Strategy. In *Wiley encyclopedia of management* (Vol. 12).

Anh, N. T., & Nhàn, Đ. T. (2021). Analyzing the difference in corporate owership structure in the relationship between leadership style and business performance of enterprises in Vietnam *International Journal of Entrepreneurship, 25*, 1-13.

Aproskie, J., Hendriksz, M., & Kolobe, T. (2014). *State-Owned Enterprises and Competition: Exception to the Rule?* Retrieved from http://www.compcom.co.za/wp-content/uploads/2014/09/State-owned-entities-and-competition-8th-Annual-Competition-Conference-2014-Aproskie-Hendriksz-and-Kolobe.pdf

Arens, P., & Brouthers, K. D. (2001). Key stakeholder theory and state owned versus privatized firms. *MIR: Management International Review, 41*(4), 377-394.

Armstrong, P. (1995). The King Report on Corporate Governance. *Juta's Business Law 65, 3*.

Armstrong, P., Segal, N., & Davis, B. (2005). *Corporate governance: South Africa, a pioneer in Africa*. Retrieved from South Africa: https://www.africaportal.org/publications/corporate-governance-south-africa-a-pioneer-in-africa/

Arruda de Almeida, M., & Zagaris, B. (2015). Political capture in the petrobus corruption scandal: The sad tale of an oil giant. *Fletcher F. World Aff., 39*, 87.

Astami Emita, W., Tower, G., Rusmin, R., & Neilson, J. (2010). The effect of privatisation on performance of state-owned-enterprises in Indonesia. *Asian Review of Accounting, 18*(1), 5-19. doi:10.1108/13217341011045971

Astami, E. W., Tower, G., Rusmin, R., & Neilson, J. (2010). The effect of privatisation on performance of state-owned-enterprises in Indonesia. *Asian Review of Accounting*.

Asuquo, N. B., & Obaretin, O. (2019). Chief Executive Officers and their Boards: a Play of Power. *Business and Management Research, 8*(2). doi:10.5430/bmr.v8n2p27

Avolio, Walumbwa, & Weber. (2009). Leadership: current theories, research, and future directions. *Annu Rev Psychol, 60*, 421-449. doi:10.1146/annurev.psych.60.110707.163621

Axmith, M. (2004). Executive coaching: A catalyst for personal growth and corporate change. *Ivey Business Journal*.

Balbuena, S. S. (2014). *State-owned Enterprises in Southern Africa: A Stocktaking of Reforms and Challenges*. Retrieved from Paris: https://www.oecd-ilibrary.org/content/paper/5jzb5zntk5r8-en

Ballinger, G. A., & Marcel, J. (2010). The use of an interim CEO during succession episodes and firm performance. *Strategic Management Journal, 31*(3), 262-283.

Baporikar, N. (2021). Succession Planning for Enhanced Performance in State-Owned Enterprises: Role of Age Diversity. *International Journal of Sociotechnology and Knowledge Development, 13*(3), 106-132.

Bar-Or, Y. (2017). Human Considerations in Turnaround Management: A Practitioner's View. In *Turnaround Management and Bankruptcy* (1 ed., pp. 177-195): Routledge.

Bass, B. M. (1990). From transactional to transformational leadership: Learning to share the vision. *Organizational dynamics, 18*(3), 19-31. doi:https://doi.org/10.1016/0090-2616(90)90061-S

Bass, B. M. (1999). Current Developments In Transformational Leadership: Research and Applications. *The psychologist manager journal, 3*(1), 5-21. doi:10.1037/h0095852

Bass, B. M., & Riggio, R. E. (2010). The transformational model of leadership. *Leading organizations: Perspectives for a new era, 2*, 76-86.

Bastari, A., Eliyana, A., & Wijayanti, T. (2020). Effects of transformational leadership styles on job performance with job motivation as mediation: A study in a state-owned enterprise. *Management Science Letters, 10*(12), 2883-2888.

Baum, A., Medas, P. A., Soler, A., Sy, M., Pattillo, C. A., Gueorguiev, N., & Rodriguez, C. (2020). Managing Fiscal Risks from State-Owned Enterprises. *IMF Working Papers, 2020*(213), A001. doi:10.5089/9781513557502.001.A001

Baum, M. A., Hackney, C., Medas, P., & Sy, M. (2019). *Governance and State-Owned Enterprises: How Costly is Corruption?* : International Monetary Fund.

Beaver, G. (2002). The chief executive officer: showman, statesman and strategist. *Strategic Change, 11*(6), 287-289. doi:10.1002/jsc.592

Bedi, A., Alpaslan, C. M., & Green, S. (2016). A meta-analytic review of ethical leadership outcomes and moderators. *Journal of business ethics, 139*(3), 517-536.

Bello, S. M. (2012). Impact of ethical leadership on employee job performance. *International Journal of Business and Social Science, 3*(11).

Benmelech, E., & Frydman, C. (2015). Military ceos. *Journal of Financial Economics, 117*(1), 43-59.

Bezuidenhout, M. L., Bussin, M. H. R., & Coetzee, M. (2018). The chief executive officer pay–performance relationship within South African state-owned entities. *SA Journal of Human Resource Management, 16*.

Bhagat, S., Bolton, B. J., & Subramanian, A. (2010). CEO education, CEO turnover, and firm performance. *Available at SSRN 1670219*.

Bhal, K. T., Bharule, D., & Gautam, V. (2003). Leadership style of CEOs: A qualitative assessment. *Psychological Studies, 48*(1), 5-12.

Bhasin, H. (2019). Assessing the situational leadership of managers in the mobile service industry. *International Journal on Leadership, 7*(2), 49-57.

Bibeault, D. (2017). Turnaround 8 Strategies. *Turnaround Management and Bankruptcy, 69*, 147.

Birla, K. M. (2005). The CEO at work. In G. Piramal & J. Netarwala (Eds.), *Smart Leadership: Insights for CEOs*. South Africa: Penguin Random House.

Blanche, M. T., Blanche, M. J. T., Durrheim, K., & Painter, D. (2006). *Research in Practice: Applied Methods for the Social Sciences*: UCT Press.

Block, B. A. (2014). Leadership: A Supercomplex Phenomenon. *Quest: National Association for Physical Education in Higher Education, 66*(2), 233-246.

Boddy, C. R. (2016). Sample size for qualitative research. *Qualitative Market Research: An International Journal*. doi:10.1108/qmr-06-2016-0053

Boerner, S., Eisenbeiss, S. A., & Griesser, D. (2007). Follower Behavior and Organizational Performance: The Impact of Transformational Leaders *Journal of Leadership and Organizational Studies, 13*(3).

Boggs, G. R. (2006). *Handbook on CEO-board relations and responsibilities*: Amer. Assn. of Community Col.

Bosse, D. A., & Phillips, R. A. (2016). Agency Theory and Bounded Self-Interest. *Academy of Management Review, 41*(2), 276-297. doi:10.5465/amr.2013.0420

Botelho, E. L., Powel, K. R., & Raz, T. (2018). *The CEO Next Door*. In. Retrieved from https://books.google.co.za/books?hl=en&lr=&id=UIwnDwAAQBAJ&oi=fnd&pg=PR1&dq=first+CEO+in+the+world&ots=rlLDixJbtO&sig=LFW_nRATet2v_Jz7AaCwHJpIj40&redir_esc=y#v=onepage&q=first%20CEO%20in%20the%20world&f=false

Botelho, E. L., Powell, K. R., Kincaid, S., & Wang, D. (2017, May-June 2017). What

sets successful CEOs apart. *Harvard Business Review, 95,* 70-77.

Boubakri, N., & Cosset, J.-C. (2002). Does privatisation meet the expectations in developing countries? A survey and some evidence from Africa. *Journal of African Economies, 11*(suppl_1), 111-140.

Böwer, U. (2017). State-owned enterprises in emerging Europe: the good, the bad, and the ugly. *IMF Working Papers*(221).

Böwer, U., & Baqir, R. (2017). State-Owned Enterprises in Emerging Europe: The Good, the Bad, and the Ugly *IMF Working Papers, 2017*(221), A001. doi:10.5089/9781484315163.001.A001

Boyne, G. A. (2004). A '3Rs' Strategy for Public Service Turnaround: Retrenchment, Repositioning and Reorganization. *Public Money & Management, 24*(2), 97-103. doi:10.1111/j.1467-9302.2004.00401.x

Brahmana, R. K., You, H. W., & Kontesa, M. (2020). Does CEO power matter for the performance of retrenchment strategy? *Journal of Strategy and Management*.

Bratton, J. (2020). *Organizational Leadership*: SAGE Publications.

Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology, 3*(2), 77-101. doi:10.1191/1478088706qp063oa

Brinneman, G. (1998). Right Away and All at Once: How We Saved Continental. *Harvard Business Review*.

Bruce, P. (2019, 15 August 2019). PETER BRUCE: SOS for SOEs — send in the experts. *BusinessDay*. Retrieved from https://www.businesslive.co.za/bd/opinion/columnists/2019-08-15-peter-bruce-sos-for-soes--send-in-the-experts/

Bruton, G. D., Ahlstrom, D., & Wan, J. C. C. (2003). Turnaround in East Asian firms: evidence from ethnic Overseas Chinese communities. *Strategic Management Journal, 24*(6), 519-540. doi:10.1002/smj.312

Bruton, G. D., Peng, M. W., Ahlstrom, D., Stan, C., & Xu, K. (2015). State-owned enterprises around the world as hybrid organizations. *Academy of Management perspectives, 29*(1), 92-114.

Buchanan, J. M. (1987). Tax reform as political choice. *Journal of Economic Perspectives, 1*(1), 29-35.

Buchanan, J. M., & Tullock, G. (2003). *What is public choice theory*. In *Rationalizing capitalist democracy: The cold war origins of rational choice liberalism 133*. Retrieved from

https://books.google.co.za/books?hl=en&lr=&id=povXNmUMVwIC&oi=fnd&pg=PA133&dq=What+is+public+choice+Theory+Buchanan&ots=hFI0tPB7RP&sig=JAqdl0Pse-8bl6rX4NW8KJPIth8&redir_esc=y#v=onepage&q=What%20is%20public%20choice%20Theory%20Buchanan&f=false

Burgess, C. T., Adkins, J., & Suniga, N. (2021). Management and Leadership: A Practical Review of the Organizational Culture. *Handbook of Research on Multidisciplinary Perspectives on Managerial and Leadership Psychology*, 396-412.

Burns, J. M. (2012). *Leadership*: Open Road Media.

Business Leadership South Africa. (2022). SOEs behave like unrehabilitated alcoholics- Bonah Mohale Retrieved from https://www.blsa.org.za/soes-behave-like-unrehabilitated-alcoholics-bonang-mohale/

BusinessTech. (2015, 24 October 2015). One big problem state-owned companies can't seem to shake. *BusinessTech*. Retrieved from https://businesstech.co.za/news/business/102150/one-big-problem-state-owned-companies-cant-seem-to-shake/

Butar-Butar, N. A., Sadalia, I., & Irawati, N. (2019). *Determinant Of Corporate Turnaround: A Review Study.* Paper presented at the 2019 International Conference on Organizational Innovation (ICOI 2019).

Buthelezi, L. (2020, 21 January 2020). Moody's downgrades Land Bank to junk. *Fin24*. Retrieved from https://www.fin24.com/Companies/Financial-Services/moodys-downgrades-land-bank-to-junk-20200121

Butler, A. (2022, 10 February 2022). Politicians, take note: It's the SOEs, stupid. *BusinessDay*. Retrieved from https://www.businesslive.co.za/bd/opinion/columnists/2022-02-10-anthony-butler-politicians-take-note-its-the-soes-stupid/

Calcagno, P. T. (2010). *Forthcoming in 21st Century Economics: A Reference Handbook*: Sage Publishers.

Cannella, S. F. B., Hambrick, D. C., Finkelstein, S., & Cannella, A. A. (2009). *Strategic leadership: Theory and research on executives, top management teams, and boards*: Strategic Management.

Cash, K. C., & Gray, G. R. (2000). A framework for accommodating religion and spirituality in the workplace. *Academy of Management, 14*(3).

Castleberry, A., & Nolen, A. (2018). Thematic analysis of qualitative research data: Is it as easy as it sounds? *Currents in Pharmacy Teaching and Learning, 10*(6),

807-815. doi:https://doi.org/10.1016/j.cptl.2018.03.019

Castro, M. L., & Martins, N. (2010). The relationship between organisational climate and employee satisfaction in a South African information and technology organization. *SA Journal of industrial psychology, 36*(1), 1-9.

CFI. (2015-2020a). CEO (The Chief Executive Officer). https://corporatefinanceinstitute.com/resources/careers/jobs/what-is-a-ceo-chief-executive-officer/

CFI. (2015-2020b). State Owned Enterprise (SOE). https://corporatefinanceinstitute.com/resources/careers/companies/state-owned-enterprise-soe/

Chahyadi, C., Doan, T., & Naym, J. (2021). Hiring the right CEO: how does the type of CEO industry experience affect firm performance, firm risk-taking behavior, and CEO compensation? *International Journal of Business Society, 22*(2), 828-845. doi:https://doi.org/10.33736/ijbs.3762.2021

Chauke, K., & Motubatse, K. (2020). *King IV State-Owned Enterprise supplement: the impact on the SOE's approach to governance in South Africa.* Paper presented at the The 5th Annual International Conference on Public Administration and Development Alternatives, 07 - 09 October 2020, Virtual Conference.

Chen, G., & Hambrick, D. C. (2012). CEO replacement in turnaround situations: Executive (mis) fit and its performance implications. *Organization Science, 23*(1), 225-243.

Chitiga-Mabugu, M., Maisonnave, H., Henseler, M., & Mabugu, R. E. (2021). Corruption in state-owned companies hurts low skilled workers the most: we show how. https://theconversation.com/corruption-in-state-owned-companies-hurts-low-skilled-workers-the-most-we-show-how-165420

Chitiga-Mabugu, M., Henseler, M., Mabugu, R. E., & Maisonnave, H. (2021). The implications of deteriorating state-owned enterprise performance on the South African economy. *Annals of Public & Cooperative Economics*, 1. doi:10.1111/apce.12339

Choi, D., Kim, D. H., & Yang, L. (2018). *Does CEO Tenure Matter? Evidence from CEO Successions*. Paper presented at the FMA Conferences. http://fmaconferences.org/SanDiego/Papers/Does%20CEO%20Tenure%20Matter%20Evidence%20from%20CEO%20Successions%20%20FMA.pd

Choudhury, J. (2010). Performance impact of intellectual capital: a study of Indian IT sector. *International journal of business management decision, 5*(9), 72.

Clapham, S. E., Schwenk, C. R., & Calwell, D. (2007). CEO perceptions and corporate turnaround. *Journal of Change Management, 5*(4), 407-428.

Clark, N. L. (2019). South Africa's state owned companies: A complex history that's seldom told. *Mail & Guardian,*. Retrieved from https://mg.co.za/article/2019-12-09-00-south-africas-state-owned-companies-a-complex-history-thats-seldom-told

Cliff Dekker Attorneys. (2002). King report on Governance for South Africa 2002. https://www.mervynking.co.za/downloads/CD_King2.pdf

Commission of Inquiry Into State Capture. (2022). Our mandate. Retrieved from https://www.statecapture.org.za/site/about/mandate

Cooper, D. R., & Schindler, P. S. (2014). *Business Research Methods* (12th ed.). New York: McGraw-Hill/Irwin.

Corrigan, T. (2014). *Corporate Governance in Africa's State Owned Enterprises: Perspectives on an Evolving System*. Retrieved from https://saiia.org.za/research/corporate-governance-in-africas-state-owned-enterprises-perspectives-on-an-evolving-system/

Creswell, J. W. (2003). *Research Design: Qualitative, Quantitative and Mixed Methods Approaches*: Sage Publications.

Crotty, M. (1998). *The Foundations of Social Research: Meaning and Perspective in the Research Process*. London: Sage Publications.

Cucaro, O. (2019). *Crisis, Turnaround and Corporate Reorganization*: Olga Maria stefania Cucaro.

da Silveira, A. D. M., & Barros, L. A. B. d. C. (2012). Who is the Boss for Major Decisions? Chairmen–not CEOs–as Powerful Leaders.

Desselle, S. P., Raja, L., Andrews, B., & Lui, J. (2018). Perceptions of organizational culture and organizational citizenship by faculty in US colleges and schools of pharmacy. *Currents in Pharmacy Teaching and Learning, 10*(4), 403-412.

Desti, K., & Shanthi, R. (2015). A study on emotional intelligence at work place. *European Journal of Business Management, 7*, 147-154.

Dewar, C., Hirt, M., & Keller, S. (2019). The mindsets and practices of excellent CEOs. *McKinsey Quarterly, 11*.

Donnelly, L. (2019, 29 July 2019). Gordhan appoints eskom chair, Jabu Mabuza, acting chief executive. *www.mg.co.za*. Retrieved from https://mg.co.za/article/2019-07-29-gordhan-appoints-eskom-chair-jabu-

mabuza-acting-chief-executive

DPE. (2022). SOCs in the DPE Portfolio. Retrieved from https://dpe.gov.za/

Duke, D. L. (2014). A bold approach to developing leaders for low-performing schools. *Management in Education, 28*(3), 80-85.

Eberhard, A. (2003). *The political, economic, institutional and legal dimensions of electricity supply industry reform in South Africa.* Paper presented at the political economy of power market reform conference'. Available: http://pesd. stanford. edu/events/mrkt_rfm_2003. html.

Edoun, E. I. (2015). The Impact of Governance on State Owned Enterprises (SOEs) in Africa. *Mediterranean Journal of Social Sciences*. doi:10.5901/mjss.2015.v6n1p352

Efird, N. (2010). *The State-owned Enterprise as a Vehicle for Stability*: Strategic Studies Institute, U.S. Army War College.

Eisenhardt, K. M. (1989). Agency Theory: An Assessment and Review. *The Academy of Management Review, 14*(1), 57-74. doi:10.2307/258191

Eresia-Eke, C., & Mabasa, T. (2018). Prevalent Leadership Styles of Black Top-managers in South African State-owned Enterprises (SOEs). *African Journal of Public Affairs, 10*(4).

Etikan, I., & Bala, K. (2017). Sampling and sampling methods. *Biometrics & Biostatistics International Journal, 5*(6), 00149.

Evans, A., Elford, J., & Wiggins, D. (2008). *Using the internet for qualitative research*. In C. Willig & W. Stainton-Rogers (Eds.), *The Sage handbook of qualitative research in psychology* (pp. 315-333). Retrieved from https://books.google.co.za/books?hl=en&lr=&id=Tu3IqexENBEC&oi=fnd&pg=PA315&dq=Evans,+A.,+Elford,+J.,+%26+Wiggins,++Using+the+internet+for+qualitative+research.+315-333.&ots=3loMk0lZxY&sig=YN0vQRFxgWxIw3k1AIMXpadVSus&redir_esc=y#v=onepage&q&f=false

Fard, P. G., & Karimi, F. (2015). The Relationship between Organizational Trust and Organizational Silence with Job Satisfaction and Organizational Commitment of the Employees of University. *international Education Studies, 8*(11), 219-227.

Farkas, C. M., & Wetlaufer, S. (1996, 22 September 2019). The Ways Chief Executive Officers Lead. *Harvard Business Review*.

Farokhi, K., & Murty, T. (2014). Factors influencing organisational climate.

International Monthly Refereed Journal of Research in Management and Technology, 3(1), 74-82.

Fereday, J., & Muir-Cochrane, E. (2006). Demonstrating rigor using thematic analysis: A hybrid approach of inductive and deductive coding and theme development. *International journal of qualitative methods, 5*(1), 80-92.

Fiedler, F. E. (1964). A Contingency Model of Leadership Effectiveness. In L. Berkowitz (Ed.), *Advances in Experimental Social Psychology* (Vol. 1, pp. 149-190): Academic Press.

Fin24. (2018, 15 June 2018). Numsa blames Eskom's bloated top management for financial woes. *Fin24*. Retrieved from https://www.news24.com/Fin24/numsa-blames-eskoms-bloated-top-management-for-financial-woes-20180615

Finkelstein, S., Hambrick, D. C., & Cannella, A., A., Jr. (2009). *Strategic Leadership: Theory and Research on Executives, Top Management and Boards*. New York: Oxford University Press.

Fitzpatrick, L., Shete, R., & Richards, R. (2018). *Emotional Intelligence and Leadership*. Retrieved from http://archives.pdx.edu/ds/psu/24564

Fourie, D. (2014). The role of Public Sector Enterprises in the South African Economy. *African Journal of Public Affairs, 7*(1).

Fox, W., Bayat, S., & Ferreira, N. (2007). *A Guide to Managing Public Service*. South Africa: Juta & Co. Ltd.

Fraczkiewicz-Wronka, A., & Szymaniec, K. (2012). Resource based view and resource dependence theory in decision making process of public organisation - research findings *Versita, 16*(2). doi:10.2478/v10286-012-0052-2

Francis, O., Ayiecha, O., & Katuse, P. (2014). Implementing Turnaround Strategy: Effect of Change Management and Management Competence factors *Journal of Business and Management, 16*(3), 95-103.

Frank, O., & Snijders, T. (1994). Estimating the size of hidden populations using snowball sampling. *JOURNAL OF OFFICIAL STATISTICS-STOCKHOLM, 10*, 53-53.

Fredenberger, W. B., Lipp, A., & Watson, H. J. (1997). Information requirements of turnaround managers at the beginning of engagements. *Journal of Management Information Systems, 13*(4), 167-192.

Freeman, R. E. (2015). Stakeholder theory. *Wiley encyclopedia of management*, 1-6.

Freeman, R. E., Wicks, A. C., & Parmar, B. (2004). Stakeholder theory and “the corporate objective revisited". *Organization Science, 15*(3), 364-369.

Friedman, M. (1970, 13 September 1970). A Friedman doctrine-- The Social Responsibility Of Business Is to Increase Its Profits. *The New York Times* p. 17. Retrieved from https://www.nytimes.com/1970/09/13/archives/a-friedman-doctrine-the-social-responsibility-of-business-is-to.html

Fry, L. W. (2003). Toward a theory of spiritual leadership. *The leadership quarterly, 14*(6), 693-727.

Ganesh, S. S., & Kumar, N. (2013). Turnaround Challenges of a State-owned Enterprise: A Case Study of Orissa Remote Sensing Application Centre, India. *Asian Journal of Management Cases, 10*(2), 163-177. doi:10.1177/0972820113498926

Garvin, D. A., & Roberto, M. A. (2005). Change through persuasion. *Harvard Business Review, 83*(2), 26-33.

Gathiru, M. K., Khamah, M., & Nyakora, M. (2021). Relationship of Human Resources Turnaround Strategies and Organizational Performance in KCB Bank and Uchumi Supermarket in Kenya.

Gatti, C. (2002). Leadership and Cultural Renewal in Corporate Turnarounds *SYMPHONYA Emerging Issue in Management, 2*.

Gavin, D. J. (2014). Power in the Corporate Boardroom: Development of the CEO Power Index. *Journal of Business & Economic Studies, 20*(2), 47-62.

Geer-Frazier, B. L. (2014). *A CEO's influence on a" large scale" change process: A case study of a midsized for profit organization.* Capella University,

Gernetzky, K. (2019). SAA’s Vuyani Jarana the second SOE chief to quit in two weeks. *BusinessDay*. Retrieved from https://www.businesslive.co.za/bd/national/2019-06-02-saa-ceo-vuyani-jarana-has-resigned-say-reports/

Ghardallou, W., Borgi, H., & Alkhalifah, H. (2020). Ceo characteristics and firm performance: a study of Saudi Arabia listed firms. *The Journal of Asian Finance, Economics, Business Strategy and the Environment, 7*(11), 291-301.

Ghazzawi, I. (2018). Organizational Turnaround: A Conceptual Framework and Research Agenda. *American Journal of Management, 17*(7), 10-24.

Giberson, T., Resick, C., Dickson, M., Mitchelson, J., Randall, K., & Clark, M. (2009). Leadership and Organizational Culture: Linking CEO Characteristics to Cultural Values. *Journal of Business and Psychology, 24*(2), 123-137.

Gill, R. (2002). Change management--or change leadership? *Journal of Change Management, 3*(4), 307-318.

Gilley, A., Dixon, P., & Gilley, J. W. (2008). Characteristics of leadership effectiveness: Implementing change and driving innovation in organizations. *Human Resource Development Quarterly, 19*(2), 153-169.

Gioia, D. A., & Chittipeddi, K. (1991). Sensemaking and Sensegiving in Strategic Change Initiation. *Strategic Management Journal, 12*(6), 433-448.

Glick, M. B. (2011). The Role of Chief Executive Officer *Advances in Developing Human Resources, 13*(2), 171-207. doi:10.1177/1523422311415642

Goldeng, E., Grünfeld, L. A., & Benito, G. R. (2008). The performance differential between private and state owned enterprises: The roles of ownership, management and market structure. *Journal of Management Studies, 45*(7), 1244-1273.

Goleman, D. (2017). *What Makes a Leader?(Harvard Business Review Classics)*: Harvard Business Press.

Goleman, D. (2021). *Leadership: The power of emotional intelligence*. In D. Goleman (Ed.). Retrieved from http://dspace.vnbrims.org:13000/jspui/bitstream/123456789/4733/1/Leadership%20The%20Power%20of%20Emotional%20Intellegence.pdf

Gomathi, S. (2014). Impact on change in turnaround management. *International Journal of Advance Research in Computer Science and Management Studies, 2*(5), 63-70.

Gossel, S. (2019). How SA's broken state-owned companies made the 'new dawn' a fake resurrection. *Fin24*. Retrieved from https://www.news24.com/fin24/opinion/how-sas-broken-state-owned-companies-made-the-new-dawn-a-fake-resurrection-20190328-2

Gottesman, A. A., & Morey, M. R. (2010). CEO educational background and firm financial performance. *Journal of Applied Finance, 20*(2).

Goyal, V. K., & Park, C. W. (2002). Board leadership structure and CEO turnover. *Journal of Corporate finance, 8*(1), 49-66.

Graetz, F. (2000). Strategic change leadership. *Management decision*.

Greener, S. (2008). *Business Research Methods*: Dr. Sue Greener and Ventus Publishing ApS.

Greenleaf, R. K. (1970). The servant as Leader

https://static1.squarespace.com/static/5b3baed55ffd20d4c7c2adbb/t/5b76ee4acd8366151c6303cf/1534520907522/The+Servant+as+Leader-2.pdf

Guest, G., Bunce, A., & Johnson, L. (2016). How Many Interviews Are Enough? *Field Methods, 18*(1), 59-82. doi:10.1177/1525822x05279903

Gulua, E. (2018). Organizational culture management challenges. *European Journal of Interdisciplinary Studies, 4*(1), 67-79.

Gumede, N., & Asmah-Andoh, K. J. J. o. P. A. (2016). Prescriptions of the national development plan for state-owned enterprises in South Africa: is privatisation an option? *, 51*(2), 265-277.

Gupta, A., & Kumar, S. (2020). Comparing the performance of public and private enterprises: case for a reappraisal–evidence from India. *International Journal of Public Sector Management*.

Gupta, A., Nadkarni, S., & Mariam, M. (2018). Dispositional Sources of Managerial Discretion: CEO Ideology, CEO Personality, and Firm Strategies. *Administrative Science Quarterly, 64*(4), 855-893. doi:10.1177/0001839218793128

Hagaman, A. K., & Wutich, A. (2016). How Many Interviews Are Enough to Identify Metathemes in Multisited and Cross-cultural Research? Another Perspective on Guest, Bunce, and Johnson's (2006) Landmark Study. *Field Methods, 29*(1), 23-41. doi:10.1177/1525822X16640447

Hambrick, D. C. (2007). Upper Echelons Theory: An Update. *Academy of Management Review, 32*(2), 334-343. doi:10.5465/amr.2007.24345254

Hambrick, D. C., & Mason, P. A. (1984). Upper Echelons: The Organization as a Reflection of Its Top Managers. *The Academy of Management Review, 9*(2), 193-206. doi:10.2307/258434

Hannafey, F., & Vitulano, L. (2013). Ethics and Executive Coaching: An Agency Theory Approach. *Journal of business ethics, 115*(3), 599-603. doi:https://doi.org/10.1007/s10551-012-1442-z

Hansen, M. T., Ibarra, H., & Peyer, U. (2013). The best-performing CEOs in the world. *Harvard Business Review, 91,* 81-95.

Harker, M., & Sharma, B. (2000). Leadership and the company turnaround process. *Leadership & Organization Development Journal, 21*(1).

Haron, N. H., Rahman, I. K. A., & Smith, M. (2013). Management accounting practices and the turnaround process. *Asian Review of Accounting, 21*(2), 100-112.

Harrigan, K. R., & Wing, B. M. (2021). Corporate renewal and turnaround of troubled businesses: The private equity advantage. *Strategic Management Review*.

Harrison, A., Meyer, M., Wang, P., Zhao, L., & Zhao, M. (2019). *Can a tiger change its stripes? Reform of Chinese state-owned enterprises in the penumbra of the state*. Retrieved from https://www.nber.org/papers/w25475

Harrison, J., Freeman, R. E., & Cavalcanti Sá de Abreu, M. (2015). Stakeholder Theory As an Ethical Approach to Effective Management: applying the theory to multiple contexts. *Review of Business Management*, 858-869. doi:10.7819/rbgn.v17i55.2647

Haslan, R. H., Ramos, H. M., Badri, S. K. Z., & Santos, A. (2021). Leadership and coping behaviour during organisational change: A case of an Indonesian state-owned enterprise. *International Journal of Employment Studies, 29*(1), 66-91.

Hayibor, S., Agle, B. R., Sears, G. J., Sonnenfeld, J. A., & Ward, A. (2011). Value Congruence and Charismatic Leadership in CEO–Top Manager Relationships: An Empirical Investigation. *Journal of business ethics, 102*(2), 237-254. doi:10.1007/s10551-011-0808-y

Herrmann, D., & Felfe, J. (2014). Effects of Leadership Style, Creativity Technique and Personal Initiative on Employee Creativity. *British Journal of Management, 25*(2), 209-227.

Hersey, P., & Blanchard, K. H. (1997). *Situational leadership.* Paper presented at the Dean's Forum.

Heyler, S. G., & Martin, J. A. (2018). Servant leadership theory: Opportunities for additional theoretical integration. *Journal of Managerial Issues*, 230-243.

Hlomendlini, H. (2018). The tide is turning in South Africa - the world is watching. *SABI magazine - Tydskrif, 10,* 18-18.

Ho, L., Wang, Y., Huang, H., & Chen, H. (2011). Influence of humorous leadership at workplace on the innovative behavior of leaders and their leadership effectiveness. *African Journal of Business Management, 5*(16), 6674-6683. doi:0.5897/AJBM10.1087

Hoffman, J., Schniederjans, M., & Sebora, T. (2004). A Multi-Objective Approach To Ceo Selection. *INFOR, 42*, 237-255. doi:10.1080/03155986.2004.11732706

Howard, A. (2007). Best Practices in Leader Selection. In J. A. Conger & R. E. Riggio (Eds.), *The practice of leadership: Developing the next generation of leaders.* (pp. 11-40). San Francisco, CA: Jossey-Bass.

Howson, A. (2019). Qualitative Research Methods (sociology). In *Salem Press Encyclopedia*.

Hu, F. Z. Y. (2017). State-Owned Enterprise. In *International Encyclopedia of Geograpgy, People, the Earth, Environment and Technology*: John Wiley & Sons, Ltd.

Huang, L. J., & Snell, R. S. (2003). Turnaround, Corruption and Mediocrity: Leadership and Governance in Three State Owned Enterprises in Mainland China. *Journal of business ethics, 43*, 111-124. doi:10.1023/A:1022919418838

Huang, Q., Davison, R. M., Liu, H., & Gu, J. (2008). The impact of leadership style on knowledge-sharing intentions in China. *Journal of Global Information Management, 16*(4), 67-91.

IMF. (2022). IMF Executive Board Concludes 2021 Article IV Consultation with South Africa [Press release]. Retrieved from https://www.imf.org/en/News/Articles/2022/02/10/pr2231-imf-executive-board-concludes-2021-article-iv-consultation-with-south-africa

Institute of Directors Blantyre. (2011). *Sector Guidelines for Parastatal Organisations and State Owned Enterprises.*.

Institute of Directors of South Africa. (2021). Defending cadre deployment will keep governance of SOEs at risk. Retrieved from https://www.iodsa.co.za/news/563249/Defending-cadre-deployment-will-keep-governance-of-SOEs-at-risk.htm

IODSA. (2021). How to access to King IV Report Retrieved from https://www.iodsa.co.za/page/DownloadKingIVapp

Ireland, R. D., & Hitt, M. A. (2005). Achieving and maintaining strategic competitiveness in the 21st century: The role of strategic leadership. *Academy of Management perspectives, 19*(4), 63-77. doi:10.5465/ame.2005.19417908

Jabareen, Y. (2009). Building a conceptual framework: philosophy, definitions, and procedure. *International journal of qualitative methods, 8*(4), 49-62.

Jackofsky, E. F., Slocum, J. W., Jr. , & McQuaid, S. J. (1988). Cultural Values and the CEO: Alluring Companions? *The Academy of Management Executive, 2*(1).

Jain, E., & Yadav, A. (2017). Making of a CEO: Study of the successful CEO'S globally who and what are CEO'S. *Journal of Business and Management, 19*(5), 54-59.

Jason, L. A., & Glenwick, D. S. (2015). *Handbook of Methodological Approaches to Community-Based Research: Qualitative, Quantitative, and Mixed Methods*: Oxford University Press.

Jensen, M. C., & Meckling, W. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics, 3*(4), 305-360.

Jing, R., Liu, Y., & Liu, P. (2008). Leadership capability and the effectiveness of state-owned enterprise. *Frontiers of Business Research in China, 2*(2), 219-239. doi:10.1007/s11782-008-0013-8

Johnson, G., Langley, A., Melin, L., & Whittington, R. (2007). *Strategy as Practice: Research Directions and Resources*. In. Retrieved from https://books.google.co.za/books?id=A_WUAwAAQBAJ&pg=PA138&lpg=PA138&dq=CEO+has+the+responsibility+for+instigating+strategic+change&source=bl&ots=2x550Y1O93&sig=ACfU3U3PYj3_rlfAGY23rFVgUe8qI-_fEA&hl=en&sa=X&ved=2ahUKEwiNsNW0xojpAhVAUBUIHTEPD6YQ6AEwDXoECAoQAQ#v=onepage&q=CEO%20has%20the%20responsibility%20for%20instigating%20strategic%20change&f=false

Johnson Jr, B. L. (1995). Resource Dependence Theory: A Political Economy Model of Organizations.

Jones, L. B. (2021). *Jesus, CEO: Using ancient wisdom for visionary leadership*: Hachette UK.

Jones, M. (2007). What is a leader, anyway? *EXCHANGE-EXCHANGE PRESS, 178*, 74.

Kahan, M., & Rock, E. (2009). Embattled CEOs. *Tex. L. Rev, 88*, 987.

Kanter, R. M. (2003). Leadership and the Psychology of Turnarounds. *Harvard Business Review*.

Kanyane, M. (2018). Streamlining the state-owned entities landscape within the overarching legislative framework. www.hsrc.ac.za

Kanyane, M., & Sambo, V. (2021). State of State-Owned Enterprises' Governance in BRICS Countries–Issues for Consideration. *African Journal of Governance Development, 10*(1), 199-214.

Kanyane, M., & Sausi, K. (2015). Riviewing state-owned-entities' governance landcape in South Africa. *African Journal of Business Ethics, 9*(1), 28-41.

Kaplan, S. N., Klebanov, M. M., & Sorensen, M. (2012). Which CEO characteristics and abilities matter? *The Journal of Finance, 67*(3), 973-1007.

Kariuki, P. (2019). Everyone is responsible for creating ethical leadership. *Mail & Guardian*. Retrieved from https://mg.co.za/article/2019-12-03-00-everyone-is-responsible-for-creating-ethical-leadership

Karthikeyan, C. (2017). A meta analytical study on leadership integrity: a leadership ethics perspective. *International Journal of Management, IT and Engineering, 7*(4), 240-263.

Kgobe, F., & Chauke, K. (2021). Ethical leadership and public accountability: Problematiques of South Africa's State-Owned Enterprises. *Technium Social Sciences Journal, 26*, 45-53.

Khamisah, N., Listya, A., & Hamzah, R. S. (2021). Do Market Performance of SOEs Outperform Private Firms?(A Case of Indonesia Exchange). *SRIWIJAYA INTERNATIONAL JOURNAL OF DYNAMIC ECONOMICS AND BUSINESS, 4*(4), 289-298.

Khan, S., & Al Mashikhi, L. S. (2017). Impact of teamwork on employees performance. *International Journal of Education and Social Science, 4*(11), 14-22.

Kikeri, S. (2018). *Corporate governance in South African state-owned enterprises*. Retrieved from Washington, DC: https://openknowledge.worldbank.org/handle/10986/30029

Kim, B. H., & Hong, S. (2019). Political change and turnovers: How do political principals consider organizational, individual, and performance information? *Public Choice, 181*(3), 291-308.

Kim, C.-J., & Ali, Z. (2017). *Efficient management of state-owned enterprises: challenges and opportunities*. Paper presented at the Policy Workshop for Efficient Management of State-Owned Enterprises. https://www.adb.org/publications/efficient-management-state-owned-enterprises-challenges-and-opportunities

Kimanzi, M. (2021, 13-15 October 2021). *Covid-19 and Economic recovery in South Africa. How can state-owned enterprises be reformed?* Paper presented at the Social Sciences International Research Conference, Online.

Kirkpatrick, S. A., & Locke, E. A. (1991). Leadership: do traits matter? *Academy of Management perspectives, 5*(2), 48-60. doi:10.5465/ame.1991.4274679

Kivunja, C., & Kuyine, A. B. (2017). Understanding and Applying Research Paradigms in Educational Contexts. *International Journal of Higher Education, 6*(5).

Koech, P. M., & Namusonge, G. (2012). The effect of leadership styles on

organizational performance at state corporations in Kenya. *International Journal of Business and Commerce, 2*(1), 1-12.

Kombarakaran, F. A., Baker, M. N., Yang, J. A., & Fernandes, P. B. (2008). EXECUTIVE COACHING: IT WORKS! *Consulting Psychology Journal: Practice and Research, 60*(1), 78-90. doi:10.1037/1065-9293.60.1.78

Korstjens, I., & Moser, A. (2018). Series: Practical guidance to qualitative research. Part 4: Trustworthiness and publishing. *European Journal of General Practice, 24*(1), 120-124. doi:10.1080/13814788.2017.1375092

Kostyuk, A., & Barros, V. (2018). Corporate governance and company performance: Exploring the challenging issues. *Corporate Governance and Organizational Behavior Review, 2*(2), 25-31.

Kruger, A. (2019, 12 November 2019). SOEs' results proof of massive problems. *Moneyweb*. Retrieved from https://www.moneyweb.co.za/news/south-africa/soes-results-proof-of-massive-problems/

Kumalo, M., & Scheepers, C. B. (2018). Leadership of change in South Africa public sector turnarounds. *Journal of Organizational Change Management*. doi:https://doi.org/10.1108/JOCM-04-2017-0142

Laher, H. Y. (2019, 10 October 2019). SOEs will fail if chief restructuring officers lack power. *BusinessDay*. Retrieved from https://www.businesslive.co.za/bd/opinion/2019-10-10-soes-will-fail-if-chief-restructuring-officers-lack-power/

Larcker, D. F., Miles, S., Tayan, B., & Gutman, M. E. (2013). *Research: What CEOs Really Want from Coaching*. Retrieved from USA: https://www.gsb.stanford.edu/faculty-research/publications/2013-executive-coaching-survey

Lawton, T., Rajwani, T., & O'Kane, C. (2011). Strategic reorientation and business turnaround: the case of global legacy airlines. *Journal of Strategy and Management decision*.

Le, S., & Kroll, M. (2017). CEO international experience: Effects on strategic change and firm performance. *Journal of International Business Studies, 48*(5), 573-595.

Lee, K., Kim, Y., & Cho, W. (2018). A study on the relationship between servant leadership, organizational culture, and job satisfaction in fitness clubs. *Sport Mont, 16*(3), 43-49.

Lekgothoane, P. J., Maleka, M. J., & Worku, Z. (2020). Exploring organizational culture at a state-owned enterprise in South Africa: a process approach. *Problems and Perspectives in Management, 18*(2), 431.

Liechti, F., & Finger, M. (2019). Strategic Objectives For State-Owned Enterprises As A Means To Mitigate Political Interference: An Empirical Analysis Of Two Swiss State-Owned Enterprises. *Annals of Public and Cooperative Economic, 90*(3), 513-534.

Limbo, C. M. (2019). *An analysis of the performance of state-owned enterprises in Namibia: Case studies in the transport sector.* (Doctor of Philosophy in the School of Public Leadership), Stellenbosch: Stellenbosch University, South Africa. Retrieved from http://hdl.handle.net/10019.1/106068

Links, F., & Haimbodi, M. (2011). *Governance challenges in the SOE sector*. Retrieved from https://ippr.org.na/wp-content/uploads/2011/12/IPPR_SOE%20P7_FINALsml.pdf

Linneberg, M. S., & Korsgaard, S. (2019). Coding qualitative data: A synthesis guiding the novice. *Qualitative research journal, 19*(3), 259-270.

Liu, Y.-S., Huang, C.-K., Fang, C.-H., Tsai, W.-Y., & Chen, J.-K. (2015). Survival and breakthrough: A case study of evolutionary change in a state-owned enterprise. *International Journal of Management, Economics and Social Sciences, 4*(2), 71-91.

Lobe, B., Morgan, D., & Hoffman, K. A. (2020). Qualitative Data Collection in an Era of Social Distancing. *International journal of qualitative methods, 19*, 1609406920937875. doi:10.1177/1609406920937875

Lohrke, F. T., Bedeian, A. G., & Palmer, T. B. (2004). The role of top management teams in formulating and implementing turnaround strategies: a review and research agenda. *International Journal of Management Reviews*.

Lorda, R. G., & Brown, D. J. (2001). Leadership, values, and subordinate self-concepts. *Leadership Quarterly, 12*(2), 133. doi:10.1016/S1048-9843(01)00072-8

Lubis, F. R., & Hanum, F. (2020). *Organizational culture.* Paper presented at the 2nd Yogyakarta international conference on educational management/administration and pedagogy (YICEMAP 2019). Atlantis Press.

Madachian, M., Noordin, F., & Taherdoost, H. (2016). Leadership theories: an overview of early stages. *Recent advances in energy, environment and financial science, 198*, 201.

Madumi, P. (2018). *Are State-Owned Enterprises (SOEs) Catalysts for or Inhibitors*

of South African Economic Growth? Paper presented at the The 3rd Annual International Conference on Public Administration and Development Alternatives, Saldahna Bay, South Africa.

Mafukata, M. A., & Musitha, M. E. (2018). Mainstream politics and the South African SOEs dynamics. In *Strategic Design and Innovative Thinking in Business Operations* (pp. 151-170): Springer.

Maheshwari, S. K., & Ahlstrom, D. (2004). Turning Around a State Owned Enterprise: The Case of Scooters India Limited. *Asia Pacific Journal of Management, 21*(1), 75-101. doi:10.1023/B:APJM.0000024078.02768.fa

Makoni, P. L. (2015). The challenges of “acting” CEOs in state-owned enterprises: The case of South African airways. *Corporate Board: Role, Duties & Composition, 11*(3).

Maloş, R. (2011). LEADESHIP'S TRAIT THEORIES. *Annals of Eftimie Murgu University Resita, Fascicle II, Economic Studies*.

Mashamaite, K. A., & Raseala, P. S. (2019). Transgression of Corporate Governance in South Africa's Stateowned Enterprises. *Bangladesh e-Journal of Sociology, 16*(1), 124-134.

Mason, M. (2010). Sample Size and Saturation in PhD Studies Using Qualitative Interviews. *Forum: Qualitative Social Research, 11*(3). doi:10.17169/fqs-11.3.1428

Matsiliza, N. (2017). Corporate governance of the state-owned enterprises in an emerging country: Risk management and related issues. *Risk Governance and Control: Financial Markets & Institutions, 7*(3), 35-43. doi:10.22495/rgcv7i3p4

Mattlin, M. (2009). Chinese strategic state-owned enterprises and ownership control. *BICCS Asia paper, 4*(6), 1-28.

Mawson, N. (2017). Telkom success provides compelling case for private-sector involvement in SOEs *Brainstorm Magazine*.

Mbaku, J. M. (2008). Corruption Cleanups in Africa: Lessons from Public Choice Theory. *Journal of Asian and African Studies, 43*(4), 427-456.

Mbo, M., & Adjasi, C. (2017). Drivers of organizational performance in state owned enterprises. *International Journal of Productivity and Performance Management, 66*(3), 405-423. doi:10.1108/ijppm-11-2015-0177

McLeod, D. (2019). Telkom shows way to fix South Africa’s broken SOEs https://www.moneyweb.co.za/news/south-africa/telkom-shows-way-to-fix-

south-africas-broken-soes/

Menozzi, A., Gutiérrez Urtiaga, M., & Vannoni, D. (2011). Board composition, political connections, and performance in state-owned enterprises. *Industrial and Corporate Change, 21*(3), 671-698. doi:10.1093/icc/dtr055 %J Industrial and Corporate Change

Mentari, Y. K., & Sulistyowati, C. (2018). CEO Characteristics and Performance of Indonesian State-Owned Enterprise in Indonesia Period Year 2013-2015.

Meyer, M. J. (1997). Privatising South Africa by dictum: a review. *New Contree, 42*(16).

Meyers, C. V., & Hambrick Hitt, D. (2017). School turnaround principals: What does initial research literature suggest they are doing to be successful? *Journal of Education for Students Placed at Risk, 22*(1), 38-56.

Mfeka, B. (2018, 5 December 2018). The SOEs date back to the apartheid era and many are no longer relevant to SA's economic trajectory *BusinessDay*. Retrieved from https://www.businesslive.co.za/bd/opinion/2018-12-05-rationalisation-of-state-owned-enterprises-has-become-inevitable/

Mfeka, B. (2019a). Codes of good governance at SOEs have to have sharp teeth *BusinessDay*. Retrieved from https://www.businesslive.co.za/bd/opinion/2019-08-14-codes-of-good-governance-at-soes-have-to-have-sharp-teeth/

Mfeka, B. (2019b) *Resignations of CEOs in public entities a big concern/Interviewer: M. L.* Morning Live, SABC, South Africa.

Miglani, S. (2014). CEO Characteristics and Corporate Turnaround: Evidence from Australia. *Corporate Ownership & Control, 11*(2).

Miller, D. (2001). Successful change leaders: what makes them? What do they do that is different? *Journal of Change Management, 2*(4), 359-368.

Mishra, A. S. (2017). The role of accountability, values, and professionalism in organizational leadership. *Effective Executive, 20*(2).

Mitnick, B. M. (2015). Agency theory. *Business Ethics, 2*, 1-6. doi:10.1002/9781118785317.weom020097

Mohale, B., personal communication,. (2017, 26 October 2017) *SOE's behave like unrehabilitated alcoholics - Bonang Mohale/Interviewer: S. Grootes*. Breakfast with Bongani Bingwa, 702, South Africa.

Mohallem, M. F., France, G. d. J., & Vasconcelos, B. F. M. (2020). Integrity and transparency in Brazil's state-owned enterprises. In: Transparência

Internacional Brasil.

Mondi, L. (2021, 27 December 2021). Only the implementation of reforms can turn around failing SA state and economy. *City Press*. Retrieved from https://www.news24.com/citypress/business/only-the-implementation-of-reforms-can-turn-around-failing-sa-state-and-economy-20211222

Monika, M., & Kaliyamurthy, K. (2017). A detailed review of organizational climate. *International Journal of Development Research, 6*(7), 8625-8633.

Moore, T. F. (1999). *Hospital turnarounds: Lessons in leadership*: Beard Books.

Mordaunt, J., & Cornforth, C. (2004). The role of boards in the failure and turnaround of non-profit organizations. *Public Money & Management, 24*(4), 227-234.

Moreno, A. L., Castagnola, A., Diéguez, G., Bechtel, K., Ramos, M., Berazategui, M. E., . . . Núñez, P. (2018). *Promoting Transparency and Anticorruption in State-Owned Enterprises*. Retrieved from https://www.g20-insights.org/wp-content/uploads/2018/08/promoting-transparency-and-anticorruption-in-state-owned-enterprises-2-1533631828.pdf

Morrey, B. (2020). Leadership in the medical profession – it's not rocket science *EFORT Open Reviews, 5*(6), 354-360. doi:10.1302/2058-5241.5.200299

Morse, J. M. (2016). The Significance of Saturation. *Qualitative Health Research, 5*(2), 147-149. doi:10.1177/104973239500500201

Mouton, N. (2019). A literary perspective on the limits of leadership: Tolstoy's critique of the great man theory. *Leadership, 15*(1), 81-102. doi:10.1177/1742715017738823

Mubecua, M. A. (2018). Chinaâ€™ s Progress in Poverty Reduction: What Can South Africa Learn from China to Attain the Poverty Eradication Goal in the Sustainable Development Goals? *Journal of Economics and Behavioral Studies, 10*(6 (J)), 91-98.

Mukherjee, T., & Sen, S. S. (2022). Impact of CEO attributes on corporate reputation, financial performance, and corporate sustainable growth: evidence from India. *Financial Innovation, 8*(1), 1-50.

Musacchio, A., Ayerbe, E. I. P., & García, G. (2015). *State-Owned Enterprise Reform in Latin America*. Retrieved from https://people.brandeis.edu/~aldom/papers/Musacchio%20et%20al.%20IADB%20paper%20on%20SOE.pdf

Musacchio, A., Lazzarini, S. G., & Bruschi, C. (2012). *Do CEOs of State-Owned Enterprises Matter? Evidence from Brazil, 1973-1993* Retrieved from

https://www.researchgate.net/publication/256022975_Do_CEOs_of_State-Owned_Enterprises_Matter_Evidence_from_Brazil_1973-1993

Musanzikwa, M., & Ramchander, M. (2018). The influence of dimensions of organisational culture on supply chain performance in selected state-owned enterprises in Zimbabwe. *Journal of transport and supply chain management, 12*(1), 1-12.

Mustapha, N., Kruss, G., & Ralphs, G. (2018). *The future of state-owned enterprises in South Africa: Why R&D matters*. Retrieved from https://www.researchgate.net/profile/Nazeem-Mustapha-2/publication/324249080_The_future_of_state-owned_enterprises_in_South_Africa_Why_RD_matters/links/5ac761efaca272abdc5cde6c/The-future-of-state-owned-enterprises-in-South-Africa-Why-R-D-matters.pdf

Mutize, M. (2017, 20 June 2017). Corrupt state owned enterprises lie at the heart of South Africa's economic woes. *Mail & Guardian*. Retrieved from https://mg.co.za/article/2017-06-20-corrupt-state-owned-enterprises-lie-at-the-heart-of-south-africas-economic-woes/

Mutize, M., & Tefera, E. (2020). The Governance of State-Owned Enterprises in Africa: an analysis of selected cases. *Journal of Economics Behavioral Studies, 12*(2 (J)), 9-16.

Na, K., Kang, Y.-H., & Kim, Y. S. (2018). The Effect of Corporate Governance on the Corruption of Firms in BRICs (Brazil, Russia, India & China). *Social Sciences, 7*(6), 85.

National Planning Commission. (2012). *National Development Plan 2030* Retrieved from https://www.poa.gov.za/news/Documents/NPC%20National%20Development%20Plan%20Vision%202030%20-lo-res.pdf

National Planning Commission. (2020). *The Contribution of SOEs to Vision 2030: Case studies of Eskom, Transnet, PRASA*. South Africa: The Presidency Retrieved from https://www.nationalplanningcommission.org.za/assets/Documents/NPC%20Position%20Paper%20on%20The%20Contribution%20of%20SOEs%20to%20Vision%202030.pdf

National Treasury. (2005). *Governance Oversight Role over State Owned Entities (SOE's)* South Africa Retrieved from http://www.treasury.gov.za/publications/other/soe/governance%20oversight%20Role.pdf

National Treasury. (2018). *Parent Departments and their associated Public Entities*. South Africa: National Treasury, Retrieved from

http://www.treasury.gov.za/legislation/pfma/public%20entities/2019-05-24%20Nat%20depts%20and%20pub%20ents.pdf

National Treasury. (2019a). *2019 Budget Estimates of National Expenditure*. South Africa Retrieved from http://www.treasury.gov.za/documents/National%20Budget/2019/enebooklets/Vote%2009%20Public%20Enterprises.pdf

National Treasury. (2019b). *Estimates of National Expenditure*. Republic of South Africa: National Treasury Retrieved from www.treasury.gov.za.

National Treasury. (2019c). *Public Institutions Listed In PFMA Schedules 1, 2, 3A-D*. Retrieved from http://www.treasury.gov.za/legislation/pfma/public%20entities/2019-05-24%20Public%20institutions%20Sch%201-3D.pdf

News24. (2014, April 30). Poor Performance in State owned-Enterprices. *News24*. Retrieved from https://www.news24.com/MyNews24/Poor-Performance-in-State-owned-Enterprices-20140430

Ngwenya, B., Sibanda, V., & Zana, C. (2016). Successful Implementation of Turnaround Strategies in the Manufacturing Sector in Harare, Zimbabwe-Impediments and Challenges Faced. *International Journal of Accounting, Finance and Risk Management, 1*(1), 1-10. doi:10.11648/j.ijafrm.20160101.11

Nyatsumba, K., Heil, D., & Mutamba, J. (2022, 29 May 2022). Government can help the economy by adopting OECD guidelines for SOEs. *BusinessDay*. Retrieved from https://www.businesslive.co.za/bd/opinion/2022-05-29-government-can-help-the-economy-by-adopting-oecd-guidelines-for-soes/

Nyatsumba, K., & Pooe, D. (2022). Turbulences associated with the implementation of turnaround strategies at Kenya Airways. *Africa's Public Service Delivery & Performance Review, 10*(1), 11. doi:https://doi.org/10.4102/apsdpr.v10i1.571

Nyatsumba, M., & Pooe, R. (2021). Failure to implement a turnaround strategy at South African Airways: Reflections from strategic players. *Development Southern Africa*, 1-15.

O'Kane, C., & Cunningham, J. (2012). Leadership Changes and Approaches During Company Turnaround. *International Studies of Management and Organization, 42*(4), 52-85.

O'Kane, C., & Cunningham, J. (2014). Turnaround leadership core tensions during the company turnaround process. *European Management Journal, 32*(6), 963-980. doi:https://doi.org/10.1016/j.emj.2014.04.004

O'Neill, H. M. (1986). Turnaround and recovery: What strategy do you need? *Long*

Range Planning, 19(1), 80-88. doi:https://doi.org/10.1016/0024-6301(86)90131-7

O'Kane, C., & Cunningham, J. (2013). Leadership Changes and Approaches During Company Turnaround. *International Studies of Management & Organization, 42*(4), 52-85.

Obadan, M. I. (2008). *Economic and Social Impact of Privatisation of State-owned Enterprises in Africa, The*: African Books Collective.

OECD. (2015a). OECD Guidelines on Corporate Governance of State-Owned Enterprises. In.

OECD. (2015b). *State-Owned Enterprise Reform*. Retrieved from https://www.oecd.org/corporate/south-africa-state-owned-enterprise-reform.pdf

OECD. (2018). *Ownership and Governance of State-Owned Enterprises: A Compendium of National Practices*. Retrieved from https://www.oecd.org/daf/ca/ownership-and-governance-of-state-owned-enterprises-a-compendium-of-national-practices.htm

Ofe, H. A. (2012). *Chief Executive Officer's (CEO's) educational background and firm performance: An empirical study on Manufacturing and IT listed firms in the Stockholm Stock Exchange.* Umeå University, Retrieved from https://www.diva-portal.org/smash/get/diva2:511679/FULLTEXT01.pdf

Omarjee, L. (2019). SA's public enterprises: Millions wasted and almost no permanent CEOs. *Fin24*. Retrieved from https://www.fin24.com/Economy/sas-public-enterprises-millions-wasted-and-almost-no-permanent-ceos-20190610

Omran, M. (2004). The Performance of State-Owned Enterprises and Newly Privatized Firms: Does Privatization Really Matter? *World Development, 32*(6), 1019-1041. doi:10.1016/j.worlddev.2004.01.006

Ong, C. H. (2015). Challenges and Processes in School Turnaround A Singapore Secondary School Principal's Perspective. *Procedia-Social and Behavioral Sciences, 186*, 169-173.

Oppong, S. J. M. j. o. c. m. i. (2014). Upper echelons theory revisited: The need for a change from causal description to casual explanation. *19*(2), 169-183.

Osibanjo, A. O., Akinbode, J. O., Falola, H. O., & Oludayo, A. O. (2015). Work Ethics and Employees' Job Performance. *Journal of Leadership, Accountability and Ethics, 12*(1).

Ou, A. Y., Waldman, D. A., & Peterson, S. J. (2018). Do Humble CEOs Matter? An

Examination of CEO Humility and Firm Outcomes. *Journal of Management, 44*(3), 1147-1173.

Ovens, W., & 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 https://www.cogta.gov.za/cgta_2016/wp-content/uploads/2016/05/IUDF-STATE-OWNED-ENTEPRISES.pdf

Oxford Analytica. (2020). South Africa's national airline faces key reform test. *Emerald Expert Briefings*(oxan-db).

Paais, M., & Pattiruhu, J. R. (2020). Effect of motivation, leadership, and organizational culture on satisfaction and employee performance. *The Journal of Asian Finance, Economics and Business, 7*(8), 577-588.

Panda, B., & Leepsa, N. M. (2017). Agency theory: Review of Theory and Evidence on Problems and Perspectives. *Indian journal of corporate governance, 10*(1), 74-95. doi:10.1177/0974686217701467

Park, C. (2021). Enhancing the Transparency and Accountability of State-Owned Enterprises. In *Reforming State-Owned Enterprises in Asia* (pp. 21-39): Springer.

Parliament of the Republic of South Africa. (2021). *State-Owned Enterprises should act as engines for economic growth* South Africa: Parliament of the Republic of South Africa Retrieved from https://www.parliament.gov.za/news/state-owned-enterprises-should-act-engines-economic-growth

Parliament of the Republic of South Africa. (2022). Public Enterprises Committee expreses concern over Governance and Financial Challenges facing State Owned Enterprises [Press release]. Retrieved from https://www.parliament.gov.za/press-releases/media-statement-public-enterprises-committee-expresses-concern-over-governance-and-financial-challenges-facing-state-owned-enterprises

Parris, D. L., & Peachey, J. W. (2012). A Systematic Literature Review of Servant Leadership Theory in Organizational Contexts. *Journal of business ethics, 113*(3), 377-393.

Pecino, V., Mañas, M. A., Díaz-Fúnez, P. A., Aguilar-Parra, J. M., Padilla-Góngora, D., & López-Liria, R. (2019). Organisational climate, role stress, and public employees' job satisfaction. *International journal of environmental research and public health, 16*(10), 1792.

Peng, M. W., Bruton, G. D., Stan, C. V., & Huang, Y. (2016). Theories of the (state-owned) firm. *Asia Pacific Journal of Management, 33*(2), 293-317. doi:10.1007/s10490-016-9462-3

Pfeffer, J., & Salancik, G. R. (2003). *The external control of organizations: A resource dependence perspective*: Stanford University Press.

Phakathi, B. (2019). Appointment process of SOE board members under scrutiny *BusinessDay*. Retrieved from https://www.businesslive.co.za/bd/national/2019-04-09-appointment-process-of-soe-board-members-under-scrutiny/

Phakathi, B. (2021, 08 February 2022). Business calls for bold steps on slack of SOEs. *Business Day*. Retrieved from https://www.businesslive.co.za/bd/national/2022-02-07-business-calls-for-bold-steps-to-rationalise-or-shut-slacking-soes/?utm_medium=Social&utm_source=Twitter#Echobox=1644260171

Phills, J. A., Jr. (2005). Leadership matters—or does it. *Leader to Leader*(36), 46-52. doi:https://doi.org/10.1002/ltl.127|

Pitcher, A. (2012). Was privatisation necessary and did it work? The case of South Africa. *Review of African Political Economy, 39*(132), 243-260.

Posco. (2020). Introduction. Retrieved from http://www.posco.com/homepage/docs/eng6/jsp/company/ceo/s91a2000010c.jsp

PRC. (2013). *Presidential Review Committee on State-owned Enterprises*. Retrieved from South Africa: https://www.gov.za/sites/default/files/gcis_document/201409/presreview.pdf

Pretorius, M., & Holtzhauzen, G. T. D. (2008). Critical variables of venture turnarounds: A liabilities approach. *Southern African Business Review, 12*(2), 87-107.

Puffer, S. M., & McCarthy, D. J. (2008). Ethical Turnarounds and Transformational Leadership: A Global Imperative for Corporate Social Responsibility. *Thunderbird International Business Review 50*(5).

PwC. (2019a). Executive directors report 2019. Retrieved from https://www.pwc.co.za/en/press-room/executive-directors-report-2019.html

PWC. (2019b). *Executive directors: Practices and remuneration trends report*. Retrieved from https://www.pwc.co.za/en/press-room/executive-directors-report-2019.html

PwC. (2019c). What happens after a legendary CEO departs? Retrieved from https://www.strategyand.pwc.com/gx/en/insights/ceo-success.html

Qiao, K., Yang, C.-L., & Yin, X. (2021). The effects of CEO-TMT interaction on

organizational performance. *International Journal of Organizational Analysis, 29*(3), 585-602. doi:10.1108/IJOA-01-2020-1996

Quigley, T. J., Chirico, F., & Baù, M. (2021). Does the CEO effect on performance differ in private versus public firms? *Strategic Organization, 0*(0), 14761270211018183. doi:10.1177/14761270211018183

Rajagopalan, N., & Datta, D. K. (1996). CEO Characteristics: Does Industry Matter? *Academy of Management, 39*(1).

Rajib, S. U., Kumara, E. S., & Fan, L. (2016). Investigating the Failure of State Owned Enterprises (SOEs) of an Emerging Economy: A Comparative Case Study. *Studies in Business and Economics, 11*(2), 115-129. doi:doi:10.1515/sbe-2016-0026

Ramaphosa, C. (2019). *From the desk of the President*. South Africa: South African Government Retrieved from https://www.gov.za/blog/desk-president-5

Ramaphosa, C. (2021). *From the desk of the President*. South African Government Retrieved from https://www.gov.za/blog/desk-president-73

Rao, M. (2016). Shortlist Your Employer: Acquire Soft Skills to Achieve Your Career and Leadership Success to Excel as a CEO. *The Journal of Values-Based Leadership, 9*(1), 13.

Rao, M. S. (2019). A blueprint to build women chief executive officers globally. *Thunderbird International Business Review, 61*(2), 99-104. doi:10.1002/tie.21990

Rao, P. R. (2006). Emotional intelligence: The sine qua non for a clinical leadership toolbox. *Journal of communication disorders, 39*(4), 310-319.

Raseala, P. (2018, 04 - 06 July 2018). *Transgression of corporate governance in South Africa's state-owned enterprises.* Paper presented at the The 3rd Annual International Conference on Public Administration and Development Alternatives Stellenbosch University, Saldahna Bay, South Africa.

Ren, Q., Xu, Y., Zhou, R., & Liu, J. (2020). Can CEO's Humble Leadership Behavior Really Improve Enterprise Performance and Sustainability? A Case Study of Chinese Start-Up Companies. *Sustainability, 12*(8). doi:10.3390/su12083168

Republic of South Africa. (1997). *White Paper on Transforming Public Service Delivery (Bathopele White Paper*. South Africa: DPSA Retrieved from https://www.gov.za/documents/transforming-public-service-delivery-white-paper-batho-pele-white-paper

Republic of South Africa. (2015). *Report on state-owned enterprises for the standing committee on finance*. Retrieved from http://pmg-assets.s3-website-eu-west-1.amazonaws.com/150812report.pdf

Research and Markets. (2021). *State-Owned Enterprises in South Africa 2021*. Retrieved from https://www.researchandmarkets.com/reports/5359111/state-owned-enterprises-in-south-africa-2021?utm_source=BW&utm_medium=PressRelease&utm_code=s66szt&utm_campaign=1564135+-+South+Africa+State-Owned+Enterprises+Report+2021+with+Profiles+of+24+Public+Entities+Including+Transnet%2c+Eskom%2c+South+African+Airways+and+Denel&utm_exec=chdo54prd

Richmond, C. J., Benedek, M. D., Cabezon, E., Cegar, B., Dohlman, M. P., Hassine, M., . . . Miniane, M. J. A. (2019). *Reassessing the role of state-owned enterprises in central, eastern and southeastern Europe*: International Monetary Fund.

Rietchie, J., Lewis, J., Nicholls, C. M., & Ormston, R. (2014). *Qualitative Research Practice : A Guide for Social Science Students and Researchers* (2nd ed.): Sage Publication.

Riger, S., & Sigurvinsdottir, R. (2016). *Handbook of methodological approaches to community-based research: Qualitative, quantitative, and mixed methods*: Oxford University Press.

Robb, G. (2020). Competition without privatisation? South Africa's experience of the corporatisation of state-owned enterprises. http://www.nersa.org.za/Admin/Document/Editor/file/Notices/Upcoming%20Events/Competition%20without%20privatisation%20South%20Africa%E2%80%99s%20experience%20of%20the%20corporatisation%20of%20state_owned%20enterprises_G%20Robb.pdf

Robinson, V. M. J. (2010). From instructional leadership to leadership capabilities: Empirical findings and methodological challenges. *Leadership and policy in schools, 9*(1), 1-26. doi:10.1080/15700760903026748

Rosyidi, H., & Fitriana, Q. (2018). *The relationship between spiritual intelligence and emotional intelligence to leadership patterns.* Paper presented at the International Conference on Sustainable Health Promotion.

Rupiah, K. (2018). Denel CEO quits with immediate effect. *Mail&Guardian*. Retrieved from https://mg.co.za/article/2018-05-15-denel-ceo-quits-with-immediate-effect/

Sadiku, M. N., Adebo, P. O., Musa, S. M., & Oyewunmi, A. E. (2021). Emotional Intelligence in Management: A Primer. *International Journal of Engineering Research and Technology (IJERT), 10*(4), 172-178.

Safarova, K. (2013). Ten Ways for CEOs to Turnaround SOEs. *Ivey Business Journal*.

Saidu, S. (2019a). CEO characteristics and firm performance: focus on origin, education and ownership. *Journal of Global Entrepreneurship Research, 9*(1), 1-15.

Saidu, S. (2019b). Theoretical and conceptual review of CEO power. *International Journal of Academic Management Science Research (IJAMSR), 3*(2).

Sands, J. (2020). *Corporate Turnaround Artistry: Fix Any Business in 100 Days*: John Wiley & Sons.

Sant, S. J. A. S. S. (2016). An Analysis of Credibility of CEO's in an Organisation Linkage with Employee Engagement. *12*(10), 127-135.

Sari, M., & Lubis, A. d. (2018). The Influence of Organization's Culture and Internal Control to Corporate Governance and Is Impact on Bumn (State-Owned Enterprises) Corporate Performance in Indonesia. *J. Advanced Res. L. & Econ., 9*, 681.

Saunders, & Lewis. (2012). *Doing Research in Business & Management*. UK: Pearson Education Limited.

Saunders, Lewis, P., & Thornhill, A. (2009). *Research methods for business students* (5th ed.). England: Pearson Education Limited.

Schein, E. H. (1984). Coming to a New Awareness of Organizational Culture. *Sloan Management Review, 25*(2), 3-16.

Schein, E. H. (2004). *Organizational culture and leadership*. In. Retrieved from http://www.untag-smd.ac.id/files/Perpustakaan_Digital_2/ORGANIZATIONAL%20CULTURE%20Organizational%20Culture%20and%20Leadership,%203rd%20Edition.pdf

Scherrer, P. S. (1992). Turnaround Leadership. *Executive Excellence, 9*(4), 12.

Schnurr, S. (2008). Surviving in a Man's World with a Sense of Humour: An Analysis of Women Leaders' Use of Humour at Work. *Leadership, Vol 4*(3), 299–319. doi:10.1177/1742715008092363

Schuster, W. M. (2018). Public Choice Theory, the Constitution, and Public Understanding of the Copyright System

Sengupta, M. (2021). A turnaround fuelled by transformational leadership. *South Asian Journal of Business Studies, ahead-of-print*(ahead-of-print). doi:10.1108/SAJBS-01-2021-0025

Sethuraman, K., & Suresh, J. (2014). Effective leadership styles. *International Business Research, 7*(9), 165.

Sharpe, M. E. (2003). *Organizational influence processes*. In L. W. Porter, H. L. Angle, & R. W. Allen (Eds.).

Shili, S. (2009). Organizational Culture and Its Themes. *International Journal of Business and Management, 3*. doi:10.5539/ijbm.v3n12p137

Shintri, S., & Bharamanaikar, S. (2016). A theoretical study on evolution of organisational climate, theories and dimensions. *Internacional Journal of Science Technology and Management.*

Singh, J., & Chen, G. (2018). State-owned enterprises and the political economy of state-state relations in the developing world. *Third World Quarterly, 39*(6), 1077-1097. doi:10.1080/01436597.2017.1333888

Sithomola, T. (2019). Leadership Conundrum in South Africa's State-Owned Enterprises: Critical Considerations for Astute and Progressive Leadership. *Administratio Publica, 27*(2).

Slatter, S. (1999). *Corporate Turnaround*: Penguin Books Limited.

Slatter, S. (2011). *Leading corporate turnaround: How leaders fix troubled companies*: John Wiley & sons.

Slatter, S., Lovett, D., & Barlow, L. (2006). *Leading Corporate Turnaround: How Leaders Fix Troubled Companies*. In. Retrieved from https://books.google.co.za/books?hl=en&lr=&id=RyKE9vVHUTIC&oi=fnd&pg=PT7&dq=leadership+necessary+o+initiate+turnaround&ots=ZVYrKBf1vf&sig=TwO-DJGhkwfe2FB_E3WiW1QGXuM&redir_esc=y#v=onepage&q=leadership%20necessary%20o%20initiate%20turnaround&f=false

Sloma, R. S. (2000). *The turnaround manager's handbook*: Beard Books.

Smith, C. (2021, December 2021). IMF staff to govt: Cut irrelevant, underperforming SOEs - and no more backing without reforms. *Fin24*. Retrieved from https://www.news24.com/fin24/economy/imf-staff-to-govt-cut-irrelevant-underperforming-soes-and-no-more-backing-without-reforms-20211209

South African Government. (2019). State-Owned Enterprises (SOEs). Retrieved from https://www.gov.za/about-government/contact-directory/soe-s

Spears, L. C. (2010). Character and servant leadership: Ten characteristics of effective, caring leaders. *The journal of virtues & leadership, 1*(1), 25-30.

Sprong, S., Jetten, J., Wang, Z., Peters, K., Mols, F., Verkuyten, M., . . . Wohl, M. J. A. (2019). “Our Country Needs a Strong Leader Right Now”: Economic Inequality Enhances the Wish for a Strong Leader". *Psychological Science, 30*(11), 1625-1637.

Stata, R. (1988a). The Role of the Chief Executive Officer in Articulating the Vision. *Interfaces, 18*(3), 3-9.

Stata, R. (1988b). The Role of the Chief Executive Officer in Articulating the Vision. *Strategic Management, 18*(3). doi:105.246.60.74

Steiner, G. A., Kunin, H., & Kunin, E. (1981). The new class of chief executive officer. *Long Range Planning, 14*(4), 10-20. doi:https://doi.org/10.1016/0024-6301(81)90120-5

Szarzec, K., Totleben, B., & Piątek, D. (2020). How Do Politicians Capture a State? Evidence from State-Owned Enterprises. *East European Politics and Societies, 36*(1), 141-172. doi:https://doi.org/10.1177/0888325420953485

Tasneem, K. A., & Qureshi, S. F. (2021). THE ROLE OF LEADERSHIP BEHAVIOURS AND ORGANIZATIONAL CULTURE ON EFFECTIVE KNOWLEDGE SHARING; CASE OF STATE-OWNED ENTERPRISES IN PAKISTAN. *Journal of Business Strategies, 15*(1), 25-44.

Tengblad, S. (2000). The nature of control. A study of CEO behavior. *rapport nr.: GRI reports*(2000).

Terblance, S. (2012, May 31). State-owned enterprises Telkom latest casualty amongst troubled SOEs. *Leadership*.

Thabane, T., & Snyman-Van Deventer, E. (2018). Pathological corporate governance deficiencies in South Africa's state-owned companies: a critical reflection. *Potchefstroom Electronic Law Journal/Potchefstroomse Elektroniese Regsblad, 21*(1).

Thambo, S. (2020, 28 January 2020). Opinion: SOE's must stay state-controlled and out of the hands of business. *News24*. Retrieved from https://www.news24.com/news24/columnists/guestcolumn/opinion-soes-must-stay-state-controlled-and-out-of-the-hands-of-business-20200128

The Ethics Institute. (2021). Ethical failures to blame for the poor state of SOEs. Retrieved from https://www.tei.org.za/2020/02/24/ethical-failures-to-blame-for-the-poor-state-of-soes/

The Presidency Republic of South Africa. (2020). President appoints members of the State-Owned Enterprise Council. Retrieved from https://www.thepresidency.gov.za/press-statements/president-appoints-

members-state-owned-enterprise-council

Thenmozhi, M., & Sasidharan, A. (2020). Does board independence enhance firm value of state-owned enterprises? Evidence from India and China. *European Business Review*.

Thitart, R. A. (1984). Turnaround strategies for businesses as a function of their competitive characteristics.

Thomas, A. (2012). Governance at South African state-owned enterprises: what do annual reports and the print media tell us? *Social Responsibility Journal, 8*(4), 448-470. doi:10.1108/17471111211272057

Titus, S., & Hoole, C. (2021). Exploring leadership as catalyst for unlocking social capital in the survival of a state-owned company. *South African Journal of Business Management, 52*(1), 15.

Tracy, G. R. (1994). *A Comparative Study of the Administrative and Leadership Styles of Corporate Presidents and School Superintendents As Chief Executive Officers (CEOs).* (Educational Specialist), University of Dayton, Ohio. Retrieved from https://eric.ed.gov/?id=ED386798

Tran, D. M., Fallon, W., & Vickers, M. H. (2016). Leadership in Vietnamese state owned enterprises (SOEs): Exploring multi-stakeholder perceptions–a qualitative study. *Asia-Pacific Journal of Business Administration*.

Tsai, Y. (2011). Relationship between Organizational Culture, Leadership Behavior and Job Satisfaction. *BMC health services research, 11*, 98. doi:10.1186/1472-6963-11-98

Udogu, E. I., & Zack-Williams, A. B. (2009). *African Mosaic: Political, Social, Economic and Technological Development in the New Millennium*. UK: Cambridge Scholars Publishing.

Ugoani, J. (2020). Role of Emotional Intelligence in Corporate Decline and Successful Turnaround Strategy in This Changing World. *International Journal of Economics and Business Administration, 6*(3), 116-126.

United Nations; Economic Commission for Africa. (2018). Governance of state-owned enterprises in South Africa: enhancing performance, efficiency and service delivery. Retrieved from https://repository.uneca.org/handle/10855/45908

University of Witwatersrand. (2020-2022). Human Research Ethics Commitee (Non-Medical). Retrieved from https://www.wits.ac.za/research/researcher-support/research-ethics/ethics-committees/

Vallier, K. (2014). Public choice theory. In D. A. Reidy & J. Mandle (Eds.), *The Cambridge Rawls Lexicon* (pp. 662-663). Cambridge: Cambridge University Press.

van den Steen. (2007). *Attributes of the Turnaround CEO in South Africa.* (MBA), University of Pretoria, South Africa.

Van der Voet, J. (2014). *Leading change in public organizations: a study about the role of leadership in the implementation of organizational change in a public sector context.* (PhD), Erasmus University Rotterdam, Rotterdam. Retrieved from hdl.handle.net/1765/50419

Van Melle Kamp, C., & Hofmeyr, K. (2013). CEO Route To The Top: The South African Experience. https://www.spencerstuart.com/-/media/pdf-files/research-and-insight-pdfs/ceo-route-to-the-top-south-africa_20may2013.pdf

Van Wart, M. (2012). *Leadership in Public Organizations: An Introduction*. London: Routledge

Van Wart, M. (2015). *Dynamics of Leadership in Public Service: Theory and Practice*. New York: Routledge.

Varpio, L., Paradis, E., Uijtdehaage, S., & Young, M. (2020). The distinctions between theory, theoretical framework, and conceptual framework. *Academic Medicine, 95*(7), 989-994.

Vaubel, R. (2019). A public choice view of the Delors report. In *The political economy of international organizations* (pp. 306-310): Routledge.

Venkatraman, N., & Ramanujam, V. (1986). Measurement of Business Performance in Strategy Research: A Comparison of Approaches. *The Academy of Management Review, 11*(4), 801-814. doi:10.2307/258398

Vora, M. K. (2013). Business excellence through sustainable change management. *The TQM Journal, 25*(6), 625-640.

Vorbach, P. (2017). Leading the corporate turnaround. *Australian Restructuring Insolvency & Turnaround Association Journal, 29*(4), 10-15.

Vukasović, T. (2019). *The Effects Of Changes In Leadership On Organisational Climate*. Paper presented at the International Conference 15-17 May 2019, Slovenia. http://www.toknowpress.net/ISBN/978-961-6914-25-3/papers/ML19-003.pdf

Waldman, D. A., Javidan, M., & Varella, P. (2004). Charismatic leadership at the strategic level: A new application of upper echelons theory. *The leadership quarterly, 15*(3), 355-380.

Wang, G., Holmes Jr, R. M., Oh, I. S., & Zhu, W. (2016). Do CEOs matter to firm strategic actions and firm performance? A meta-analytic investigation based on upper echelons theory. *Personnel Psychology, 69*(4), 775-862.

Welch, S. (1975). Sampling by referral in a dispersed population. *The public opinion Quarterly, 39*(2), 237-245.

WhatsApp. (2022). Whatsup. Retrieved from https://www.whatsapp.com/

Wheelen, T. L., & Hunger, L. D. (2012). *Strategic Management and Business Policy: Toward Global Sustainability* (13 ed.). New york: Prentice Hall.

Willemyns, I. (2016). Disciplines on State-Owned Enterprises in International Economic Law: Are We Moving in the Right Direction? *Journal of International Economic Law, 19*(3), 657-680. doi:https://doi.org/10.1093/jiel/jgw054

Wilson, R., & Lohmann, G. (2019). Airline CEOs: Who are they, and what background and skill set are most commonly chosen to run the world's largest airlines? *Transportation Research Interdisciplinary Perspectives, 2*, 100054. doi:https://doi.org/10.1016/j.trip.2019.100054

Winning, A. (2021, 25/02/2021). Update2-Crisis deepens at South Africa's Denel as board chair resigns. *Reuters*. Retrieved from https://www.reuters.com/article/safrica-denel-idAFL8N2KV7YQ

Winston, B. E., & Patterson, K. (2006). An Integrative Definition of Leadership. *International Journal of Leadership Studies, 1*(2), 1-61.

Wood, J., & Vilkinas, T. (2007). Characteristics associated with CEO success: perceptions of CEOs and their staff. *Journal of Management Development, 26*(3), 213-227. doi:https://doi.org/10.1108/02621710710732128

World Bank. (2014). Corporate Governance of State-Owned Enterprises : A toolkit. *www.worldbank.org*. http://documents.worldbank.org/curated/en/228331468169750340/pdf/Corporate-governance-of-state-owned-enterprises-a-toolkit.pdf doi:10.1596/978-1-4648-0222-5

Yi-chong, X. (2012). *The Political Economy of State-owned Enterprises in China and India*. In X. Yi-chong (Ed.). Retrieved from https://books.google.co.za/books?id=rIKsMFxpuCYC&pg=PA213&lpg=PA213&dq=posco+state+owned&source=bl&ots=bBzoPea25H&sig=ACfU3U0yTeO1LgmLVmVvUTPVu2qg-SLA-w&hl=en&sa=X&ved=2ahUKEwjMr-S65MDpAhWBtXEKHVtPD6wQ6AEwCXoECBcQAQ#v=onepage&q=posco%20state%20owned&f=false

Yu, S., & Lee, N. (2016). Financial Crisis, Politically Connected CEOs, and the

Performance of State-Owned Enterprises: Evidence from Korea. *Emerging Markets Finance and Trade, 52*(9), 2087-2099. doi:10.1080/1540496X.2016.1186445

Yukl, G. (1999). An evaluation of conceptual weaknesses in transformational and charismatic leadership theories. *The leadership quarterly, 10*(2), 285-305.

Yukl, G. (2012). Effective Leadership Behavior: What We Know and What Questions Need More Attention. *Academy of Management perspectives, 26*(4), 66-85. doi:10.5465/amp.2012.0088

Yusoff, R. B. M., Kazi, A. G., Arisar, M. M. K., Jamil, F., & Hishan, S. S. (2016). Role of integrity in the success of freelancing and entrepreneurship: A conceptual review. *International Review of Management and Marketing, 6*(S4), 250-254.

Zaccaro, S. J., & Klimoski, R. J. (2001). *The Nature of Organizational Leadership: Understanding the Performance Imperatives Confronting Today's Leaders* In (pp. 255-508). Retrieved from https://books.google.co.za/books?hl=en&lr=&id=wUGDLOX4jW4C&oi=fnd&pg=PA219&dq=Chief+Executive+Officer+title&ots=MaByPV_tMO&sig=2wz1t2br5frrBksK1kJbyYfopYk&redir_esc=y#v=onepage&q=Chief%20Executive%20Officer%20title&f=false

Zhong, R.-h., LI, Y.-x., & Zhang, Y.-h. (2018). *The Value of CEO Social Backgrounds for Chinese Listed Non-State-Owned Enterprises—An Evidence of CEO Turnover*. Paper presented at the 3rd International Conference on Education, Management and Systems Engineering (EMSE 2018).

Zimmerman, F. (2011). *The Turnaround Experience: Real World Lessons in Revitalizing Corporations and Organizations*. In. Retrieved from https://books.google.co.za/books?hl=en&lr=&id=bHJPMRZ8BdAC&oi=fnd&pg=PP1&dq=The+Turnaround+Experience:+Real+World+Lessons+in+Revitalizing+Corporations+and+Organizations&ots=rZMEOqvXz-&sig=a6IiDxX99670RLGClm2KFEwHKNc&redir_esc=y#v=onepage&q=The%20Turnaround%20Experience%3A%20Real%20World%20Lessons%20in%20Revitalizing%20Corporations%20and%20Organizations&f=false

APPENDICES

Appendix A: SA SOEs PFMA Schedule 2

PUBLIC INSTITUTIONS (SOEs) LISTED IN PFMA SCHEDULE 2

AS AT 24 MAY 2019

Source: (National Treasury, 2019c)

SCHEDULE 2 SOEs

MAJOR PUBLIC ENTITIES

1. Air Traffic and Navigation Services Company
2. Airports Company
3. Alexkor Limited
4. Armaments Corporation of South Africa
5. Broadband Infrastructure Company (Pty) Ltd
6. CEF Pty (Ltd)
7. DENEL
8. Development Bank of Southern Africa
9. ESKOM
10. Independent Development Trust
11. Industrial Development Corporation of South Africa Limited
12. Land and Agricultural Bank of South Africa
13. SA Broadcasting Corporation Limited
14. SA Forestry Company Limited
15. SA Nuclear Energy Corporation
16. SA Post Office Limited
17. South African Airways Limited
18. South African Express (Pty) Limited
19. Telkom SA Limited
20. Trans-Caledon Tunnel Authority
21. Transnet Limited

Any subsidiary or entity under the ownership control of the above public entities

Appendix B: SOEs Reporting Departments

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

PARENT DEPARTMENTS AND THEIR ASSOCIATED PUBLIC ENTITIES PFMA SCHEDULE 2
AS AT 29 MARCH 2018 Source : (National Treasury, 2018)

Ministerial Portfolio	Parent department	Schedule	Entity name
Communications	Communications	2	South African Broadcasting Corporation Limited
Defence and Military Veterans	Defence	2	Armaments Corporation of South Africa Limited
Economic	Economic Development	2	Industrial Development Corporation of South Africa Limited
Energy	Energy	2	CEF (Pty) Ltd
		2	South African Nuclear Energy Corporation Limited
Finance	National Treasury	2	Development Bank of Southern Africa
		2	Land and Agricultural Development Bank of South Africa
		2	South African Airways Limited
Public Enterprises	Public Enterprises	2	Alexkor Limited
		2	Broadband Infraco Limited
		2	DENEL (Pty) Ltd
		2	ESKOM
		2	South African Express (Proprietary) Limited
		2	South African Forestry Company Limited
		2	Transnet Limited
Public Works	Public Works	2	Independent Development Trust
Telecommunications and Postal Services	Telecommunications and Postal Services	2	South African Post Office Limited
		2	Telkom SA Limited
Transport	Transport	2	Air Traffic and Navigation Services Company Limited
		2	Airports Company of South Africa Limited

Appendix C: Profit and Loss Statement for Schedule 2 SOEs

SOE profit and loss (Rm)			
	Year		
	2017	2018	2019
Airports Company South Africa (Acsa)	2 005	842	504
Alexkor*	6	34	6
Armscor	-127	2	235
Air Traffic Navigation Services (ATNS)	185	190	188
Broadband Infraco	-127	-113	-14
DBSA	2 821	2 283	3 097
Denel	282	-1 084	-1 749
Eskom	-4 608	-2 337	-20 729
Industrial Development Corporation (IDC)	2 200	3 224	720
Land Bank	367	254	181
South African Nuclear Energy Corporation (Necsa)*	-29	98	98
PetroSA	-1 608	-676	-1 575
South African Post Office	-967	-908	-1 174
SAA*	-5 431	-5 600	-6 000
South African Broadcasting Corporation (SABC)	-1 040	-744	-482
SA Express*	17	-360	-300
Trans-Caledon Tunnel Authority (TCTA)*	2 304	2 087	2 200
Transnet	2 765	4 851	6 047

Source: Adapted from Kruger (2019)

*****Estimates

Appendix D: Schedule 2 SOEs Ownership Structure

SOE	Area of operation	Responsible Department	Government ownership	Date corporatized
ACSA	Airport operation	Transport	Majority stake (PIC holds 20%)	1993
Alexkor	Diamond mining	DPE	Wholly-owned	1992
Armscor	Defence programme management and acquisition	Defence	Wholly-owned	Unclear
ATNS	Air traffic control	Transport	Wholly-owned	Unclear
Broadb and Infraco	Provision of telecommunications infrastructure	DPE	DPE (74%,) IDC (26%)	From establishment (2009)
CEF (including PetroSA)	Acquisition, generation, manufacture, marketing or distribution of any form of energy and research connected therewith	Energy	Wholly-owned	Unclear
DBSA	Development finance	National Treasury	Wholly-owned	Unclear
Denel	Manufacturer of defence equipment	DPE	Wholly-owned	1992
Eskom	Electricity generation and distribution	DPE	Wholly-owned	2002
IDC	Provision of finance for industrial development	Economic Development	Wholly-owned	Unclear
IDT	Development programme management for Government	Public Works	Wholly-owned	Unclear
Land Bank	Provision of financial services to the agricultural sector	National Treasury	Wholly-owned	Unclear
SAA	National airline	Public Enterprises	Wholly-owned	1999
SABC	Television and radio broadcasting	Communications	Wholly-owned	2002
SA Express	National airline	DPE	Wholly-owned	Unclear
SAFCOL	Owning and managing forestry plantations	DPE	Wholly-owned	1992
SA Post Office	Delivery services	Communications	Wholly-owned	1991
Telkom	Telecommunications	Communications	Minority stake	1991
Transnet	Freight logistics: rail and port facilities operation	DPE	Wholly-owned	1990

Adapted from: (Robb, 2020)

Appendix E: CEO Interview guide

Interview Guide: The Leadership of the CEO in the Turnaround of South Africa's State-owned Enterprises

The purpose of this research is to analyse the leadership of the Chief Executive Officer in the turnaround of South Africa's State-owned Enterprises.

The researcher intends to meet the following research objectives:

- To describe the CEO's influence on the outcome of the turnaround strategy.
- To identify the challenges faced by CEOs of SA SOEs in executing a turnaround strategy.
- To identify the capabilities, attributes and values of the CEO who can be successful in implementing a SOEs turnaround strategy.
- To develop a profile of a CEO who can be successful in implementing a SOEs turnaround strategy.

A: Questions

- Research objective 1: To describe the CEOs' influence on the outcome of the turnaround strategy

1. Briefly, tell me about your career/ employment history.
2. What are your strengths?
3. What was the objective of the turnaround that you were involved in (growth, survival etc.)?
4. What kind of influence did you have on the outcome of turnaround?
5. How influential were you during the execution of the strategy on a scale of 1-5?
6. How would you describe yourself as a turnaround executive?
7. Who was responsible for the development of the turnaround strategy?
8. What were the strategic focus areas?
9. What were the key activities that you were responsible for?
10. Who were you accountable to?
11. Were you given a clear mandate to execute turnaround and what was your mandate?
12. What was your role in the turnaround situation?
13. How did you go about executing the turnaround strategy?
14. How did you experience the turnaround process?
15. Were you in control? Were you able to exercise the power given to you by the boards/shareholders?
16. Who were the key role players in turnaround?

17. In your own view, who should be the key driver (or role player) of turnaround?

18. Considering the number of stakeholders that were directly or indirectly impacted by turnaround, how did you go about managing them?

19. What was the outcome of the turnaround?

20. What went well during the turnaround process?

- Research objective 2: To identify the challenges faced by CEOs of SA SOEs in executing a turnaround strategy.

1. Please take me through the challenges that you faced during turnaround.

2. In your view, why is the turnover rate of the CEOs in SA SOEs high?

3. In your own view why are the SOEs struggling to turnaround?

4. Were you able to exercise your power as a CEO?

- Research objective 3: To identify the capabilities, attributes and values of the CEO who can be successful in implementing a SOEs turnaround strategy.

5. What are the key mistakes that you made during your tenure as a turnaround executive?

6. What is your leadership style?

7. Are there any lessons learnt from your role as a turnaround executive that you can share?

8. In your achievements as a turnaround executive what are the key things that you are mostly proud of?

9. Have you ever been involved in the recruitment of a turnaround leader (CEO or Chief Restructuring Officer (CRO) or Turnaround specialist?

10. In your own view, are there any specific characteristics required of a turnaround leader (e.g.

Education, functional background, skills, personality traits, values, culture etc.) particularly in the SA SOEs?

11. If I were to ask you to appoint a turnaround CEO to turnaround schedule 2 SOEs, what are the top four things that you will look into when appointing the CEO?

12. What makes a turnaround executive/leader successful?

13. What are the leadership qualities, values etc. necessary for turnaround?

14. What makes the turnaround CEO successful? List the functions that make this CEO successful.

15. What was your plan like for the first 100 days in the office as the Turnaround CEO/executive?

16. Do you know of any successful turnaround CEOs?

17. If yes, does successful CEO's possess certain characteristics (Functional background, personality traits, skills, behaviours, leadership style etc.?

18. What is your mantra?

- Research objective 4: To develop a profile of the CEO who can be successful in implementing a SOEs turnaround strategy.

The questions from objective 1-3 feed into research objective four.

Appendix F: CFO/COO/Board/Shareholder/Regulator/Union rep - Interview guide

Interview Guide: The Leadership of the CEO in the Turnaround of South Africa's State-owned Enterprises

The purpose of this research is to analyse the leadership of a Chief Executive Officer in a state-owned enterprise in South Africa on the outcome of a turnaround strategy.

The researcher intends to meet the following research objectives:

- To describe the CEO's influence on the outcome of the turnaround strategy.
- To identify the challenges faced by CEOs of SA SOEs in executing a turnaround strategy.
- To identify the capabilities, attributes and values of the CEO who can be successful in executing a SOEs turnaround strategy.
- To develop a profile of a CEO who can be successful in executing a SOEs turnaround strategy.

A: Questions

- Research objective 1: To describe the CEOs' influence on the outcome of the turnaround strategy

1. Briefly, tell me about your career/ employment history.
2. What are your strengths?
3. What was the objective of the turnaround that you were involved in (growth, survival etc.)?
4. What kind of influence did you have on the outcome of turnaround?
5. How influential were you during the execution of the strategy on a scale of 1-5?
6. How would you describe yourself as a turnaround executive?
7. Who was responsible for the development of the turnaround strategy?
8. What were the strategic focus areas?
9. What were the key activities that you were responsible for?
10. Who were you accountable to?
11. Were you given a clear mandate to execute turnaround and what was your mandate?
12. What was your role in the turnaround situation?
13. How did you go about executing the turnaround strategy?
14. How did you experience the turnaround process?
15. Were you in control? Were you able to exercise the power given to you by the boards/shareholders?
16. Who were the key role players in turnaround?

17. In your own view, who should be the key driver (or role player) of turnaround?

18. Considering the number of stakeholders that were directly or indirectly impacted by turnaround, how did you go about managing them?

19. What was the outcome of the turnaround?

20. What went well during the turnaround process?

- Research objective 2: To identify the challenges faced by CEOs of SA SOEs in executing a turnaround strategy.

1. Please take me through the challenges that you faced during turnaround.

2. In your view, why is the turnover rate of the CEOs in SA SOEs high?

3. In your own view why are the SOEs struggling to turnaround?

4. Were you able to exercise your power as a CEO?

- Research objective 3: To identify the capabilities, attributes and values of the CEO who can be successful in executing a SOEs turnaround strategy.

1. What are the key mistakes that you made during your tenure as a turnaround executive?

2. What is your leadership style?

3. Are there any lessons learnt from your role as a turnaround executive that you can share?

4. In your achievements as a turnaround executive what are the key things that you are mostly proud of?

5. Have you ever been involved in the recruitment of a turnaround leader (CEO or Chief Restructuring Officer (CRO) or Turnaround specialist?

6. In your own view, are there any specific characteristics required of a turnaround leader (e.g.

Education, functional background, skills, personality traits, values, culture etc.) particularly in the SA SOEs?

7. If I were to ask you to appoint a turnaround CEO to turnaround schedule 2 SOEs, what are the top four things that you will look into when appointing the CEO?

8. What makes a turnaround executive/leader successful?

9. What are the leadership qualities, values etc. necessary for turnaround?

10. What makes the turnaround CEO successful? List the functions that make this CEO successful.

11. What was your plan like for the first 100 days in the office as the Turnaround CEO/executive?

12. Do you know of any successful turnaround CEOs?

13. If yes, does successful CEO's possess certain characteristics (Functional background, personality traits, skills, behaviours, leadership style etc.?

14. What is your mantra?

- Research objective 4: To develop a profile of the CEO who can be successful in implementing a SOEs turnaround strategy.

The questions from objective 1-3 feed into research objective four.

Appendix G: Participant Information Sheet

UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

Participant Information Sheet

Dear Sir/Madam

My name is Morongwa Mpete and I am a PhD student in Business management at the University of Witwatersrand in Johannesburg. As part of my studies I have to undertake a research project, and I am analysing the leadership of a Chief Executive Officer (CEO) in the turnaround of South Africa's State-owned enterprises. The aim of this research project is to describe the CEO's influence on the outcome of the turnaround strategy, identify the challenges faced by the CEO's in executing a turnaround strategy, identify the capabilities, attributes and values of the CEO who can be successful in executing a turnaround strategy and develop a profile of a CEO of turnaround. To execute this research project, I would be inviting the participants who are knowledgeable about the issue under investigation and you have been identified as a qualified source of information and insight. I am writing to you to request permission to interview you about the leadership of the CEO in the turnaround of South Africa's State-owned enterprises. The interview should take around 60-90 minutes of your time.

You will not receive any direct benefits from participating in this study, and there are no disadvantages or penalties for not participating. You will be given an option on the consent form to be either anonymous or not anonymous. Should you indicate that you want to be anonymous, a pseudonym (false name) will be used to represent your participation in my final research report; that will also mean that the SOEs under study will also be given pseudonyms. The researcher will abide by the research and ethics guidelines issued by the University of Witwatersrand. The information supplied during the interview will be used for academic purposes only.

If you have any questions afterwards about this research, feel free to contact me on the details listed below. This study will be written up as a research report which will be available online through the university library website. If you wish to receive a summary of this report, I will be happy to send it to you upon request. If you have any queries, concerns or complaints regarding the ethical procedures of this study, you are welcome to contact the University Human Research Ethics Committee (non-medical), telephone + 27(0)11 717 1408, email Shaun.Schoeman@wits.ac.za . I will be contacting you to arrange a suitable and convenient time to undertake the interview.

Yours sincerely,
Morongwa Mpete,
Email: morongwa01@gmail.com, phone number, 0834607101
Supervisor, Dr. Christoph Maier, Christoph.maier@comazo.de, phone number, 0824675096

Appendix H: Consent Form

Consent Form

Title of project: The Leadership of the CEO in the Turnaround of South Africa's State-owned Enterprises
Name of researcher: Morongwa Mpete

Considering that you will be speaking in your official capacity, as the former or current executive, anonymity and confidentiality cannot be necessarily preserved as you may be easily identifiable based on your official role. Anonymity can only be guaranteed in the write up of the report and the publication thereof, but not during data collection. You have been given an option on the consent form to be either anonymous or not anonymous. Should you indicate that you want to be anonymous, a pseudonym (false name) will be used to represent your participation in my final research report; that will also mean that the SOEs under study will also be given pseudonyms.

I …….. agree to participate in this research project. The research has been explained to me and I understand what my participation will involve.

I agree that my participation will remain anonymous only in the write up of the report and publication

YES NO (please circle)

I agree that the researcher may use anonymous quotes in her research report

YES NO

I agree that the interview may be audio recorded

YES NO

I agree that the information I provide may be used anonymously in the write up of report and publication by other researchers following this study

YES NO

…… (signature)
…… (name of participant)
…… (date)

Appendix I: Ethical Clearance Certificate

UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

Research Office

HUMAN RESEARCH ETHICS COMMITTEE (NON-MEDICAL)
R14/49 Mpete

CLEARANCE CERTIFICATE	**PROTOCOL NUMBER: H20/05/27**
PROJECT TITLE	The leadership role of CEOs in the turnaround of South African state-owned enterprise
INVESTIGATOR(S)	Mrs M Mpete
SCHOOL/DEPARTMENT	Wits Business School/
DATE CONSIDERED	22 May 2020
DECISION OF THE COMMITTEE	Approved Risk level: Minimal
EXPIRY DATE	11 June 2023

DATE 12 June 2020 **CHAIRPERSON** J Knight
(Professor J Knight)

cc: Supervisor : Dr C Maier

DECLARATION OF INVESTIGATOR(S)

To be completed in duplicate and **ONE COPY** returned to the Secretary at Room 10004, 10th Floor, Senate House, University. Unreported changes to the application may invalidate the clearance given by the HREC (Non-Medical)

I/We fully understand the conditions under which I am/we are authorized to carry out the abovementioned research and I/we guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I/we undertake to submit an amendment of the protocol to the Committee. **I agree to completion of a regular progress report. For Minimal and Low studies, this is due annually on 31 December. For Medium and High Risk studies, this is due twice annually on 30 June and 31 December.**

Signature

12 / June / 2020
Date

PLEASE QUOTE THE PROTOCOL NUMBER ON ALL ENQUIRIES