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UNIVERSITY OF THE WITWATERSRAND

Corporate Governance Compliance at the South African Broadcasting Corporation (SABC)

By

Bukelwa Maphetshana

A research report submitted to the Faculty of Management, University of the Witwatersrand, in 25% fulfillment of the requirements for the degree of Master of Management (in the field of Public and Development Management).

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ABSTRACT

This research examines the existence and the degree of compliance and adherence to corporate governance processes and practices in the South African Broadcasting Corporation (SABC). Its purpose was to examine whether the SABC as an institution has any corporate governance standards, and if those standards exist, whether they are adhered to, and the role of management in advancing or hindering organisational effectiveness.

This research followed an interpretative social science approach. The approach adopted by the study is a qualitative approach. Data was collected through semi-structured interviews using purposive sampling.

Three critical findings emerged from the study. First, that the SABC does have the right corporate governance internal systems, but fails to comply with them. Secondly, there is lack of effective leadership and stability in the SABC. The continuous change of senior strategic managers, with six Chief Executive Officers and four different boards of directors within the period of five years that the research focuses on has been detrimental to the institution's stability. Thirdly, the nature of the relationship between the SABC and the government has compromised the organization.

Based on the findings, the conclusions of this study are that the SABC leadership and management have failed to apply proper corporate governance standards, due to the weak leadership structure, and in some cases due to external factors such as the influence of government in the operations of the organization. The prevailing current situation has impacted on the effective implementation of corporate governance. The study recommends that the organization reviews its corporate governance practices and commit to acceptable corporate governance standards.

DECLARATION

I declare that this report is my own, unaided work. It is submitted in partial fulfilment of the requirements of the degree of Master of Management (in the field of Public and Development Management) at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination at any other university.

_____

Bukelwa Maphetshana

_____

Date

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ACRONYMS

ABC:	Australian Broadcasting Corporation
AG:	Auditor General
ANC:	African National Congress
ANN7:	Africa News Network
BBC:	British Broadcasting Corporation
CCTV:	China Central Television
CNN:	Cable News Network
CODESA:	Convention for a Democratic South Africa
COO:	Chief Operations Officer
COSATU:	Congress of South African Trade Union
CSR:	Corporate Social Responsibility
DOA:	Delegation of Authority Framework
DSTV:	Digital Satellite Television
DTT:	Digital Terrestrial Television
ENCA:	Entertainment News Channel Africa
ETV:	Entertainment Television
GCEO:	Group Chief Executive Officer
IBA:	Independent Broadcasting Authority
ICASA:	The Independent Communications Authority of South Africa
LTD:	Limited
OECD:	Organization for Economic Cooperation and Development
PBS:	Public Broadcasting Service
PFMA:	Public Finance Management Act
PR:	Proportional Representation
RT:	Russia Today
SABC:	South African Broadcasting Corporation
SAICA:	South African Institute of Chartered Accountants
SCOPA:	Standing Committee on Public Accounts
SOE's:	State Owned Enterprises
SWOT:	Strengths, Weaknesses, Opportunities and Threats
TV:	Television
UN:	United Nations

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CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

This research examines the existence and the degree of compliance and corporate governance processes and practices within the South African Broadcasting Corporation. The Organization for Economic Cooperation and Development (OECD) states that corporate governance is a set of relationships between a company's management, its board, its shareholders and other stakeholders. It provides the structure within which the objectives of the company are set, and the means of monitoring, determining how those objectives will be attained (OECD, 2004). This definition emphasises the importance of entrenching corporate governance as a culture and an enabling tool for setting, monitoring and attaining the objectives of the company. The intention of this paper is to establish whether corporate governance practices in the SABC are used to add value, not just for the effectiveness of the SABC as a public broadcaster but also to the benefit of the public as well.

Literature on corporate governance, including the King Reports was used as a benchmark for what would be the acceptable corporate governance rules and practices. This helped in bringing about appropriate conclusions and congruent recommendations. The recommendations made by the study are towards strengthening the SABC as a national public broadcaster, intended to help in maximising the effectiveness of the organisation to function effectively in serving the interests of the South African public as mandated by the South African constitution.

1.2 BACKGROUND

1.2.1 The South African Broadcasting Corporation

The SABC was established in 1936 by the South African Broadcasting Act No. 22 of 1936. From 1936 the SABC operated as a radio service until the introduction of television in January 1976 (Perreira, 1993). The organization has a staff complement of over 3, 000 excluding freelancers. Most of its employees are based at its headquarters in Auckland Park, Johannesburg. The rest of the employees work from its regional offices throughout the nine provinces of the country. Its satellite offices are found in Kenya, Zimbabwe, Nigeria, New York and Europe (Financial Report, 2011). The SABC comprises of 18 radio stations and three television channels, namely SABC1, SABC2, SABC3 and the 24-hour news channel which was launched in August 2013.

1.2.2 Public broadcaster mandate

The SABC derives its mandate from the Constitution of the Republic of South Africa Act 108 of 1996, and as outlined in the Broadcasting Charter Act No. 4 of 1999. The institution has three main responsibilities, to educate, inform and to entertain the public through compelling programming. The Independent Communications Authority (IBA) Act No. 153 of 1993, the Broadcasting Act No.4 of 1999 and the Independent Communications Authority of South Africa (ICASA) of 2000 lay the foundation for broadcasting in South Africa. The amendments of the Broadcasting Act (1999) state the objectives of the act, which are, but not limited to, safeguarding, enriching, and strengthening the cultural, political, social, and economic fabric of South Africa. From the act the SABC prudently crafted its vision, to “broadcasting for the total citizen empowerment” (SABC, 2006). The SABC undertook to drive this vision by utilising its television and radio stations, broadcasting in all the eleven

official languages of South Africa. In line with the South African constitution which promotes the maintenance of indigenous languages, as well as parity of all languages the SABC committed to all the country's official languages. In addition, the broadcaster takes cognisance of the sign language and! Xu and Khwe languages used by the Khoisan community. To its credit, the organisation has strived and continues to meet this commitment. The example of reaching the Khoikhoi community in 2011, an ethnic group that forms a great part of the South African history, and broadcasting in their language gives an impression of a public broadcaster that is conscious of its country's history. A conscious decision to have a radio channel dedicated to them in their own language was made, using radio as a mass media platform (SABC, 2011).

The government of the Republic of South Africa is the sole shareholder of the SABC LTD and is represented by the minister of Communication, SABC Annual Report (2011). Faith Muthambi is the current Minister of Communication. Despite its public mandate, 80% of the SABC's revenue is derived from commercial ventures. Other means, such as sports contractual agreements have assisted the SABC to create partnerships and attract sponsorships to help generate revenue.

Digital Terrestrial Television (DTT) as an added dimension in broadcasting technology poised to bring about some of the organization's broadcasting solutions in this broadcasting age. DTT refers to the broadcasting of terrestrial television in digital format. Terrestrial broadcasting in South Africa is currently in analogue format. The SABC is preparing itself to migrate from analogue to digital broadcasting. Efforts are being made with greater technological capability and should result in enhanced revenues and contribute to reducing the funding gap. (SABC Annual Report, 2013).

1.2.3 SABC Departments

The SABC comprises of different divisions, namely News and Current Affairs, Content Hub, Sports, Technology, Sales and Marketing, Airtime and lastly the Corporate Division. The News division is where the SABC's core business resides. Its mission as a news-driven broadcasting organization is to be technologically advanced, keeping itself abreast of the developments in the broadcasting industry and its competition. The news division offers a variety of news programming with a mixture of output such as hard breaking news bulletins, current affairs, documentaries and magazine programmes such as Morning Live. The division is a content provider to all the 18 SABC Radio stations, three TV channels and digital media with nine bureaus across South Africa, as well as its designated journalist internationally in Zimbabwe, Kenya, Nigeria, Brussels, London and Washington DC in the United States of America.

At the centre of the News Division is the Research and Policy Analysis Department. The research unit serves as both a support and central to other business units within the News Division, by driving and providing support for the newsroom towards achieving its desired aspirations. The sports division provides sports content and actively goes out to acquire broadcasting rights from different sports organisation. The Content Hub is responsible for different types of content on SABC media platforms, and is made up of departments such as Drama, Education and Religion. Overtime these programs have evolved to meet their audience needs. One such example is the SABC Education multimedia platform that produces programmes for television and radio, including its website, social media networks, Facebook, YouTube and Twitter.

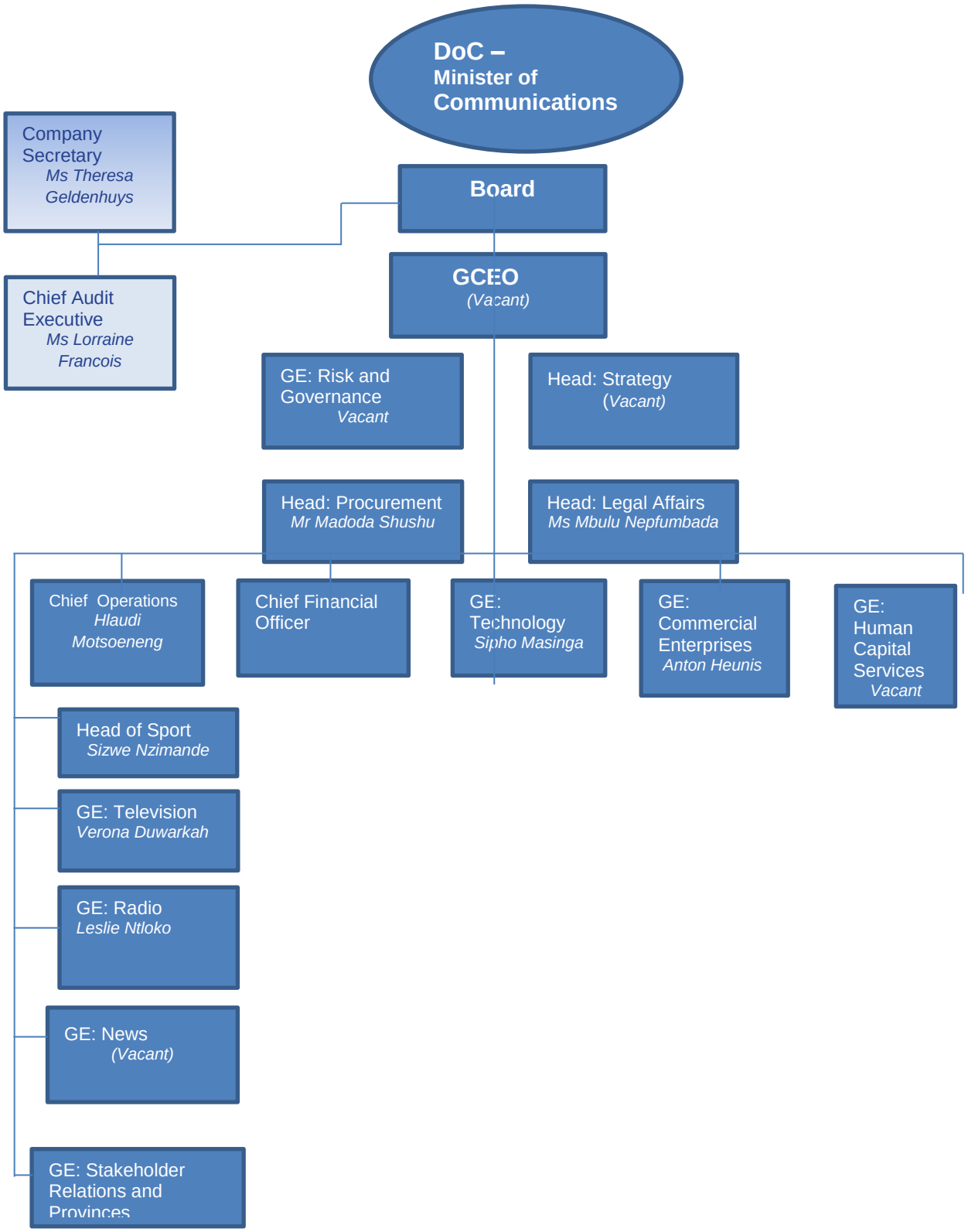
As a public broadcaster, Digital Terrestrial Television (DTT) is a very important element of technological advancement for the SABC. In digital, the signal is compressed, allowing for more channels to be broadcast

bandwidth as one current analogue channel uses, and has been proven to be cheaper than analogue broadcasting. (Loubser, 2012).

The different divisions are necessary enablers meant to help the public broadcaster function at its optimal capacity. At the head is the Group Chief Executive Officer. Currently the position of the GCEO is occupied by an acting GCEO. The last permanent GCEO was Frans Matlala before his suspension in November 2015. Matlala was suspended barely five months after his appointment. By June 2016, six months after his suspension, there have been two successive acting CEO's who have occupied the position.

The GCEO together with the Chief Finance Officer (CFO) and the Chief Operations Officer (COO) form part of the three executive members in the organization. These three also serve as the executive members of the board of directors. The SABC board of directors constitutes three executive members and nine non-executive members.
Next in line are the heads of divisions. Each division is broken down into business units with junior and middle management that reports to the divisional heads who are part of the executive management. Figure 1 below is an organizational structure depicting management reporting lines within the SABC.

Figure 1: SABC Organisational Structure



Source: SABC Financial Report, 2013

1.2.4 Institutional challenges

The SABC is a parastatal, which implies that is it is partly funded by the government, while other funds are partly generated through airtime sales to advertisers, and television licence funds from the public. The SABC has been experiencing difficulties. In the past few years three institutions which are: the South African Public Protector, the Auditor General and PricewaterhouseCoopers (PwC) have been commissioned to undertake investigations on the organisations. Findings have shown a similar trend, that the entity has been characterised by institutional weaknesses, which include:

- Mismanagement of funds
- Lack of accountability mechanisms and controls in place as set out in the report of the former Auditor General of South Africa, Terence Nombembe (AG Report, 2012)
- Lack of skilled personnel in strategic positions according to the audit report compiled by PricewaterhouseCoopers, a professional services audit firm that was commissioned by the SABC in 2013. (PwC, 2013), and
- Lack of determination by management to follow up on findings and decision made, or reports compiled the Public Protector and Auditor General, including those of external companies that have been hired for millions of Rands to conduct researches on the SABC.

Although there are other associated problems, the main challenge revealed by the findings seems to point at the decision making processes within the organization. These challenges have had a direct bearing on the financial state of the organization. In 2008, the dire situation necessitated government intervention, with the government obtaining a bank guaranteed loan of R1, 4 billion on behalf of the SABC to rescue the state entity (Sanders, 2013).

In November 2011, Phumelele Ntombela-Nzimande, a former SABC employee approached the office of Advocate Thuli Madonsela, the Public Protector of South Africa, to undertake an investigation into allegations relating to various corporate governance failures on the part of the South African Broadcasting Corporation (SABC) management and its board of directors. This involved financial mismanagement, the spiraling of financial expenditure and undue interference by the Minister and Department of Communications (Madonsela, 2014).

Shortly after the investigation commenced, Charlotte Mampane a former senior executive acting in the position of a Chief Operations Officer (COO), together with other former SABC employees lodged a similar complaint which included more allegations. The complaints were about how Hlaudi Motsoeneng, who is the current COO, purged staff and appointed people of his preference. The contention was his appointment to the position of COO without having the necessary qualifications including a matric certificate and a tertiary qualification. Hlaudi Motsoeneng has since been appointed permanently as the COO as of August 2014. The report of the public protector also cited fraudulent misrepresentation of facts by Hlaudi, who allegedly declared to be in possession of a matric certificate. Further allegations included an unprecedented escalation of the salary bill of the SABC. This was attributed primarily to irregular appointments and irregular salary increases, including allegations of Motsoeneng increasing his own salary three times in one year. It was reported that his remuneration increment package went from R1.5 million to R2.4 million per annum in a single year (Madonsela, 2014).

In addition to management problems, the continuous loss of viewers and listeners due to highly competitive broadcasting platforms in South Africa has added more challenges to the organization (SABC Annual Report, 2012). Such platforms are the DSTV, with programming that offers a

variety of viewing channels, including established international news channels such as the BBC, CNN, AL Jazeera, and Russia Today. The launch of Power Radio station in June 2013, and the television news channel known as the ANN7 on DSTV, set the SABC up for more competition. An added element was the advent of social media. Its ability to offer immediacy and intimacy on the spot rather than wait for a radio or television news bulletin has transformed people's behaviour towards media, posing challenges to conventional media (Haenlein, 2010). In addition, e-tv 24-hour news channel known as E-News Channel Africa (ENCA) had grown its viewership, becoming competition to the SABC.

The International News Channel was a contributing factor in the SABC in what is perceived as wasteful expenditure. The project ran for two years from 2007 to 2009, and was later canned for draining the organization financially. While reaching beyond the South African borders was a plausible move for the SABC, the broadcaster ran at a loss due to its failure to generate income as it was not running any advertisements. This financial setback led to the closure of the channel and its bureaus throughout the continent. After much negotiation with parliament in 2012, the SABC parliament turned down the organisation's business plan regarding the implementation of a 24hour news channel. Ferreira (2012) wrote that the then Finance Minister Pravin Gordhan cautioned the SABC from 'wasteful expenditure and ill-considered projects'. August 2013 saw the re-launch of the channel under a new name, SABC 24 Hour News.

As reported by Pechiatto in the Business Day (September: 2013), the SABC has admitted losing a significant TV audience, forcing it to adjust its advertising pricing as clients had questioned the value they were receiving.

With seventy years of experience in the business of broadcasting as a national broadcaster, the SABC has a rich history and experience.

However, the above mentioned factors have exerted pressure on the SABC that commands a reflection on the organization's behaviour. The background sketched above serves to give a picture of what the organization stands for, its aspirations, shortfalls, opportunities and the milestones to date.

1.3 SCOPE OF THE STUDY

The perpetual instability within the SABC was a cause of concern that in 2009 parliament commissioned the South African Auditor General to undertake an investigation on the troubled organization. The findings of the report of the Auditor General were tabled before parliament in September 2013. This was soon followed by the report of the Public Protector's investigation. The report of her findings was issued in 2014. The findings of both investigations were unfavorable towards the SABC.

The SABC has had six Chief Executive Officers from 2008 to 2013. Only two out of this six have held permanent positions. In the same period the organization has had four different sets of boards of directors.

Having highlighted the background that informed the study, a detailed account of the rationale for conducting an empirical investigation is discussed in the following section. The scope and focus of this study for the purposes of this research will be on a five-year period starting from year 2008 to 2013.

1.4 PROBLEM STATEMENT

In recent years the SABC has been experiencing financial and editorial challenges. These problems have manifested as management and financial hindrances to the point that the organization had to be bailed out by the government (Sanders, 2013). The government commissioned

Terence Nombembe who was the South African Auditor General (2013) at the time to investigate the reasons thereof. In addition, independent individuals filed a complaint with the office of the South Africa Public Protector (2014) asking Madonsela to investigate the allegations.

At the time of this research little was known about the challenges as well as the reasons hindering the SABC from successfully fulfilling its responsibilities, and improving its overall performance. There had been no formal scholarly research undertaken to examine whether the SABC has sufficient corporate governance knowledge, the necessary skills, competencies, capacity and to achieve its organizational effectiveness.

The role of government in the running of public broadcasters is one other aspect that needs attention. This debate cannot be discarded as there is empirical evidence to support its existence as a reality. While Masuku (2011) in his study on the Zimbabwe Broadcasting Corporation does not focus on corporate governance, government agenda is one of the areas investigated in his study. This view is supported by Mpofu (2009) on his comments on the editorial independence of public broadcasters from government. He identifies tensions between an attempt to restructure broadcasting as a public sphere capable of supporting national unification and democratization, and political interests.

As Van Wyk (1999) explains, the breaking out of scandals attract researchers' attention to investigate the reason, and in these instances a correlation is made between success and good governance practises on the one hand, as well as failure and bad governance practices on the other. These factors presented a research need to ascertain whether corporate governance is indeed the reason of, and central to the challenges faced by the SABC. The study focuses on the South African Broadcasting Corporation (SABC), a public broadcaster, with its

headquarters in Auckland Park, Johannesburg. It covers the five-year period spanning the period 1998 to 2013.

1.5 PURPOSE STATEMENT

The purpose of the research is to understand the SABC's approach to corporate governance compliance and its link to its organisational effectiveness. The study explores whether corporate governance strategies in place, such as policies, corporate governance knowledge and capacity to implement have helped in achieving organisational effectiveness.

Information gathered from this research might help understand why the SABC continues to be plagued by problems. Consequently, the research will provide recommendations and insight into how the public broadcaster can improve and move towards effectiveness and sustainability.

1.6 RESEARCH QUESTIONS

The following are the research questions that must be addressed:

- What corporate governance strategies are available in the SABC as a public broadcaster to create public value including checks and balances to ensure accountability?
- What could be other perceived factors that present impediments to the functioning of the SABC?
- How does the current approach to corporate governance by the SABC impact on the performance of the organization and its effectiveness?

1.7 REPORT STRUCTURE

Chapter 1: Introduction

This chapter introduces the background in providing insight into the SABC, and the context within which the research topic is set. The problem statement is explained to help locate where the challenges are, followed by the purpose and the significance of the study. It concludes by giving an outline of the six chapters comprising the research paper. The chapter also deals with the research questions that the study aims to answer.

Chapter 2: Literature review

This chapter unpacks the available literature on corporate governance as a general concept, and corporate governance in relation to public broadcasters, linking it to the research questions. The literature review, together with findings from the interviews and document analysis, create the necessary context in the study for analysis and conclusion.

Chapter 3: Methodology

The chapter explains the methodology followed in conducting the interviews. It gives a comprehensive analysis of the research methodology and the research method adopted in this research.

Chapter 4: Data Presentation

Chapter 4 presents data in a form of the research findings and document analysis, outlining the patterns that have emerged from the data from both the interviews and document analysis. The evidence presented is co-related with literature review.

Chapter 5: Data analysis

This chapter is made up of a comprehensive analysis of the data that has been collected, identifying patterns that came out serving as evidence that

confirms or refutes the identified problem as discussed in the problem statement.

Chapter 6: Conclusions and recommendations

This last chapter of the study summarizes the main issues discussed in the study, tying up the elements that emerge from the study and the conclusions reached from the observations and analysis of the researcher. The chapter also outlines recommendations regarding the challenges faced by the SABC in line with the findings of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

Literature review aims at contributing towards a clearer understanding of the nature and meaning of the problem that has been identified and articulated (De Vos, Strydom, Fouche and Delport, 2005).

This chapter involves a review of existing literature on the approach to, and application of corporate governance practises and policies by public broadcasters as public service entities. The chapter takes into consideration both the national and international perspective on public broadcasters. The South African Broadcasting Corporation (SABC) is used as a case study, investigating the application of corporate governance principles in relation to public broadcasters. The literature discusses how corporate governance has been accepted as a global tool by both the developing and developed nations, making it instrumental in assisting organizations achieve their effectiveness.

According to Badenhorst (2007), a literature review constitutes a discussion of previous research, and outlines current research. It is in the literature review that theories and key concepts are unpacked, narrowing the focal area in a specific topic and to demonstrate the significance of studying a particular topic.

O'Keete (1991) cautions against the natural assumption that might become a temptation when retrieving relevant literature related to the study. He states that it is natural to assume that there is some complete relevant list of investigations to be sought. Recent comments suggest that a complete list of relevant investigations is not necessary or even

desirable in meta- analytic reviewing as would have been the case with persuasion literature.

According to Neuman (2006), literature review is based on the assumption that knowledge accumulates and that people learn from, and build on what others have done. In this section the aim is to evaluate, interpret and discuss some of the literature on corporate governance. In the following section of this chapter, different concepts related to corporate governance are defined and explained.

2.2 DEFINITION OF CONCEPTS

This section focuses on some of the key concepts commonly associated with corporate governance as a phenomenon, the role and principles of corporate governance in organizations.

2.2.1 Public broadcaster

Public broadcasting may be defined as the provision of a universal service of excellent programming while maintaining public legitimacy through an editorial independence from both the government and commercial interests. A public broadcaster institution has been characterised by its attempts in bringing into being different cultures and a shared public life to other communities within the nation. Historically, broadcasting came on to the scene long after the press had won freedom from direct government control in democratic societies (Mpofu, 1999).

However, Masuku (2011) disputes the notion that when public broadcasters came into the picture the challenges that were faced by print as its predecessor had eased. With a focus on the Zimbabwe Broadcasting Corporation as a model, he notes that while public broadcasters play a critical role in situations where structural imbalances

and scarcities of media access can undermine democratisation and development. Nonetheless, in a majority of cases public service broadcasters are still government-controlled broadcasters and are under-funded in African governments although they are expected to do a lot on behalf of the political and developmental agenda of the government (Masuku, 2011).

Adkins (1985) says a public broadcaster is built on a public service model, with the view that media is seen as an ‘enriching and limited resource’ that should be employed most sensibly in serving the needs and aspirations of ‘the entire spectrum of society. This view is upheld by Syvertsen (1999) who says the public expects the media to function as a public utility ‘in the service of the public sphere’, guaranteeing that all members of society have access to the information and knowledge they need in order to perform their civic duties’ or simply to satisfy their interests and preferences as individual readers, listeners and viewers.

Overall, literature seems to be in agreement on the notion of a public broadcaster and the general characterisation of its role. Public broadcasters are described as electronic media outlets whose primary mission is public service. These entities are mainly a government body meant to service the citizens.

2.2.2 Corporate governance concept

Fernando (2009) defines corporate governance as a convergence between the internal structure and the rules of the boards of directors, the creation of an independent audit committee, rules of disclosure to shareholders, and control of management. Most literature on corporate governance generally asserts that corporate governance entails the framework of rules and practices by which a board of directors ensures accountability, fairness, and transparency in a company's relationship with

all its stakeholders including the shareholders, customers, management, employees, government, and the community. Du Plessis, Hargovan and Bagaric (2010) define corporate governance as a system of regulating the conduct and behaviour of a company to ensure responsible behaviour by corporations, balancing the interests of all internal stakeholders and other parties who can be affected by the conduct of the corporation.

While the focus of the study by Sánchez, Sotorrío and Díez (2011) is mainly on the relationship between corporate governance and corporate social behaviour, the point of premise concurs with most literature on corporate governance. The study submits that cases of corporate corruption, malpractices, and financial crisis in the last three years have increased interest on the transparency and accountability firms. Because corporate governance is a very important element in the administration of companies, it is necessary to analyse how it can contribute to increasing responsibility in a company.

Comper (2001) in his practical experience as the CEO of the Bank of Montreal in Canada strongly endorses that management should be kept on their toes. The board should not only keep senior executive managers on their toes but be able to do the same to themselves and fellow board members. According to him, the Peer Feedback of Directors Survey, a peer assessment process of evaluating each other on a range of skills and qualities such as strategic insight, financial literacy and business judgment, accountability, personal ethics and professional track record was an innovation that steered Canada's Bank of Montreal to maximise effectiveness, winning the bank a national award in governance.

Cain, Fisch, Griffith and Solomon (2014) evokes a fundamental question of investors and managers in organizations. Much of the literature on the creation of corporate governance is premised on a contract model of the organization, according to which governance mechanisms reflect the

terms of a bargain struck between investors and managers. For public companies including the SABC, where the government is the major shareholder with no investors and no profit- making ambitions, bargaining between investors and the company should not be an influencing factor on the conduct of the organization. The principle of service delivery should be the priority.

2.2.3 Origins of corporate governance (Conceptual Framework)

Different authors have given input on the original coining of the concept ‘corporate governance’ as a contemporary notion depending on the evidence of their research findings. Hodges (2005) claims that the first contemporary notion of good governance appeared in a 1989 World Bank report on Africa, stating that it is an exercise of political power to manage the nation’s affairs. Hodge, a professor of public sector accountability at the University of Sheffield in the United Kingdom, introduces the concept of the ‘third way’, an alternative to state intervention and a completely diminished role of the state. Because of the relation between the public broadcaster and the state, this paper will further interrogate this subject in light of the notion of the ‘state agenda’ and the third way.

According to Calder (2008) the term corporate governance gained prominence when it was published in the Independent Director that was concerned with the way corporate entities are governed. Although he says some of the earliest work on corporate governance was by the Institute of Chartered Secretaries and Administrators in the United Kingdom in 1979, through the publication of a series of papers examining boardroom responsibilities, Du Plessis (2011) states that corporate governance as a term was scarcely used until the 1980’s. It has since proved to be an area of rapid development and early attempts in defining it were seen in the United Kingdom.

The role of corporate governance in the success or failure of companies has become increasingly important. Van Wyk (1999) suggests that it is the breaking out of scandals that attracts the attention of researchers to investigate the cause, and it is in these instances that a correlation is made between success and good governance practises, and between failure and bad governance practises.

2.2.3.1 Principles of Corporate Governance Framework

As depicted in Figure 2, the diagram explains corporate governance as a framework of rules and practices by which business within an organisation is operated, regulated and managed. A well designed corporate governance framework ensures accountability, fairness and transparency in the relationship between the Board of Directors of the organization and its stakeholders. Directors are custodians of corporate governance in an organisation. This involves different important aspects such as the legal and regulatory aspect, business practices, risk and performance management, disclosure and transparency (Orton, 2010). Constant monitoring of these important aspects is an essential activity.

The governance framework offers an end-to-end view of corporate governance and forms the basis for the tools that help boards and executives to identify potential opportunities in improving both effectiveness and efficiency. Underlying the elements of the framework is the corporate governance infrastructure. The infrastructure is made up of people, processes and technologies put in place by executive management to govern the day-to-day activities of the company. The disclosure, transparency and flow of the information should reach all levels, with continuous reporting back to the board and external stakeholders. In addition, strong risk management is linked to accountability which is the key to solid compliance and performance management. Governance infrastructure is the aggregation of the

governance operating model. Clear communication of the processes, roles and responsibilities is the glue that keeps the systems functional (Orton, 2010).

Figure 2: Corporate Governance Framework



Source: ORTON, 2010

Following the theoretical ground provided by the principle of corporate governance, the conceptual framework of this study is informed by governance principles which emphasise aspects of communication, disclosure & transparency, business practices and ethics, and risk & performance management. These aspects serve as a foundation and a springboard for the study. However, special attention is paid to fundamental principles of corporate governance common across literature on organizations, management and leadership such as compliance, leadership management, internal controls and accountability as discussed in detail in the sections below.

2.2.4 Corporate governance and compliance

Governance can only thrive when systems of accountability, responsibility and clear guidelines within a shared partnership are in place. It is viewed as an interdependent set of relationships, because it depends on the quality of the effective functioning of the system as a whole. Therefore, governance requires structure and accountability that is provided by guiding and collective activities to function successfully (World Bank, 2008).

Corporate compliance regulations specify that companies should have strict obligations regarding to the management of, and reporting on financial transactions, including the details and accuracy of those financial transactions. Lusthaus, Adrien, Anderson, Carden and Plinio-Montalván (2002) posits the view that in public sector enterprises, the problem of governance is becoming increasingly important. Public sector managers are subjected to lesser rigid controls and tend to satisfy their interests at the expense of organisational goals. In the same vein, Cain, Fisch, Griffith and Solomon (2016) argue that governance provisions that weaken shareholder rights and insulate managers from challenge are negatively correlated with the values of the organization. In the context of this study, there may be tension between the original mandate of the SABC and the values upheld by the management.

As suggested by Cain *et al* (2016), a line of studies has attempted to quantify the overall corporate governance package in an organization by constructing tables of good corporate governance and comparing the performance of organizations with different ratings according to the index. The first of such study by Gompers, Ishii, and Metrick incorporated twenty-four governance terms into a governance index. This has assisted organizations to evaluate themselves based on the index.

Raaijmakers, Vermeulen, Meeus and Zietsma (2015) observed that more recent studies have focused on contradictory pressures and complex institutional environments. Organizations face institutional complexity whenever they are confronted with incompatible prescriptions from constituents holding different institutional reasons, making it unclear how an organization can maintain its legitimacy.

As part of compliance measures that could assist in determining potential risks and identifying priorities, Wallace (2015) makes a recommendation for companies to use an internal program that could support investigators and personnel in preparing for external audits by industry sponsors or central agencies. He sees these audits as necessary components to developing an internal process focused on reducing internal errors and mitigating risks before any risks are externally exposed. Internal monitoring activities could uncover unacceptable or unsatisfactory practices that may increase risks to the institution, investigator, or participant. These findings may require further follow-up and training of research personnel or remedial actions resulting in subsequent reporting to the ethics committee or regulatory authorities.

Although there is enough literature that argues for compliance with the view that it creates the right environment in companies, Groner (1996) observes it is easier for companies to make pronouncements about their commitment to compliance than in deed. When questioned about their commitment to compliance, managers are often quick to affirm, but their behavior may be more telling of their commitment to doing the right thing. This paper sought to establish whether the SABC does or does not comply with corporate governance practices at its disposal. It investigated whether the claims on paper as proof of policies in place could be substantiated by evidence gathered from data.

2.2.5 Board of Directors

Bongjin, Burns and Prescott (2009) in clarifying why boards fail highlight the presence of a large and growing literature that suggests that most boards have inadequate understanding of what is entailed, and a fairly limited involvement in the formulation of a corporate strategy. On the same concern of why boards fail the shareholder, a submission by the Wits Business School Journal (2013) acknowledges institutional and structural leadership challenges faced by these entities to govern and manage State Owned Enterprises in a highly charged socio-political environment. The article suggests that board independence accounts for leadership failure in many SOEs.

Charan (2005) declares that the relationship between CEOs and boards is yet to find equilibrium. He insists on the importance of boards not to become active in daily operations. He emphasises the importance of finding balance between allowing management space for more hand-on operations while keeping an eye on accountability.

Comper (2001) argues that among other requirements such as financial literacy, tendering a resignation when board members change their principal board independence is important. Assuring independence of individuals holding board member positions is an essential precondition when looking for new board members. The independence of board members from any form of influence is central to the integrities of personal ethics.

Equally important, the Harvard Business Review on Corporate Governance (2000) asserts that companies need board members with skills and background knowledge that complement one another and are related to the mission of the particular corporation. However, it states that a good board is not made only of a collection of specialists, it is a group of

thoughtful individuals who can counsel, support and occasionally disagree with the CEO. Healthy organisations need independent directors who can make tough decisions because of the tough environments board members can find themselves in.

According to King (2009), the following are some of the functions of the board,

- Boards should direct, govern and be effective in the control of the company. Every board should have a charter setting out its responsibilities.
- The board should provide effective corporate governance that involves managing the relationships between the management of the company, its board, its shareholders and other relevant stakeholders.
- The board is the focal point of the corporate governance structure in the company, and is the link between the stakeholders and the company. The paramount responsibility of the board is the positive performance of the company in creating value for its shareholders. In doing so, it should appropriately take into account the interests of other stakeholders.
- The board should exercise leadership, enterprise, integrity and judgment in directing the company so as to achieve continuing survival and prosperity for the company.

In his explanation of how parastatals in the South African context work, Grootes (2013) writes that most parastatals are wholly owned by government and there are no other shareholders. The idea is that the government wants them properly aligned to its aims. The government gets to appoint the boards of directors of those parastatals, through the minister responsible.

In the case of the British Broadcasting Corporation, Simmons (2005) says the method applied by the federal government in appointing the ABC board triggers curiosity in the integrity of the process. To believe in a genuinely independent public broadcaster of integrity, a fundamental part of that process has to be the integrity of the appointment of the board. It has to be free of political influence. More importantly, it has to be seen to be free of political influence (Simmons, 2005).

Observing some of the cross-cutting commonalities highlighted by literature as seen in this section, it seems there is more to organizational effectiveness than just appointing boards and senior managers. There are irrefutable principles that serve as corporate governance tenets on which organisational success is founded.

2.2.6 Leadership and Management

There is a large amount of literature on the subject of leadership and management studies. Different scholars have a wide range of views and definitions concerning the subjects of leadership and leadership management science.

Wu (2013) says at an early stage, some scholars believed that the scope of research of leadership science included the concept of leadership, leadership management systems and leadership management responsibilities. Wu views leadership management as a science within which many elements are found. Elements of leadership management involve the nature and purpose of leadership management, the tasks, management systems, the environment, decision-making, the methods and art of leadership management, and the abilities and performance of leadership management.

Hogan (2015) asserts that the determinants of leadership success in companies include human capital and competencies of both managers and employees. In order for successful innovation management to occur, a manager must acquire or possess expertise in the domain of management, as well as specific competencies. Good leaders can explain how their mission fits into the larger vision. They clarify roles, goals, and the way forward, thereby facilitating team performance.

When competent leadership prevails, people and companies prosper. Bad leadership almost always gives rise to disengaged workers, corporate trickery, and, eventually, business failure. In explaining what management entails, Szczepanska-Woszczyna and Dacko-Pikiewicz (2014) say the current employee model demands a manager who plays a variety of roles including that of a leader, facilitator, animator, coach, mentor or trainer, and his task is to: coordinate, diagnose and bring out human potential, moderate, stimulate, create, initiate, and to motivate.

Kasahara (2015) warns that the performance of a company is determined by its internal factors company resources, external factors macro-economic environment or context, market or collection of customers and competition among competitors as well as the actions taken by management. If the reason for the dysfunction of strategic management is due to performance not meeting expectations and the inability to achieve the set goals, then a situation analysis needs to be conducted.
It is imperative to know the grounds for the disconnection between strategy and performance. By crosschecking the environment and resources, an organization should know if the goals set were in sync with the present state, or if they were adequately clarified. This study investigates whether corporate governance processes and practises at the SABC are able to capacitate the organization with such competencies that are needed towards its effectiveness.

2.2.7 Internal controls

Responsible controlling is the responsibility of management. Ette (2015) supports the view that responsible controlling is crucial in making an organization more responsible. Control processes are drivers toward corporate responsibility and sustainability. Controlling must detach itself from being driven only by monetary issues. There is a need for controlling to make a greater contribution in terms of responsible behaviour by extending the company's instruments toward non-monetary criteria and also by changing the mind-set toward a more responsible and joint-thinking bottom line. Ethical behaviour should be the basis for every action.

Afrimat (2015) says companies can outsource certain audits to external service providers, the control self-assessment tool provides a mirror on the adequacy and effectiveness of the organization in controlling its activities and its risks.

Figure 3 - Internal Controls Transformation



Source: KPMG, 2016

Internal audit is said to be one of the main ingredients needed to improve corporate governance in an organisation. Figure 3 depicts a clear audit development plan and a clear planning and execution of internal auditing strategy. It is followed by strategic analysis of the plan and risk involved, tracking those developments and reporting on projects.

Highlighting the importance of a strong audit department, Prickett (2014) quotes a statement attributed to Mervyn King in an effort to bring attention to the importance of a strong connection between boards and the audit department. He points out that the duties of directors have not changed significantly despite changes to corporate governance principles. Their scope has only become wider partly because of emerging risks in new areas such as social media. Because of this, directors need a strong audit function than before. King finds it a risk and refuses to be part of a company that does not have an excellent internal audit department, and would prefer to meet the head of internal audit as part of his due diligence before accepting the appointment.

2.2.8 Public accountability

Bovens (2005) says historically the concept of public accountability is associated with book-keeping and comes from the accounting field. Public accountability is related to openness and is the hallmark of modern democratic governance. Those in power have to be held accountable for their acts and omissions, their decisions, policies and expenditure. Nowadays public accountability has moved from its origins and has become a symbol for good governance.

According to Schillemans and Busuioc (2015) accountability is a fundamental norm in public administration, related to attractive promises of democratic governance, appropriate behaviour, justice and better

performance. It refers to very basic processes whereby actors record and disclose their behaviour to an external audience, such as a forum or principal. At an elementary level, accountability denotes relationships between two or more parties, where one party is obliged to account for his or her behaviour to the others, and where specific mechanisms are deployed to make him or her behave in an accountable manner (Schillemans and Busuioc, 2015).

This relation gives rise to societal expectations of ethical behaviour by organizations. The underlying question of a modern business ethics is, how would businesses have to behave in order to classify them as legitimate and responsible? The principal question essentially is how to effectively tie the parties, given the conflicting interests, to the explicit and implicit terms of their contract. Ette (2015) argues that such ethics does not simply apply norms out of a catalogue, but is also concerned about how to deal with conflicting values and interests.

2.2.8.1 State Owned Companies accountability

The South African Department of Treasury (2005) gives a concise definition of corporate governance in relation to the role of State Owned Companies (SOEs), their role is stated as a practice that embodies processes and systems by which SOEs are directed, controlled and held to account. Since the enactment of the PFMA and Public Service Act as accountability enablers, the minister of each department who might also be the Executive Authority of an SOE is expected to table an annual report in the legislature within six months of the end of each financial year. Portfolio committees exercise oversight of the service delivery performance of the SOEs. The commissioning of the SA Auditor General to investigate the SABC came as an outcome of the observations of the Communication's Portfolio Committee. It was after allegations were made by some former SABC board members as well as by labour unions on

supply chain management issues, potential fruitless and wasteful expenditure; or human resource-related matters.

Grootes (2013) clarifies that most parastatals are wholly owned by government and there are no other shareholders. The government gets to appoint the boards of directors of those parastatals, through the minister responsible.

2.3 THE ECONOMICS OF A PUBLIC BROADCASTER

2.3.1 Definition

Mendel (2011) says public owned and funded broadcasters are associated with a set of minimum conditions closely linked to the general principles of democracy and equality. Because of their public spending, meeting the appropriate obligation to offer a public-funded service to the entire public in a country is one of the conditions.

Although a license fee was introduced with the advent of television, the amount remains minimal in the face of public broadcasters' responsibilities. These responsibilities include inputs and outputs, such as hiring personnel, staff salaries, buying equipment needed to run the business, new technological resources and their upkeep, overheads and infrastructure maintenance. Mendel (2011) says it is natural that the question of the extent and nature of government support keeps coming up frequently. In the face of financial needs by public broadcasters and limited support by government, public broadcasters have to raise more funds by leveraging on their commercial resources.

There is a school of thought that supports the independent running of public broadcasters to remove government control. The view held is that while public broadcasters may enjoy minimal financial government support since the rest of the funds are raised from licences and advertisements,

the token has placed them in a compromised position. Teer-Tomaselli (2014) gives a background on the dynamics of the role of the SABC as a state broadcaster during the Second World War. He reveals that the National Party as an official political opposition stood against what it labelled a bias within the SABC, claiming that the corporation used the radio service as party-political propaganda tool in the service of the governing United Party and its support for the war. He notes that while the SABC was not being used in the same way as Daventry, the BBC's external service, or the Zeesen in Germany, it was being used particularly in order to make party propaganda to the advantage of the government, unfairly using a public institution, financed by licence fees from all sectors of the listenership, to promote the ideological ambitions of one sector.Bovens (2005) insists that those in power have to be held accountable for their acts and omissions, their decisions, policies and expenditure.

The study identifies a common thread with the SABC as a state broadcaster at the time, and at its current status of a public broadcaster. The study will later make comparisons with other public broadcasters, drawing attention to the intricacies of the interface between public broadcasters and government, the South African scenario will be analysed against the practises of other public broadcasters to give understanding regarding the relations between the two parties.

In the case of the SABC, the organization presents a hybrid case of a state-owned enterprise and a corporation. It is sometimes called a parastatal, based on the structure of its funding model. According to Aguma (2016), only three percent of the SABC's funding comes from government. Its revenue is generated mainly through commercial advertising and TV licenses. While it would have been assumed that the government contributed more than the three percent, Masuku (2015) confirms that in a majority of cases public service broadcasters are still

government-controlled broadcasters and are under-funded in African governments although they are expected to do a lot on behalf of the political and developmental agenda of the government.

2.3.2 SABC: The South African public broadcaster

The South African Broadcasting Corporation SOC Limited is the national public broadcaster of South Africa and is established in terms of the Broadcasting Act (1999). The SABC has undergone a re-launch and transformation from being a state broadcaster serving the interests of largely white, coloured and Indian groups, to being a public broadcaster that is mandated to serve the country's diverse society (Teer-Tomaselli, 1996).

2.3.2.1 Former state broadcaster

Until 1994 the SABC operated as a state broadcaster, and had been a key instrument of the National Party regime during the Apartheid era. According to Barnett (1999), since its inception the services provided by the SABC were along racial lines and ethnic divisions. Both the content and unequal spreading of resources confirmed racial notions of superiority and inferiority. The 1994 elections coverage was therefore a crucial moment for the SABC in its attempt to shed the shroud of state broadcaster, and to embrace changing notions of the public interest.

In confirmation of this propensity, Heriot (2013) makes an observation that the role and structure of public broadcasting services are made within the context of the political influence prevailing in a particular country. They do not conform to a single model. Although such broadcasters exist to deliver some form of social rather than commercial profit, each broadcasting system evolves through the interplay between the nature of a country's economic system, its governance and its regulatory environment.

According to Heriot (2013), Australian adviser Bob Wurth was tasked by the South African government to review the SABC Radio operations prior to the 1994 general elections. He observed a revealing example of a preferential treatment of white audiences. The provincial station, Radio Zulu, assigned one person each weekday to act as reporter, producer and presenter of its ninety-minute morning current affairs program, while the English language Radio South Africa and Afrikaans Stereo had eighteen current affairs personnel to serve a combined audience of less than 1.3 million (Heriot, 2013).

These were the main concerns about the SABC, that it was not only a state broadcaster, it was also used to perpetuate its oppressive segregation policies. A decision was made to change the SABC from a state broadcaster skewed at serving narrow interests, to being a public broadcaster, repositioning it as a unifier to a nation with diverse needs.

2.3.2.2 Transitioning to Public Broadcaster

At the transitional stage of South Africa's politics, the SABC as a public institution needed to re-define its value proposition for the whole nation, taking into consideration the diversity of the people and the country's development needs. It needed to fulfill the new social compact internally, for example, by reducing the dominant share of SABC jobs held by white South African men. As an industry player, the SABC had to prepare major submissions to the new Independent Broadcasting Authority (IBA), which was to review the role of public broadcasting and prepare to consider the licensing of new public and privately owned broadcasters (Heriott, 2013).

Pereira (1993) states that in March 1990, the Minister of Home Affairs appointed a Task Group to study and report on the broadcasting policy strategy, its controlling structure, the future needs and other related aspects of broadcasting in South Africa and the Southern Region. The

findings of the report which was referred to as the Vilene Report were released in August 1991. This report was rejected and criticized for not involving different groupings within South Africa.

Nonetheless, the recommendations of the Vilene Task Group were discussed by the working group known as the Convention for a Democratic South Africa (CODESA). Most importantly, the main emphasis was the need to de-politicize electronic media, regulate it and recommended the formation of an independent body. The group agreed to the formation of an independent, neutral body to regulate the telecommunications industry. The Independent Broadcasting Authority (IBA) was the outcome.

This was to mark a turning point in the transformation of the SABC from a state to a public broadcaster. Before the year 2000, broadcasting and telecommunication were regulated differently. The convergence of the two, IBA and Telecommunications Regulatory Authority (SATRA) led to the formation of the Independent Communications Authority of South Africa, known as ICASA (Parreira, 1993).

With reference to the period immediately after the election, Horwitz (2001) says despite the advent of a new board and a few recent management appointments, the SABC remained a creature that gave preferential treatment to the white minority population. After 1994, the government had to try to serve its majority black population in a manner that recognized their equal entitlement to the country's citizenship. In that context, Horwitz (2001) noted that there was an assumption that the public service broadcaster should be a major player in the process of nation-building.

2.3.3 International public broadcaster comparison

Routio (2007) explains comparison as one of the most efficient methods for explaining or utilizing tacit knowledge or tacit attitudes. The comparative method is often used in the early stages of the development

of a branch of science. It can help the researcher to ascend from the initial level of exploratory case studies to a more advanced level of general theoretical models, invariances, such as causality or evolution. The design of comparative research is simple. The objects are specimens or cases which are similar in some respects**,** otherwise it would not be meaningful to compare them but they differ in some respects. These differences become the focus of examination. The goal is to find out why the cases are different, revealing the general underlying structure which generates or allows such a variation (Routio, 2007).

In the following sections five international public broadcasters are used for comparison purpose**s**. The table below gives a summary of the public broadcasters that form part of this study. These are the Australian Broadcasting Corporation (ABC), the British Broadcasting Corporation (BBC), National Public Radio (NPR) in the United States, China Central Television (CCTV) and Russia Today (RT).

Table 1 – Examples of International Public Broadcasters

Name	**Country**	**Funding model**
Australian Broadcasting Corporation	Australia	Government
British Broadcasting Corporation	Britain	Government and TV licenses
National Public Radio	United States of America	Government and commercial
China Central Television	China	Government and partly independent
Russia Today	Russia	Government

Source: Own, 2015

Two of these public broadcasters played a pivotal role in assisting South Africa set up the necessary infrastructure for radio and television in the country. The SABC radio hit the airwaves a few years after the British radio went on air. The British were instrumental in assisting South Africa to set up its first radio station. The historic mother country and colony

relations between the two countries afforded South Africa the convenience of learning from Britain.

In 1993, on the eve of democratic elections in South Africa, the ANC led government sought guidance from the ABC, using the Australian broadcaster as a model in setting up the SABC as a public broadcaster (Heriot, 1993). While the rest of the broadcasters seen in Table 1 have no historic link to the SABC, it appears that these public broadcasters follow the same model, operating as mass medium public entities with the purpose of fulfilling a specific mandate and reaching the masses with their messages.

2.3.3.1 The Australian Broadcasting Corporation

The first radio broadcast in Australia went on air in 1919 when Ernest Fisk demonstrated the power of wireless by broadcasting the national anthem from one building to another. By 1929, twelve stations that were to later become the ABC were run by the Australian Broadcasting Company. A consortium of entertainment interests was formed to supply radio programs to the Australian radio market. In July 1932, the Australian Government nationalised the company through the Australian Broadcasting Commission Act (Inglis, 2006). The SABC shares a similar history with the ABC and some as Heriot (2014) narrates, the ABC was used as the benchmark for the SABC.

2.3.3.2 ABC funding model

Until 1948, the ABC was funded directly by radio license fees. Amendments were also made to the Australian Broadcasting Act that meant the ABC would receive its funding directly from the federal government. License fees remained until 1973 when they were abolished by the Whitlam Labor government. Wanna (2009) calls this decision a

serious blow since the ABC is directly funded by the government. He observes that the decision was popular at the time but it has become a down-hill exercise since the government keeps shrinking the budget.

2.3.3.3 Accountability and criticism

The ABC policy prescribes that:

- The ABC participates in an annual Corporate Social Responsibility evaluation.
- It maintains a particular election review committee to provide oversight of coverage and whenever there is a national or state election.
- It places efforts into an Audience and Consumer Affairs department that, among other things, deals with complaints from the public (or government).
- The strategic or corporate plan must include specific performance indicators against which the ABC can be assessed.

Regarding to external accountability, the ABC Annual Report (2013) is a detailed accountability document that records performance against the legislative responsibilities of the corporation.

- Every year, the ABC commissions a national polling organisation to conduct an 'Appreciation Survey' that measures the extent to which the general public believes in the public broadcaster, including perceptions, editorial independence or bias and value for money.
- The Australian National Audit Office reviews the financial accounts every year.
- At least twice a year, the ABC management appears before a Senate committee to be interrogated on any matter regarding its financial or editorial performance.

- Periodically governments commission 'independent' reviews of the ABC to evaluate its level of efficiency or the effectiveness or its role.

In comparison to the SABC, there are two similarities. The first similarity with the ABC is the annual accounting meeting. The SABC has an obligation to appear before the Communication Portfolio Committee in parliament to give the company's detailed performance.

The second similarity identified is the use of the Proportional Representation (PR) system afforded to political parties during elections period. This system indicates that parties are represented according to the number of seats won by a party or group of candidates. In this system seats are allocated proportionate to the number of votes received, as opposed to the 'winner takes all approach'. Analysts argue that the PR system is one of the fairer options as it allows all parties that receive votes, no matter how few, to be represented in parliament, provided they meet the minimum threshold (Kambala, 2008). Other than these two similarities, there does not seem to be much to compare on matters of public accountability.

Geoff Heriot held the position of Chief of Corporate Planning and Governance at the ABC between 2001 and 2009. Heriot (2014) establishes that public broadcasters all over the world often have difficult relationships with governments. He asserts that a key message regarding corporate governance structures and processes is that accountability is the price of independence. In other words, if a public broadcaster is to perform its role responsibly, it must be prepared to meet the highest standards of public accountability.

2.3.3.4 The British Broadcasting Corporation

The British Broadcasting Company, as the BBC was originally called, came into being on 18 October 1922 by a group of leading wireless manufacturers. John Reith, the BBC's founder, observed the American unregulated commercial radio, and the then Soviet Union's rigidly controlled state system. He believed that the new medium of radio in those days could and should be used as a positive force to serve the world (Simpson, 2008). As is the case with the SABC, the BBC ventured into broadcasting at about the same time South Africa did as a British colony. Reith's vision was that of an independent British broadcaster able to educate, inform and entertain the nation, free from political interference and commercial pressure.

2.3.3.5 BBC Funding Model

According to Sreberny and Torfeh (2014), the innovation of a Post Office licence fee of ten shillings (50 pence), of which half went to the BBC, ensured that the BBC was neither financially dependent on the government of the day nor on advertising revenue, and this is still the case to date.

The licence fees are seen as an effective way of paying for services provided by the BBC to keep it independent. Research was conducted to quantify the total value generated by the BBC. The results showed that over eighty percent of the population is willing to pay licence fees to continue to receive BBC services (Helm, 2005).

The most recent evaluation of the effectiveness of the Executive Board of the BBC, its committees and its interaction with the Trust took place during 2009. This was conducted by external consultants and included interviews with executive board members (both executive and non-executive), an

assessment of the governance protocols, and the administrative support to the executive board. The audit report of the Comptroller and Auditor General (2012) which was presented to the House of Commons concluded that although direct comparisons or benchmarking with corporate boards was difficult given the unusual governance structure of the BBC, the board had been assessed and found to be broadly working well in meeting the most important criteria Comptroller and AG (2012).

As already discussed, the funding structure of the SABC is different from the structure of the BBC. The SABC makes money from TV licences and commercials. The government contributes about only twenty percent.

A BBC report stated that the Television Licence Fee Trust Statement of the corporation gives a true and fair view of the state of affairs as at end of March 2012, relating to the collection and settlement of television licence fees and of its net revenue for that year. The financial statements were also said to have been properly prepared in accordance with the Exchequer and Audit Departments Act 1921.

While the BBC seems to manage TV licences to the satisfaction of the regulatory body, the report seems to be always questionable. In the 2013 annual report tabled in Parliament on 10 September 2013, former Auditor General Nombembe gave the worst possible audit opinion on the financial state of affairs of the SABC, a disclaimer by the Auditor General (2013). His reason was that he could not obtain sufficient and appropriate audit evidence. A disclaimer is issued if the AG cannot form an opinion and thus declines to present an opinion about financial statements of an entity.

2.3.3.6 National Public Radio

National Public Radio (NPR) is an American privately and publicly funded non-profit membership media organization formed in 1970, replacing the

National Educational Radio Network after the congress passed the Public Broadcasting Act of 1967. The network serves as a national syndicator to a network of 900 public radio stations in the United States of America. It is a multimedia news organization and radio program producer. The NPR produces news, talk, music and entertainment programs (Haney, 1981).

McCauley (2003) on American broadcasting observes that the entire structure of public broadcasting, its history and relationship to government renders it relatively resistant to change. He states that throughout the world the future of public service broadcasting is in doubt. He attributes the challenges of public broadcasting partly as a crisis of technology, partly as a crisis of definition and role, and partly, as a crisis of economic organization.

2.3.3.7 NPR funding

As is the case with other public broadcasters, the NPR is both publicly and privately funded. During the 1970s and 1980s, most of its funding came from government. An attempt was made to wean the station from government support but a financial crisis made it difficult to be completely independent. While NPR does not receive any direct state funding, it does receive a small number of competitive grants from state agencies like the Department of Education and the Department of Commerce. This funding amounts to approximately 2% of NPR's overall revenues. McCourt (1999) says both the critics and supporters argue that public broadcasting should start being profit driven and competitive than to rid themselves of the albatross of state funding.

Commenting on the National Public Radio McCauley (2013) notes that it is an entity that would not threaten the profits of commercial broadcasters or the sensibilities of conservative politicians, he questions why is it that NPR since its inception has been a target of the Republicans? According to him, former US president Richard Nixon vetoed the re-authorization of the

Public Broadcasting Act in 1972. Another former president of the United States, Ronald Reagan, brought substantial funding cuts to public broadcasting during the 1980s. In his book, “The Trials and Triumphs of National Public Radio”, McCauley emphasizes that understanding the rationale behind what he calls political ‘assaults’ on NPR is key to developing an understanding of the role played by public broadcasting in the global media picture. McCauley (2013) states that throughout the world the future of public service broadcasting is in doubt. He finds the challenges of public broadcasting partly as a crisis of definition and role, and partly, as a crisis of economic organization.

Although the SABC is not faced with the same challenges, there continues to be a common thread weaving through the public broadcasters. The continuous loss of viewers and listeners due to highly competitive broadcasting platforms in South Africa has added more challenges to the organization (SABC Annual Report, 2012). Such platforms are the DSTV, with programmes that offer a viewer a variety of viewing channels, including established international news channels such as the BBC, CNN, AL Jazeera, and Russia Today. The launch of Power Radio station in June 2013, and the television news channel known as the ANN7 on DSTV, set the SABC up for more competition. An added element was the advent of social media. Its ability to offer immediacy and intimacy on the spot rather than wait for a radio or television bulletin has transformed people’s behaviour towards media, posing challenges to conventional media (Haenlein, 2010).

2.3.3.8 China Central Television

In 1955, the Chinese Central Broadcasting Bureau proposed the establishment of China's first television station in Beijing. The proposal was adopted, positioning the television industry in China as part of the Five-Year Culture and Education Plan. Beijing Television or China

People's Television Network broadcast its first program in September 1958. The goals of the television station were propaganda, education, and cultural enrichment (Huangxu, 1977).

2.3.3.9 CCTV funding

CCTV was initially an entirely government-funded domestic service. It began to experiment with advertising in 1979, along the marketing program of the government. Today CCTV is almost entirely supported by domestic Chinese advertising. It was renamed the China Central Television (CCTV) after the introduction of the 1979 economic reforms. CCTV operates under the supervision of the state administration on radio, film and television, which in turn answers to the department of the Chinese Communist Party (Nelson, 2013).

According to Van Wyk and Zhu (2012), the author asserts that there is no doubt that CCTV is foremost a party organ. He observes that after four days of reporting on the earthquake, the government stepped in. Using the example of the 2008 Sichuan earethquake in China, two days after the incident Li Changchun, the then Communist Party propaganda chief, instructed Zhao Huayong, the then head of CCTV to encourage positive and uplifting coverage. Li later paid CCTV a visit, reinforcing state support for CCTV. The segment “Heroes in the Disaster” was added to CCTV’s coverage on the night of Li’s visit. News of grieving and hardship gave way to eulogies of heroes and praises of government rescue efforts. Reports of shoddy school construction and other corruption related stories were phased out (Van Wyk, 2012).

CCTV has come a long way since its founding days as a domestic propaganda. Huangxu (1977) says between 1967 and 1976, the only entertainment programs shown on Chinese television were eight revolutionary model operas. During those days TV broadcasts started in

the evening prime slot with Mao Tse Tung's portrait on the screen and the sound of *The East Is Red*, an unofficial national anthem China. These were followed by newscasts of topics such as commemoration of heroes, reception of foreign visitors by the Chinese leaders, and the heroic struggle of the North Vietnamese

Van Wyk (2012) states that since 2003 CCTV has faced increasing competition from provincial channels, new satellite channels and from overseas media companies in China. Overall, competition has a threatened the monopoly of the CCTV, which some see as a good sign towards striving for a more open Chinese media sphere. Nelson (2013) says in recent years China has achieved more presence after announcing a new policy to expand state broadcasting into western languages.

In the case of the SABC, the organization has not displayed such a degree of state control as seen with the CCTV's military displays at the time and dedicated portrayal of former statesman Mao Tse Tung's display on screen. However, the SABC journalists are under the same pressure as exerted by Li Changchun who was the Chinese Communist Party propaganda chief. Changchun is reported to have instructed the then head of CCTV to encourage positive and uplifting coverage. The past two years have been marked by consistent pressure on the SABC journalists to showcase 'positive' reporting stories and shun what is deemed as negative portrayal of the country. A study by Grootes (2014) has shown that some decisions have weakened the public broadcaster mandate of the SABC.

2.3.3.10 Russia Television

As it is the case with many countries, television in Russia came into being at the beginning of the 20th century. According to Ivanova (2012) in 1931, the country carried out the first experimental transmission with motionless

pictures. Presently, television covers 99 percent of the population in Russia. There are 3 200 broadcasting companies and over 140 TV channels, ten percent of them are state-run. Television stations in Russia are either state-owned or overseen by affiliated companies. In many instances, though it is not always the case, they reflect the views of Kremlin (Ivanova, 2012).

2.3.3.11 RT funding

According to Dougherty (2015), Russia TV is the international broadcasting arm of Russia funded by the Russian government. Founded in Moscow in December 2005 as "Russia Today," the cable and satellite broadcaster later became known as RT. In 2007 the channel became available in the Middle East, North Africa, and Europe and beyond. Dougherty (2015) has criticized Russia Today, accusing it of transforming itself into an American-style whistle-blower and relentlessly reporting on America's democratic deficiencies at home and abroad.

Ioffe (2014) boldly states that Russia Today was conceived as a soft-power tool to improve its image abroad. According to him, the intention was to counter the anti-Russian bias in the Western media. Since its founding in 2005, however, the broadcast outlet has become better known as an extension of President Vladimir Putin's foreign policy. According to Ioffe (2014), television was for President Putin to get his message across while retaining full control of the messages going out on air.

One of the similarities between the SABC and RT is the broadcasters' presence beyond the country's borders. The SABC has satellite offices beyond South Africa. Although different reasons are given for Russia Today's expansion beyond Russia, but with the SABC the intention was to enhance its international presence and coverage (Bua, 2008).

2.4 SUMMARY OF LITERATURE REVIEW

The discussion in chapter two was based on reviewing literature on various issues relating to public broadcasting and corporate governance. The literature looks at the origins of, and the role played by corporate governance in companies generally, and in public broadcasters specifically. The observation is that in both the developed countries such as the United Kingdom and developing countries as seen in the case of China, the advent of electronic media took place around the same time in the early 1900's. Radio became the first form of mass media in electronics and was used as a tool to either spread propaganda and to pursue government agenda.

Furthermore, literature has been consistent concerning the nature of the relationship between public broadcasters and their governments. These relations have posed weakness on public service broadcasters, mainly in developing countries.

Consistencies in literature also appear in the funding model of these entities. Noticeable similarities across all public broadcasters are that public broadcasters by their nature primarily are not driven by revenues but by their mandate. The funding model of these entities as seen with both national and international examples given, public broadcasters are funded by the state. The implications are that this union creates power differentials and puts public broadcasters in a compromised position.

While most of these entities share some common features as shown by the literature review, China's approach seemed to be more radical than its counterparts. The literature on the BBC reveals a less perfect but more transparent approach. Noticeable in literature is that the challenges faced by the SABC are not unique to it as a public broadcaster.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. INTRODUCTION

This section of the report indicates which research approach is followed and why that particular approach was selected. Research method as defined by Neuman (2006) is a specific technique used for data collection, whilst research methodology refers to the overarching philosophical basis for the research method. In terms of its goal, the research will be exploratory and descriptive in nature. Exploratory research, as defined by Neuman (2006), is research done on an issue on which there is little information or understanding available. In the case of the SABC, there are very few studies undertaken on the institution. These vary from topics such as the SABC's funding model as a stand-alone topic, to knowledge management within the SABC. Despite its continuous afflictions, there has not been much academic focus done on corporate governance adherence or non-adherence in the institutions. The purpose of this exploratory research is mainly to develop preliminary ideas and provide better understanding of this particular issue.

3.2. RESEARCH APPROACH

The approach used in this study is the qualitative approach. Bouma and Atkinson (1995) describe qualitative research as any social science research that produces results that are not obtained by statistical procedures or any other method of quantification. One advantage of the qualitative method in exploratory research, according to Family Health International (2005) is that it allows the researcher the flexibility to probe the participant's responses, to ask the "why" or "how" questions. This probing approach will give much impetus towards establishing better

understanding of the issues within the SABC than what a quantitative approach would achieve.

While the qualitative approach has its advantages, Orgeret (2006) says this approach is only useful when its limitations are recognised. It is often difficult to draw definite conclusions from the findings, owing to the small scale type of the method and the often quite unrepresentative samples that are used

Patton (2002) states that qualitative findings grow out of three kinds of data collection: in-depth, open-ended interviews, direct observation and written documents. In this study, the researcher will focus more on in-depth, open-ended interviews and documents, hence the use of a qualitative approach. Creswell (2003) noted that “qualitative research takes place in a natural setting such as home or office. The qualitative researcher goes to the site of the participant to conduct the research. In this study, respondents will be interviewed in their natural setting, creating a relaxed atmosphere for them to give as much input as possible. The disadvantage of the qualitative research method is that it is time-consuming in terms of gathering and analysing data. Moreover, the findings in qualitative research, unlike the quantitative method, cannot be generalised.

The approach used in this study is the interpretive qualitative approach. According to Creswell (2003) a concept is ‘immature’ due to a conspicuous lack of theory and previous research”. In this study the researcher anticipated that information and experiences gathered from different interviewees would assist in contributing to the baseline information and better clarify how the SABC applies corporate governance measures on its day to day functioning.

3.3. RESEARCH DESIGN

The selection of the appropriate research design to be applied to a study is critical. McMillan and Schumacher (1996) use the research design as the “master plan” that the researcher should follow in order to collect, analyse and interpret data. There are four major types of qualitative research designs, namely phenomenology, ethnography, grounded theory and case study.

This study adopted the case study approach as the research design because this approach allows the researcher to choose a topic and decide on the boundaries of the topic depending on the extent of the research topic (Robson, 1993; Miles and Huberman, 1994). The case study methods used are flexible, multiple methods of data collection are likely to be adopted, depending on how the researcher views reality so that the reality can be easily revealed (Hopkins, 1993).

Additionally, the case study approach was adopted as the qualitative research design, because it is not only specific to the phenomenon but allows the researcher to focus on a real world perspective (Yin, 2013). Miles and Huberman (1994) add that a case study allows the researcher to choose a topic and decide on the boundaries of the topic depending on the extent of the research topic. This study has used both primary and secondary data collection methods.

The advantages of using case study are as follows:

- There is no fixed end-point in data collection, which means that the procedure for data collection is also flexible as are the methods used as the technique to collect data (Descombe, 2003).

- It can be conducted as an independent study or as an element in a large-scale research design (Simons, 1998).
- Although the nature of the case study research can be both qualitative and quantitative research, it often falls into the qualitative paradigm (Robson, 1993).
- Instead of creating a controlled environment as experimental research, it provides events that are taking place in a natural setting (Descombe, 2003).
- It is usually investigates a contemporary phenomenon in human society (Yin, 1994).

  Therefore, this study uses the case study approach as the research design.

3.4. DATA COLLECTION METHODS

Leedy and Ormrod (2005) argue that in order to avoid problems later in the research, the researcher needs to answer the following questions before data collection. The questions to ask are: What data is needed for the research? Where is the data located? How will it be acquired, and how will it be interpreted? In answering these questions the aims of the research will be much clearer. Creswell (2005) notes that well-structured interviews allow the researcher “control” over the line of questioning, while Badernhorst (2007) described primary data as the “raw” data before it has been constructed into some form of knowledge. This study has used both primary and secondary data collection methods.

3.4.1 Primary data

According to Bless, Higson-Smith and Kagee (2006), when researchers collect their own data for the purpose of researching a particular study, the data is called primary data. For the purpose of this study primary data was obtained by means of semi-structured interviews. According to Fossey

(2002), semi-structured interviews are used to facilitate a more focused exploration of a specific topic using an interview guide. Interviews with a set of open ended questions were considered to be an appropriate technique for this research.

a) Interviews

This study used a semi-structured approach in the collection of data. A semi-structured interview is a verbal exchange of information between two persons for the primary purpose of one person gathering information from the other (Pole and Lampard, 2002). The researcher selected and employed the semi-structured interview as the main tool because it offered participants latitude to express their experiences, thoughts, feelings, and views regarding how they address factors affecting their morale (Lauer, 2006).

Descombe (2003) finds semi-structured interviews useful because they allow interviewees to “speak their minds” and to “lend themselves to in-depth investigations”, particularly with regard to personal accounts of experiences and feelings. Semi-structured interviews assist in achieving an in-depth understanding and insight of the phenomenon.

Bryman (2008) explains semi-structured interviews as interviews in which the researcher has a list of questions or fairly specific topics to be covered, often referred to as an interview guide, but the interviewee has a great deal of leeway on how the participants respond to questions without limiting the respondents. The researcher developed and applied a standard interview schedule, listing all semi-structured interview questions. This method was to allow the respondent to showcase their understanding of the corporate governance concept and their opinions on its corporate governance practises based on the observations on how the SABC functions as a public service entity (see Annexure A).

Seven participants were approached and purposefully selected for in-depth interviews. While the backgrounds of those targeted for the interviews were different, they all had a vested interest in the plight of the SABC as a public broadcaster. The interview schedule consisted of demographics regarding the personal profiles of respondents. The questions were on the basis of the relational proximity of each respondent to the SABC since not all of them have necessarily worked for the public broadcaster. Nonetheless, it was crucial to explore each respondents' understanding of the concept of public broadcasting and corporate governance as a starting point. The primary purpose was to examine this situation and to develop an understanding of the state of affairs in order to move towards a more refined set of research questions in answering the questions.

The technique's flexibility and adaptability allows for follow-up questions on interesting ideas or points that were made and relevant responses probed (Horton, Macve & Struyven, 2004). The technique provides participants with opportunities to elaborate on their initial responses.

b) Document analysis

The second method used is document analysis. Document analysis is a form of qualitative research in which documents are interpreted by the researcher to give voice and meaning around the topic. It is a valid research strategy with considerable merit as a methodology for policy evaluation and reform. Examining documents has both benefits and limitations that the researcher should be aware of, and make use of multiple analysis and triangulation to confirm findings. (Blundell, 2012).

In this study the document analysis method was in the form of three reports that resulted in the investigations conducted by the two heads of the Chapter 9 Institutions, the Public Protector Thuli Madonsela and Terence Nombembe the Auditor General. The third document was from

the services of a private audit company called PriceWaterCoopers. The unpredictable situation and shifting circumstances at the SABC brought about new development on a consistent basis.

3.4.2 Secondary data

Secondary data is information that is already available, whether it is in journals, on the internet, in a company's records or in corporate or governmental archives. Secondary data allows for comparison of information relating to an issue, where the information may be used to measure the effects of on the object that is being researched.
Secondary data may be information which has been collected for some other purpose in certain instances. It may be abstracted from existing records, published sources or unpublished sources (Emeritus, 2014). In addition, McMillan and Schumacher (2006) asserts that written documents could take the form of minutes of meetings, memoranda, working papers and draft proposals.

McMillan and Schumacher (2006) describe documents analysis as a non-interactive strategy for obtaining qualitative data, with little or no reciprocity between the researcher and the participant. This suggests that document analysis provides the researcher with the extra benefit of interacting with more direct data. The content of these documents therefore assists the researcher in substantiating the interview responses during data analysis Marion and Morrison (2007) In summary, the analyzed written documents serve as additional evidence and validation for other qualitative findings (Maxwell, 2005).

Due to the scantiness of primary data collection strategies to assist in ensuring good research, the researcher augmented the resources by using books, internet searches for electronic journals and academic articles, policy documents and newspaper articles.

3.4.3 Sampling

Sampling is a process of selecting units of a population of interest so that by studying these units, results may be generalized back to the population from which the sample was chosen (Maxwell, 1998). A sampling decision arises in research whenever one wants to define issues about who to contact for information, how and where to get hold the potential participants.

The ability to obtain valuable information that answers the issues raised in the research questions depends on the researcher's ability to clearly identify and formulate the criteria for selection of respondents (Sandelowski, 2000).
The accuracy, relevance and significance of data collected will to a large extent depend on whether the sample selected was quite relevant for the particular study. A well-organized study targeting irrelevant respondents may defeat its own purpose in as far as the study objectives are concerned.

According to Neuman (2007) there are two main types of sampling namely, non-probability and probability. This particular study used non-probability, also called non-random, which means that the sample size is rarely determined in advance and there is limited knowledge about the larger group or population from which the sample is taken.

The types of non-probability sampling are Quota Sampling, Haphazard, Accidental or Convenience Sampling, Purposive; Snowball, Deviant case, Sequential, and Theoretical. The researcher chose the purposive sampling as a method used for this study, a non-random sampling method using content analysis to gain a deeper understanding of the people's expectations. . The method followed concurs with what Laerd (2012) says, that purposive sampling represents a group of different non-probability

sampling techniques. Also known as judgmental, selective or subjective sampling, purposive sampling relies on the judgement of the researcher when selecting the units, such as people, cases, organisations, events, or pieces of data that are to be studied. Usually, the sample being investigated is quite small, especially when compared with probability sampling techniques. Neuman (2006) points out that one cannot generalise from this type of sample, but intensive interviews are a device for generating insight, contradictions and variances

According to Du Plooy (2007), sampling involves following a rigorous process of selecting units of analysis from a larger population or aggregate. Du Plooy adds that in quantitative research a sample must be drawn in such a way that is representative and its parameters are defined. The units of analysis interviewed on this research were seven respondents and were purposely selected to achieve balance. Three of the participants are from within the SABC, a senior Human Resource Manager, a manager in middle management, and a senior internal auditor. The rest of the respondents were external stakeholders with vested interest in the organisation. The fourth participant is the chairperson of the Save Our SABC Coalition, an advocacy group for quality, diversity and citizen-orientated public programming. The fifth participant is an ordinary South African. The sixth participant was a former Chief Executive Officer (CEO) at the SABC, and the seventh was a former SABC board member.

In this research the number of participants was carefully chosen to include key people especially those in decision making positions within the SABC, to get information needed. The sample was extended to include participants that have worked for the SABC, and other interest groups in the society. The participants were chosen on the following basis:

- After attempts to secure an interview with a few current board members as custodians of corporate governance policies in the

organization, the availability of a former board member presented an opportunity to share his experience about the running of the institution. The SABC board of directors has been criticized for a lot of decisions and after attempting and not succeeding to find one of the current board members at the time**,** the researcher approached a former board member for an interview on how does the SABC arrive at certain decision.

- Chief Executive Officers hold a critical position in organizations. The researcher strived to include the input of the CEO, and the most convenient to get hold of was a former CEO. This particular former CEO who was at the helm of the SABC during the bailout period may give insight as one of the most crucial decision makers at the time in the organization. As the CEO he also worked closely with the board responsible for making and executing decisions.
- The chairperson of the Save Our SABC Coalition (SOS), a lobby group that is aimed at strengthening public broadcasting in South Africa to ensure quality, diversity and plurality programming a lobby group that holds the SABC to account.
- A member of the Internal Audit Department who is in a management position within the SABC to share her personal experiences and observations on how the internal oversight processes are conducted within the organization.
- The Human Resource Management division is purported to be central in the running of the organization. The department is responsible for policies, including corporate governance and recruitment policies. A senior HR staffer within the SABC is to offer insight on how the internal processes work, given the report on unqualified executives and the staff generally, according to an independent skills audit report, which was compiled by audit firm PricewaterhouseCoopers in 2013.

- A staff member in a management position responsible for day to day operations in her business unit. This is to establish whether how acquainted are managers with the corporate governance processes and practices, including policies in place such as the PFMA.
- A general member of the public is to bring the voice of an ordinary South Africa as an outsider but still a beneficiary of the broadcast output.

3.4.4 Data analysis

Qualitative data analysis is primarily about developing explanations and generalizations that are close to concrete data and contexts (Neuman, 2006). In a qualitative analysis, explanations of the data are often sensitive to context, rich in detail and tend to be capable of showing the complex processes and sequences. Unlike in quantitative research, the researcher in qualitative research is involved in the process (Bernard, 2000).

Miles, Suberman and Saldana (2014) caution that the challenge in analysing data is the risk of forcing logic, order and plausibility that constitutes theory making. In this study the researcher started by organising data accordingly to ensure that the questions asked are followed and answered according to the planned themes. Patterson (2002) suggests that before data can be analysed, the researcher must ask the following questions: Are the field notes complete? Are there any holes in the data that still need to be filled by collecting additional data before analysis? Is all the data properly labelled? And are all interview transcripts complete? The researcher, as suggested by Patterson (2002) intentionally adopted probing questions.

In analysing data, the researcher segmented and inductively coded the data that comprised the transcribed interviews, observational field notes

and written documents, in order to become familiar with the responses. This segmentation and coding assisted in the development of themes, categories and subcategories (Suter, 2006; Taylor-Powell & Renner, 2003; Thorne, 2000). This was done when reading and analysing interview transcripts, field notes, and written documents for the first time in order to identify the data in pure form (Suter, 2006). In doing this, significant comments were identified and grouped into categories and units of meaning were put into these major categories (Thomas, 2003). After applying this methodology, the researcher listed themes.
The themes identified were as follows:

- Theme One: Corporate Governance as a concept;
- Theme Two: Perceptions on the SABC as an organization
- Theme three: The effectiveness and the competency of the SABC.

Conceptualisation, the process of is the process of development and clarification of concepts was used in analysing data. In so doing the researcher was able to organise and make sense of the data. In so doing the researcher did what Neuman (2006) refers to as data categorisation in terms of themes, concepts and features. Responses with the same theme or concept were grouped together and analysed in the same manner.

3.4.5 Data validity and reliability

Reliability means dependability or consistency, while validity means truthfulness. Qualitative researchers are more interested in authenticity than in the idea of a single version of the truth. Authenticity means giving a fair, honest and balanced account of social life from the viewpoint of someone who lives it every day (Neuman, 2007).

As Neuman suggests, this research sought to achieve truthfulness by using people that mostly have first-hand experience and closer

interactions with the SABC. The research strives to achieve the expected level of reliability and validity by varying respondents' backgrounds according to their designations and roles within the SABC or as members of the public to achieve honesty and balance on the views given by the wide ranging sample of respondents. The same set of questions was given to all respondents.

Validity and reliability of data in research is of utmost importance and trustworthiness of the information collected must be guaranteed at all costs (Morse, 2002). A researcher should therefore not consider the study complete without outlining the extent to which the research is valid and reliable. According to Merriam (1998) validity generally refers to the trustworthiness of the data collected. Leedy and Ormrod (2001) however separate issues of external and internal validity. Thus external validity looks at the extent to which the results of the research study can be generalized and applied to situations beyond the study itself or to other contexts.

Preparing questions in advance was most appropriate, allowing all participants to answer similar questions except in the deviant case of the two who have not worked for the SABC. Horton, Macve and Struyven (2004) note that this approach reduces bias. It also allowed the participants to use their own words and in some cases used non-verbal communication cues like tone of voice and facial expressions.

In this study the researcher used one-on-one interviews guided by a questionnaire. This was coupled with an analysis of reports and documents to ensure validity and reliability of data through triangulation. The process of triangulation was followed, which is a technique that uses multiple independent methods like observation, documents and interviews in an attempt to arrive at the same or similar findings (McMillan and Schumacher 2001). Further, Bailey-Beckett and Turner (2009) notes that

triangulation is the application of more than one research perspective in the same study. Thus, by using multiple data collection and analysis methods, the researcher ensured that data incorporated into the study is reliable and valid. Data collected through open ended interview questions and document analysis was compared to see if there is cohesion. The researcher also ensured accuracy, consistency and credibility by recording and including the raw data collected to enhance reliability and validity of the study.

The researcher was cautious in ensuring that her knowledge of the SABC does not in any way affect the investigation and adopted a neutral attitude in the investigation to ensure that the data collected is valid, and reliable, and a true reflection of the respondents' perceptions and not the researcher's pre-existing knowledge.

3.4.6 Significance of the study

This study of corporate governance practices by the SABC and adherence thereto is significant because the findings obtained during the research process and its recommendations may be used by the organization. The study may assist in addressing the issues highlighted. In addition, because there is limited scholarly literature on the subject of corporate governance processes in the SABC, the study may contribute in expanding the body of knowledge on the subject.

3.4.7 Limitations to the study

Identifying potential limitations of a study is a very crucial aspect of any research as this gives insight on the extent to which the research findings can be used. Creswell (2003) warns that imitations of any study need to be indicated as they outline potential weaknesses of the research, giving the researcher and others an opportunity to understand the scope of the research in advance (Creswell, 2003).

The study presented a challenge because there are few records of information and limited literature on the subject undertaken in this particular study on the SABC's corporate governance practices. This caused a limitation in the triangulation technique as suggested by Merriam (1995) who says it is important to establish how corresponding are the findings with reality, and whether the findings capture what is really there.

Although the researcher did not struggle to find and secure participants for the interview process from within and outside the SABC, the researcher struggled to get hold of current senior management who form part of executive and non-executive members in the SABC. Some of the respondents have in the past held senior management positions and this may have impacted on the reliability of the information as there was no willingness demonstrated to take some of the blame for the situation within the public broadcaster.

The other challenge was that circumstances within the SABC have been constantly changing, bringing about new developments. These changes needed to be updated as they kept occuring. A few examples of these are the successive ministerial changes in the department of communications during the period of this study. The two ministers were Dina Pule, who was replaced by Yunus Carrim in 2013. After the 2014 elections Yunus Carrim was replaced by the current minister Faith Muthambi. The SABC is on its ninth CEO since this research was undertaken. In addition, more changes took place, the permanent employment of Hlaudi Motsoeneng as the COO of the SABC, and the resignation of Helen Tshabalala from her position as the chairperson of the SABC board. This was triggered by the breaking of the news that she had misrepresented her qualifications. Subsequent to that, three board members were suspended in 2015. The continuous changes demanded a constant update of information.

3.4.8 Ethical considerations

The concept of ethics refers to the body of principles and standards that guide and govern the behaviour of individuals and, or groups (Oldman, 2004). Ethics form an important part of research especially where the study involves human beings either as subjects or participants, as they ensure that the rights of the individuals involved are respected and are not infringed.

Neuman (2006) defines ethical considerations as concerns, dilemmas and conflicts that arise over the proper way of conducting research. He defines ethics as "what is not legitimate to do on the terms of what 'moral' research procedure involves". In this study participants were given a written statement that explained all the aspects of a study. They were required to formally consent to participate before the commencement of the study by signing the consent form.

Before the start of each interview session, the researcher spent some time with participants in order to establish a positive rapport and to set the participants at ease (Keats, 2000; Steward and Cash, 2008). This was done by explaining what the research is about, and explaining the interview process to the respondent enabled the researcher to reassure the participants of confidentiality and anonymity of the study (Keats, 2000; Pedroni and Pimple, 2001).

The purpose of the study was clearly explained and the process was outlined, the time needed to complete the interview explained, and how the results would be used. This included showing the participants the approval letter from Wits University for them to sign.

3.4.9 Right of participation

Before the researcher met with the seven participants, appointments were made personally or telephonically with each of them. Each appointment was made with a clear explanation of the purpose of the study, the purpose of the interview and participants were assured of confidentiality and anonymity. (Byrne, 2006). The participants in the sample were asked to set a time and date convenient to them. The researcher assured the participants they were under no obligation to answer to questions they were uncomfortable with during the course of the interview. The researcher thanked the respondents in advance for their voluntary participation.

3.4.10 Duration of interviews

Once again the researcher re-iterated the requests made earlier. Participants were then informed about the duration of the interview. In this study it was estimated that each interview would take an hour and the respondents were prepared in advance to set time aside based on their schedules. Some interview sessions took longer as the topic proved to be both interesting and important to respondents and the researcher allowed them to share, learning a lot from their insights.

3.4.11 Confidentiality and anonymity

Participants were assured confidentiality and anonymity. According to Neuman (2006) “an informed consent is a statement, usually written, that explains aspects of a study to participate and asks for their voluntary agreement to participate before the study begins. The researcher used letters of the alphabet as codes to protect the respondents’ identities. While respondents were informed about a form that guarantees confidentiality and anonymity, none of them felt it necessary to sign. The

respondents were also assured that information from the interviews will not be used for other purposes apart from this particular research without their prior consent.

3.4.12 Bias

Bias in research refers to any influence, condition or set of conditions, that singularly or together distort data (Leedy and Ormrod, 2001). It is therefore important to understand the risk of biasness the researcher imposes on the study to ensure that this is at least minimized.

The researcher works for the SABC, and that could create bias and presumptions. In her quest for achieve reliability and minimized influence on the outcomes, the researcher was determined to detach herself so as to conduct the interviews professionally and without bias. The researcher took measures to limit the possibility of natural bias likely to affect the outcome of the study (Johnson, 2008). In eliminating subjectivity and thus striving for objectivity, the researcher embraced an attitude of an outsider which, according to Hatch (2002) is an ability to suspend, distance oneself and restrain one's judgment while the interview is in progress.

3.5 SUMMARY

This chapter gives an analysis of the method followed in undertaking this study. The research followed an interpretative social science approach and the research design was qualitative. The case study approach was selected as the research design.

The researcher used a sample of seven participants. Five of the participants have worked as SABC employees, while the last two were brought in as members of the public with vested interest, including the

chairperson of the Save Our SABC Coalition, a lobby group on the matters of the SABC.

The researcher used various systematic methods to collect both primary and secondary data. For primary data, this study drew on semi-structured interviews and document analysis. Procedures and processes were followed in order to establish truthfulness, indicating the value of the study, its validity and reliability. The use of multiple sources of data collection and ethical considerations were outlined.

CHAPTER FOUR

PRESENTATION OF DATA AND FINDINGS

4.1 INTRODUCTION

This chapter presents the findings of the study. The main objective of the study is to examine whether good corporate governance practises exist in the SABC. The study has three main research questions and the presentation is done against this set of questions. This is done through extracting major themes for data presentation in the context of central research questions. These research questions are:

- What corporate governance strategies are available for consideration by the SABC as a public broadcaster to create public value, including checks and balances to ensure accountability at the SABC?
- What could be the other perceived factors that present impediments to the functioning of the SABC?
- How does the current approach to corporate governance by the SABC impact on the performance of the organization and its effectiveness?

Each question was designed to explore how the SABC approaches corporate governance in enhancing its effectiveness as an organization.

4.2 RESEARCH METHODOLOGY REVISITED

Respondents' interviews are used on a one-on-one basis with key informants. This data collection instrument was used to explore perceptions on corporate governance practises in the SABC from various people. In choosing the key informants the researcher made use of the

purposive sampling technique and informants were purposively selected on the basis of their knowledge around the phenomenon. The units of analysis interviewed on this research were seven respondents and were purposely selected to achieve balance. Three of the participants were SABC employees, one senior Human Resource Manager, one in a middle management position, and a senior Internal Auditor. The remaining four were external stakeholders with vested interest in the organisation. Further, documentary research was one of the research techniques used in this study. It was used to extract data from the documents containing information relating to the SABC corporate governance. Findings from reports are used in document analysis. An integration of the two instruments is used, presenting data from both the interviews and documents on a case by case basis. The three reports presented are:

- The Public Protector Report (2014) that investigated allegations relating to various corporate governance failures in the management of the affairs of the South African Broadcasting Corporation (SABC) by its management Board, financial mismanagement at the SABC involving the spiralling of financial expenditure.
- The Auditor General Report (2013) commissioned by Parliament's Portfolio Committee on Communications requesting the Auditor General of South Africa (AGSA) to conduct an investigation at the South African Broadcasting Corporation (SABC) on allegations made by some of former SABC board members as well as by labour unions on supply chain management issues, matters of potential fruitless and wasteful expenditure; or human resource-related matters.
- The third report was an SABC initiative outsourced to an audit firm to look at qualification authentication, executive and senior management competency, and integrity assessment and skills audit.

The method followed is thematic and content analysis in which data extracted from interviews is presented thematically and data from the documents were presented through content analysis by extracting important elements from the documents that later formed the themes.

4.3 DEMOGRAPHIC PROFILE

This section presents the demographics of the respondents who participated in the research to enable a better understanding of the study sample. The profiles of the respondents have been summarized in the following table.

For the sake of confidentiality, the researcher assigned alphabet codes to each of the participants and these were used throughout to protect the respondents' identities. In addition, the code names allow for easy flow of the discussion of the data. The sample information, together with the use of code names, has been tabulated and serves as a reference regarding the profiles of participants. The information is illustrated in Table 4.1 below.

Table 2: Profiles of the sample of participants

RESPONDENTS	DESIGNATIONS	SEX
A	Member of the public	M
B	Save Our SABC member advocacy group	F
C	SABC employee - Internal auditor	F
D	SABC employee - Manager	F
E	SABC employee - Senior Human Resource Management	M
F	Former SABC CEO	M
G	Former SABC board member	M

Source: Own, 2015

4.4 THEMATIC PRESENTATION OF FINDINGS

The presentation of the research findings has been based on the main themes that were drawn from the main research questions. The questions that were asked from the informants were expanded from the main research questions. They were designed to allow the informant to elaborate and thereby allowing them to demonstrate their understanding. Findings from the interviews are presented in the following section.

4.4.1 The Concept of the Public Broadcaster

From the inquires conducted it has been established that almost all the respondents displayed an understanding of what a public broadcaster is, that is a radio or television with services accessible to all members of the society at a minimal cost of a licence fee. Respondents agreed that the SABC is South Africa's public broadcaster. However, respondent A did not agree that the licence fee should be imposed on all members of the society. People should be allowed to select as some do not prefer to watch the SABC because of the choices at their disposal. He felt that he does not get value for his money and should not be obliged to pay. He said he would suggest the SABC conducts a study on those who still rely on its free-to-air service (A, Interview, 9 August, 2014).

Respondent F qualified his knowledge of a public broadcaster by saying it is about broadcasting to the general public who cannot afford today's technology but still need to be reached with information. It is the responsibility of the government to inform, all the people need is an electronic instrument, a radio and a television set (F, Interview, 30 August, 2014).

4.4.2 The role of a public broadcaster

On the role of the SABC as the public broadcaster it has been found that all respondents interviewed clearly understood what the role of a public broadcaster in the society is. All seven of them had a common understanding that the role of a public broadcaster is to bring information and news to the public, highlighting current issues of human interest. It also brings edu-tainment, telling educational stories while at the same time entertaining the public. They also agreed that it also allows the viewer exposure to events in different parts of the world, telling news on activities taking place throughout the country. The interviews also established that the role of the SABC as the public broadcaster helps the public to fully understand the role of the government, new projects that may bring opportunities to individuals, businesses and communities. In articulating this, Respondent A said, “The role of the public broadcaster is to be the voice of the voiceless, raising debates and allowing the public to engage and creating awareness on matters of importance” (A, Interview, 9 August, 2014). On this, Respondent C said that the public broadcaster should promote harmony and patriotism in the society (C, Interview, 27 August, 2014).

4.4.3 The concept of corporate governance

Under this theme, the purpose of the researcher was to answer this research question: What corporate governance strategies are available for consideration by the SABC to create public value including checks and balances to ensure accountability at the SABC? This helped establish the essence of the corporate governance concept in relation to the SABC. The aim was to explore whether a basic understanding of corporate governance exists or not. Information of this sort helped to reveal the degree to which the informants have a comprehensive understanding of the concept, both in its abstract and empirical forms.

4.4.3.1 Conceptualizing Corporate Governance

From the interviews conducted with respondents**,** it has been found that most of the respondents were able to comprehensibly give a view on what corporate governance entails. While some of them did not have technical knowledge of the subject, some showed a good grasp of the concept. Terms such as accountability, rules and procedures, internal processes, compliance with legal and ethical principles, and good business policies as well as issues of transparency, integrity and honesty kept recurring as the interviews proceeded.

In his explanation of the concept of corporate governance, Respondent C asserted that "good governance is the 'magic bullet' in managing risk and creating a healthy organisation. Poor management, lack of accountability, lack of effective regulation and inappropriate accounting standards have created recurring turbulence at the SABC" (C, Interview, 27 August, 2014).

4.4.3.2 SABC compliance with corporate governance

It has been ascertained from the inquiries conducted with informants that out of the seven participants, only one participant believed that the SABC is compliant with the good corporate governance standards. Respondent G, a former SABC board member, was the only participant who held the view that the SABC does comply with corporate governance. He quoted some of the measures in place such as the risk committee and various board committees that exist within the organization. He also made a very interesting point as a former board member when he insinuated that the "only problematic area with the SABC is the News Division, which has always been a point of contestation due to external demands and pressures" (G, Interview, 28 August, 2014).

Responses varied from general answers based on media reports on the SABC to specific cases. Two of the respondents, A and B, gave similar answers. Respondent A's understanding of operations in the SABC regarding corporate governance practises within the organization could not be specific but an inference on the basis of reports. He could only extrapolate that there is no compliance to the standards of good corporate governance in the organization. His response was, "Based on the negative media reports as seen on television during parliamentary sessions on financial reporting, and based on the responses and actions of the minister of communications, it is difficult to believe that the SABC complies with good corporate governance (A, Interview, 9 August, 2014).

In the case of Respondent B, her views were that the SABC subverts the principles of good corporate governance. Respondent B's response brought out specific examples that indicated her deeper understanding of the issues. Her views were that: "Sadly, the institution does not adhere to good corporate governance procedures. There have been many cases of illegal and irregular appointments within the SABC. The latest case in point is the permanent appointment of the Chief Operating Officer, Hlaudi Motsoeneng. His appointment was an example of the flouting of good corporate governance. Before the decision was made, Minister Muthambi suggested that the board should meet to deliberate on the matter. Most members of the board took a decision to appoint Mr Motsoeneng. The minister ratified the decision going against the Articles of Association and failed to follow the correct human resource processes on appointments, (which include advertising positions, shortlisting and interviews). The matter has been referred to the Public Protector, while the DA has taken it to court.

Respondent B added that Gwede Mantashe from the ANC has also voiced his disapproval of the procedures followed. In addition, The SOS Coalition has also called for Mr Motsoeneng to step down and for the appointment

process to be re-opened. The Coalition has called for the minister to play no role in the appointment. It stated that it is inappropriate for the minister to play a role in appointments since the SABC is officially a public, not a state broadcaster" (B, Interview, 19 August, 2014).

This has been affirmed by key Respondent F who argued that the current crop of leadership is to be blamed for the state of the SABC. He stated that during his tenure he never bowed to political pressure. (F, Interview, 30 August, 2014).

Ette (2015) sums up the situation as a conflict arising from differing interests of the parties involved. He says the principal question essentially is how to effectively tie the parties, given the conflicting interests, to the explicit and implicit terms of their contract. He argues that such ethics does not simply apply norms out of a catalogue, but is also concerned about how to deal with conflicting values and interests.

Heriot (2014) establishes that public broadcasters all over the world often have difficult relationships with governments. He asserts that a key message regarding corporate governance structures and processes is that accountability is the price of independence. In other words, if a public broadcaster is to perform its role responsibly, it must be prepared to meet the highest standards of public accountability.

Lack of accountability and lack of good corporate governance in the entire SABC organization have been further corroborated by the data drawn from documents. The independent audit report by PricewaterhouseCoopers in 2013 observed how good corporate governance principles were subverted by the strategic apex of the SABC in favour of their personal gains. The report made reference to the issue of the scarcity of critical skills in the entire SABC board. It has been established from the PricewaterhouseCoopers (2013) independent audit report that (1) 60% of

the executive and senior managers at SABC do not meet the minimum strategic thinking skills expected from the executives, (2) 56% were unable to demonstrate adequate levels in decision making and problem solving, and (3) an insignificant 15% of the entire SABC executive managed to show marginal competence in problem solving and strategic thinking.

Furthermore, the Auditor General's Investigation Report (2009) on the SABC quoted how the principles of good corporate governance are being side-lined in the day to day running of the institution. This report made reference to the absence of skilled and knowledgeable personnel, poor quality reporting and poor leadership oversight as ffruitless**,** wasteful and irregular expenditure. This assertion was further re-inforced by an independent audit report conducted by PricewaterhouseCoopers (2013) which revealed that 24 (1%) of the SABC employees had fraudulent or non-compliant senior certificate and Grade 10. Secondly, 2252 (62%) of the SABC employee files had no proof of a senior certificate on file, thirdly, 24 (1%) employees had non-related qualification on file, for example a finance administrator would be seen in possession of a diploma in beauty and health on file, and fourthly, 124 (36%) employees seemed to be ghost workers since they could not be traced or found in the central hub.

4.4.3.3 SABC corporate governance, policies and instruments

This question was specific and needed informed responses than general. Thus, because of its nature Respondents A and B were unable to answer this question because of the lack of understanding of the internal processes within the SABC. The rest of the respondents were able to answer because of their exposure to its activities as current or former SABC employees. Different employees at different levels of the organization displayed their understanding based on their levels of operation.

Respondent D, who holds a junior management position in the SABC guaranteed that there are provisions placed to assist with day to day financial operations at her disposal. She went on to give examples mentioning different instruments such as the Declaration of Interest document, the Delegation of Duty, the Code of Conduct and the Public Fund Management Act (D, Interview, 9 August, 2014).

This view was echoed by Respondent F. He mentioned some of the policy instruments which were introduced during his tenure as the SABC CEO. These documents are the Broadcasting Act of 1999, Cluster of the Corporate Governance Instruments, **I**CASA Act, Shareholder Impact, and Delegation of Authority Framework. He further explained that these documents are very clear and are self-explanatory. For example, the DOA Framework explains clearly who plays what role in terms of responsibilities, eliminating confusion and overlaps (F, Interview, 30 August, 2014).

The report of the Public Protector (2014) states that corporate governance at the SABC is mainly is regulated by the SABC Board Charter. The Charter regulates the parameters within which the Board should operate and it is to ensure the application of the principles of good corporate governance in all dealings by the SABC and the board of directors, in respect of, and on behalf of the broadcaster. The Public Protector learned that the corporate governance structures at the SABC were dysfunctional. It was revealed that Ms Francois, an internal auditor who was once suspended and later reinstated, revealed that she had suggested that an external company be outsourced to review the SABC Corporate Governance practices. SizweNtsaluba-Gobodo Auditors was subsequently appointed. SNG thereafter issued a draft report revealing that certain committee dynamics were dysfunctional and due for reviewing consideration by management. Mr Motsoeneng did not allow the outcomes of the report to be released as it implicated some of the board members.

4.4.3.4 Corporate governance monitoring tools

In response to whether the SABC does have corporate governance tools in place to monitor adherence to policies, Respondent C answered that the organisation is divided into different clusters. These are the risk and governance cluster, the secretariat, the legal department, and the regulatory cluster. The risk and governance cluster looks at compliance, playing the role of monitoring and evaluation. Another respondent, who is an internal auditor, placed more emphasis on the PFMA. The respondent went on to say that adherence to the PFMA is critical, because this act states clearly how public funds should be used. The act lays out the responsibilities of the officers, for example the powers of the minister who is the executive authority, the board of directors who are an accounting authority, and the Group Chief Executive who is an accounting officer. She said that the PFMA has a provisioning system, and is very specific on matters regarding procurement (C, Interview, 27 August, 2014).

She added that cost centre allocations are one form of tracing expenditure for business unit as cost centres are allocated under a manager, giving powers to managers to sign off their departments' expenditures and can be tracked back to the cost centre owners (D, Interview, 19 August, 2014). Respondent F, a former SABC Chief Executive Officer mentioned a list of acts, policies and instruments used by the organisation that were introduced during his tenure. For instance, the Broadcasting Act of 1999, the Cluster of the Corporate Governance Instruments, ICASA Act, the PFMA, the Shareholder Impact and the Delegation of Authority Framework (F, Interview, 30 August, 2014).

The report of the Public Protector (2014) made reference to PFMA as one of the instruments by which the SABC as a public entity is regulated. In her report she clarified that the main objective of the PFMA is to regulate the financial management of national or provincial governments and public

entities. This is to ensure that they utilize their resources efficiently and effectively.

4.4.4 The SABC and compliance

The concept of compliance was brought as the next question in the natural progression of issues. It would have been illogical to expect compliance without first establishing the policies and instruments available to the SABC. This stage of the interview investigates the respondents' perception on the implementation of the instrument at the SABC's disposal.

4.4.4.1 Perceptions of compliance

Interviews conducted with respondents showed that all respondents understood the value of complying, they asserted that complying with policies is the ideal way of approaching good governance. Respondent A questioned "What is the point of having all those policies and rules if they are not observed" (A, Interview, 9 August, 2014).

Respondent D, an HR personnel and a custodian of policies confirmed that "a disciplinary code that serves as a framework does exist in the organization, but at the moment the code is not clearly drafted" (D, Interview, 12 August, 2014).

In a separate interview, Respondent C concurred with the view given by Respondent D. She pointed out that the SABC does not have a structured punitive approach to dealing with non-compliance. Disciplinary measures in place are meant to deal more with cases of fraudulent activities, and not all forms of non-compliance amount to fraud. She added that the internal audit department has recommended a corrective action that focuses on the specific act than using an umbrella kind of a solution, since some actions emanate from ignorance (C, Interview, 27 August, 2014).

According to Respondent C disciplinary policies are old and currently under revision. New sets of disciplinary policies need to be in place for the systems to work effectively. She added that according to roles the audit committee can only investigate and recommend, but the decision lies with the management and the employee liaison department to act on the recommendations (C, Interview, 27 August, 2014).

Similar with Respondent C's answer on monitoring systems, The Auditor General (2014) found that oversight by the leadership of petrol card expenditure is also lacking partly due to the non-availability of quality management information. Monitoring by the Finance Department takes place on an *ad hoc* basis and structured management information on individual actual costs is not generated routinely.

The Auditor General also found that suspensions of employees at the SABC are not investigated in detail. It was noted that on average, employees were on suspension for longer than 10 months. In two instances employees were on suspension for 39 months. He cautioned this creates an environment where management and those responsible for oversight are perceived as being indecisive and contributes to an organizational culture of impunity.

4.4.4.2 Examples of action against non-compliance

It was difficult to extract a direct response from respondents as it appeared that there were not many examples in dealing with the failure to comply with policy at the SABC. Six of the respondents shared the same opinion, that the organisation has not demonstrated decisive leadership in dealing with non-compliance. Respondent A, talking from the position of an ordinary South African citizen said because he is not from within the organization he does not have examples, but judging from the reports on

the SABC it appears as if the SABC rewards non-compliance. He made an example of cases where there has been non-compliance but instead of instituting charges against the transgressors, they were allowed to resign and leave, some with golden handshakes (A, Interview, 9 August, 2014).

From a point of view of a former CEO, Respondent F said the most extreme and final sanction is to fire the transgressor. The challenge is that most transgressors decide to resign after being charged internally. That cancels every other internal action that could be taken against the person. The only avenue left as a recourse would be to institute a civil case (F, Interview, 30 August, 2014).

One of the respondents commented that it is impossible to tell from the outside how people are held accountable because from the media and parliamentary reports on the SABC it appears as if accountability is not prioritized. Using the case of Hlaudi Motsoeneng, Respondent B's view was that "it appears that fraudulent behavior such as lying about qualifications is not only tolerated but in fact rewarded", mentioning the fact that Motsoeneng has since been appointed by the board to the permanent position of COO. The respondent also pointed out that former Chairperson of the Board Ellen Tshabalala, was accused of misrepresenting her qualifications to parliament when she applied for the position (B, Interview, 19 August, 2014). She has since resigned from her position. This has been confirmed by the two of the reports presented, namely the Auditor General of South Africa, (AG Report, 012) and the PricewaterhouseCoopers (2014) independent audit report which found lack of skilled personnel in strategic positions.

Respondent E gave examples of reports that are the findings of the investigations on the SABC saying, "the Report of the Auditor General, the PwC Report, and Public Protector Report indicate that a culture of accountability does not thrive at the SABC because the SABC acts in ad

hoc and unaccountable ways" (E, Interview, 20 August, 2014). On non-compliance Respondent E cited the case of Hlaudi Motsoeneng, the current SABC COO who has been employed permanently without the SABC advertising the position as an example of unchallenged non-compliance. He revealed that one of the internal workers' unions had raised an objection but there were no consequences (E, Interview, 20 August, 2014).

The findings of the Public Protector Report (2014) held a similar view with the views of Respondent B and Respondents and E. The findings of the Public Protector stated that the SABC appears to have tailor-made the requirements for its second-most senior position to suit an applicant who failed matric, falsified his qualifications, enjoys the protection of SABC board Chairperson Ben Ngubane and is loyal to the current presidential incumbent. This constituted maladministration and misconduct by the board chair (Public Protector, 2014).

Respondent C could not give an example of a case of non-compliance that has been acted upon because there is no clear disciplinary code. According to her, procurement of services has not been transparent. She said a staff member would not be found out if no money was found to have exchanged hands. She made an example of a sales person who, in exercising their discretion would give a discount without authorisation. In that case it would be difficult to tell whether this is in the interest of the company or for personal benefit. The SABC may receive ten television sets from a dealer in exchange for advertisements. Because there is no contract in place, there is no monitoring of how much airtime and the value received by the dealer in exchange. She complained about the current procurement process. Awarding of tenders is not functioning properly, but a team has been formed to look into the loop holes (C, Interview, 20 August, 2014).

Respondent G, cited the situation of a former chairperson of the board during his term of office as a board member. He claims the chairperson at the time acted with impunity building a fence around her own residence, and hired cars without consulting the designated internal structures. The respondent claims that he wrote his chairperson an open letter, and eventually the chairperson was removed due to these and other transgressions (G, Interview, 28 August, 2014).

Forms of dealing with non-compliance were brought under the spotlight when the Public Protector asked what actions were being taken by the organization against management who recklessly instituted disciplinary proceedings against several staff members whose services were either suspended or terminated. According to the SABC, most of their disciplinary proceedings went before the Commission for Conciliation, Mediation and Arbitration (CCMA) for pre-dismissal arbitration and/or final dispute resolution. Most of the personnel who approached the CCMA have won their cases and the SABC has been forced to either reinstate them or pay them out exorbitant amounts in settlements (Public Protector, 2014).

In a separate report on non-compliance, part of the scope of the Auditor General (2014) included investigations related to Supply Chain Management. He found that deficiencies are predominantly due to non-adherence to policies, directives and delegated authority by senior management of the SABC. These findings therefore point to inadequate monitoring and oversight by the leadership of the SABC and the creation of an environment where the “tone at the top” is not appropriate, which in turn seems to have created a culture where management is not focused on public accountability or acting in the best interest of the SABC. The deficiency is further amplified by a number of instances where the internal audit function and/or the audit committee have brought to the attention of leadership serious concerns, which were not acted upon timeously and decisively.

4.4.5 Leadership perceptions

The researcher investigated perceptions on SABC leadership with the view that corporate governance policies, monitoring, and the implementation of disciplinary measures are linked to the actions taken by leadership as the responsibility to act lies with managers and leadership within organizations.

4.4.5.1 SABC Management

All of the respondents held the same view that the frequent change of CEO's and board members is a reflection on the state of leadership. Respondent B pointed out that this crisis revolves around the same issue of failed governance. (B, Interview, 19 August, 2014). Of the seven respondents, five of them linked the situation to politics and the government. Responded A blamed "political deployments that want to run the SABC from Luthuli House instead of doing good for the benefit of the public" (A, Interview, 9 August, 2014).

Respondent F observed that skills and leadership qualities have been set aside and the appointment of people with connections in high places has become a norm. That has compromised leadership because each CEO is tasked with working on a strategy, and before they get the opportunity to fully implement it they vacate their positions for one reason or another. That has also added to the existing financial strain for the company, adding to fruitless expenditure as strategies come at a cost (F, Interview, 30 August, 2014). The views of respondent G seem to concur with the findings of the two of the reports presented, namely the Auditor General of South Africa, (AG Report, 2012) and the PricewaterhouseCoopers (2014). The reports found lack of skilled personnel in strategic positions.

The Auditor General (2014) picked up on the issue of unchallenged leadership. His investigation found the SABC leadership at the forefront of reckless use funds in the organization. Excessive petrol cards expenditure was incurred by some employees at top and senior management levels and the funds were never recovered.

In a similar manner, the Public Protector Report (2014) found that HR records irrefutably show that Ms Duda's appointment, a former SABC Chief Financial Officer followed an extraordinary process, involving gross deviation from corporate processes and established recruitment and selection norms. The PB also noted the strong indication that the recruitment and appointment of Ms Duda was preceded by lobbying and discussions outside the recruitment process. Official records show that Ms Duda did not apply for the position of CFO in the normal course as required by the SABC recruitment policy. Instead, her CV was sent to the Department of Communications, ensuring that it reached the SABC, through Mr Motsoeneng (Public Protector, 2014).

Having been exposed to board membership, Respondent G said the situation is a reflection of instability and has resulted in even further uncertainty as it is not an easy situation to fix. He attributed the problems of the SABC to its strategic positioning as an important institution with all kinds of vested interests including government and commercial interests (G, Interview, 28 August, 2014).

The PricewaterhouseCoopers Report (2014) revealed a critical aspect of trust. The report's findings were that staff respondents stated they "do not trust the management team or the SABC board and question their credibility".

Regarding Former Minister of Communications Dina Pule, the Public Protector (2014) found that she unduly interfered in the affairs of the SABC, giving unlawful orders to the SABC Board and staff. She acted

improperly in the handling of her role as the shareholder representative in the SABC and Executing Authority. Amongst her most glaring transgressions was the manner in which she rejected the recommendation made by the Board for the appointment of the CFO and the orchestrated inclusion of Ms Duda's CV (SA Public Protector, 2014).

The report of the Public Protector (2014) concluded that all her findings are symptomatic of pathological corporate governance deficiencies at the SABC, including failure by the SABC Board to provide strategic oversight to the National Broadcaster as provided for in the SABC Board Charter and King III Report.

4.4.5.2 Organisational instability

All of the seven respondents submitted that there is a relationship between the calibre of leadership and the organization's performance. Respondent C pointed out that instability in leadership trickles down and inevitably affects all levels in an organisation. It results in weak morale and some people decide to leave resulting in skills drainage. She was certain that as long as the situation remains, the organisation will never experience stability (D, Interview, 12 August, 2014).

However, this view was contrasted by Respondent C who reasoned that the question of whether the organization is stable or not is a tricky one**.** Her observation was that if the measure used is the bottom line, the organisation is not doing badly. According to her, while instability is experienced at every level within the organization, it has not negatively affected the SABC. On the other hand, if the concerns are aspects such as audience ratings, public perceptions, audit findings, workforce perceptions, organisational culture and organizational development, that is when it becomes a matter of concern (C, Interview, 27 August, 2014).

Respondent E raised an HR perspective as one way that would indirectly encourage organizational stability. In his view the absence of a performance management policy is failing both the organisation and the staff. “Employees thrive under decisive leadership, a clear directive and an orderly environment. Currently there are no performance targets to meet the bottom line, failing to encourage excellence. (E, Interview, 20 August, 2014).

Respondents who took part in the interviews as SABC employees seemed to be concerned about staff morale. This challenge was also mentioned by Respondent E who said that low staff morale had led to underperformance of staff. The SABC has experienced three to four years of financial instability, and the level of confidence has dropped. (E, Interview, 20 August, 2014).

Furthermore, the question of financial instability also appears in the findings of the Public Protector Report (2014). She noted that her team also established that indeed several former employees were paid substantial amounts of money as labour dispute settlement against the SABC and in some instances severance packages, thereby causing the national broadcaster to incur unnecessary and avoidable costs.

Respondent B’s input linked the instability at the leadership level directly to the major financial crisis suffered by the SABC in the years 2008 and 2009. “The board and management were at such loggerheads that the finances went unchecked and unmonitored. The consequences were distressing, and the independent production industry was brought to its knees. The SABC produced less local content programming and relied more heavily on re-runs and repeats” (B, Interview, 19 August, 2014).

This view was shared by Respondent C, who said leadership challenges have placed unnecessary pressure on the finances of the organization,

resulting in the organization borrowing money and receiving a R1.4 billion government bail-out (C, Interview, 27 August, 2014).

4.4.5.3 Suggestions towards organizational efficiency

Respondents were asked for their suggestions to the SABC of what needs to happen to change the situation and enhance efficiency. Respondent F said the SABC has a good financial framework in place, including different measures of checks and balances. She was upfront in her view that compliance is the organization's challenge. "The report of the AG articulates the situation very well. It highlights compliance with good governance as a challenge and recommended what needs to be done. It would be sensible for the SABC to incorporate the suggested recommendation from the two reports (F, Interview, 30 August, 2014).

Respondent B suggested that the SABC has to operate within the confines of the law by ensuring that sound human resource policies in line with the recommendations of the PwC report and the Public Protector's report are put in place. They would have to reverse the illegal appointment of Motsoeneng and to follow the correct processes. Appointments of experienced and competent group executive members should follow a professional process without the interference of the minister. The new CFO would have to immediately put sound financial systems in place in line with the recommendations of the AG for the new CEO to produce a new vision for the SABC including a vision for programming in the digital age (B, Interview, 19 August, 2014).

The PricewaterhouseCoopers (2014) skills audit report found authentication of qualifications difficult to prove. Sixty-two percent of the employees file had no proof of senior certificate qualification on their files. In addition, 24 percent had fraudulent or non-compliant senior certificates. Respondent A suggested that the organisation should employ people with

business acumen, the right skills and background**.** The type of leadership that will implement strategies and bring the organization to profitability (A, Interview, 9 August, 2014).

Five respondents explicated that until the government refrains from imposing itself upon the SABC it will be difficult to efficiently run the corporation. Both respondents A and B suggested the eradication of the cadre-deployee system and said this has crippled many government institutions because the deployees are there to safeguard the interests of their political principals (A, Interview, 9 August, 2014; B, Interview, 19 August, 2014).

Respondent B substantiated her argument by saying “The SABC claims to have an editorial code in place but its practicality is always questionable. Just in 2014, two separate cases of interference were reported in the media, first about Hlaudi Motsoeneng, who was the acting COO at the time. Accusations of Hlaudi interfering with the editorial code emerged in the Mail and Guardian. He was accused of insisting on reading the scripts of the journalists. His defense was that he needs to monitor objectivity in the stories reported on. On another occasion, Zandile Tshabalala, who was the chairman of the board of directors gave warnings to staff members to stop writing negatively about the government” (B, Interview, 19 August, 2014).

Regarding staff appointments, the Public Protector Report (2014) recommended that all the SABC’s HR processes pertaining to the creation of new posts, appointments and salary scales and progressions be reviewed to avoid a recurrence of what happened in the past.
Specific recommendations were made by the Auditor General (2013) to consider disciplinary action against individuals still employed by the SABC, consider legal proceedings against individuals who have exited the SABC,

reform certain policies, practices and schemes, and **a** further review of specific potential irregular expenditure and to take action accordingly.

4.5 SUMMARY OF FINDINGS

This section covers the presentation of findings from the two instruments that were used, open ended interviews conducted by the researcher on a sample of seven respondents, and document analysis. The interviews were designed to explore corporate governance practices at the SABC, focusing on the five-year period between the years 2008 and 2013. Document analysis was conducted on the existing report findings on the SABC. The analysis of data is structured according to the themes. It integrated both the interviews and document analysis.

From the interviews, the concept of corporate governance and its role in the corporation came out very clearly. None of the respondents refuted the importance of having a solid set of corporate governance procedures to govern operations with the organization. Some respondents highlighted that policies may exist on paper but it is the implementation of those policies that will achieve the desired results in the organization.

Six respondents out of seven were not convinced that the SABC complied with the instruments and policies at its disposal. This was confirmed by the inability to bring valid examples of people that have been successfully brought to book for deviant behaviour. Lack of strong and effective management was linked to the current behaviour and some of the respondents discouraged cadre deployment finding it as the basis for the suffering within the SABC.

The study also sourced interviews for suggestions from respondents on how to assist the organisation to get back to its feet and be sustainable. The interview findings were integrated with the report findings and they will

be discussed further in the analysis process. Some of the recommendations from interviews included a determination to be made by the SABC in following strict HR processes in employing staff, compliance with corporate governance and creating boundaries in its relations with the government. Some of the recommendations from document analysis came in a form of remedial action to be followed, such as suggesting punitive action against offenders and instituting formal court proceedings against those that have exited the SABC, among other recommendations.

CHAPTER FIVE

DATA ANALYSIS

5.1 INTRODUCTION

This chapter looks at the interpretation and analysis of the findings as presented in chapter four. Data is analysed in line with the perspectives provided by the literature review, aligning the collected data to the research objectives. The researcher seeks to translate the findings from the study into meaningful information that aims to answer the main research questions. According to Mouton (2001), data analysis refers to breaking the subject or topic into parts for individual study and evaluating the relationship thereof. Further, data analysis can be looked at as a process of studying the data, organizing it and categorizing it as necessary in order to address the main purpose of the study (Leedy and Ormrod, 2001).

Data analysis actually requires the researcher as the principal element of the process, to make sense of what the collected data says about the issue being studied. Miles *et al.* (2014) caution that the challenge in analysing data is the risk of forcing logic, order and plausibility that constitutes theory making. In order to avoid this risk, the researcher sifts relevant information from the data collected, identifies significant patterns and groups them into themes and categories that aim to provide meaning to the respondents' perceptions on the relevant topic.

5.2 DISCUSSION OF RESULTS

The following sections analyse the findings of the research categorised into three main research questions. Under each theme, data is further analysed and discussed in line with sub-categories that provide detailed

analysis of the information. The first section however, discusses issues relating to the demographic profile of the respondents to provide an understanding of the composition of the study sample and its characteristics.

5.2.1 Public broadcaster and its role

This section relates to the participants understanding of what a public broadcaster is all about and their expectation thereof. Data collected from the interviews shows that most of the respondents displayed an understanding of the role of the public broadcaster and its responsibility to the South African public. All the respondents demonstrated some understanding of the role of a public broadcaster**,** that is: to bring information and news to the public, affording the society a platform for public participation. One of the participants stated her expectations of what the public broadcaster should represent, emphasizing the importance of public service as a critical requirements needed for the SABC to perceptibly demonstrate its commitment to serving the people of South Africa.

The views of the respondents are captured by Larsen (2014), who says that public service broadcasters have been one of the most important cultural institutions in the second half of the 20th century. They have always informed, educated and entertained the public, providing the audience with a common set of references that gather the nation around programmes and events on radio and TV. It is imperative that the public broadcaster assists in creating, maintaining and communicating important values in society, and in creating and maintaining a national culture. Furthermore,

the mandate of the SABC is defined in the Charter (2009) of the corporation which is included in the Broadcasting Act as amended in 2002

and 2009. The Charter establishes that the South African broadcasting system is owned and controlled by South Africans. The national government as the major shareholder represented by the minister is tasked with the responsibility of delivering the constitutional mandate of the organisation. As asserted by Syverstsen (see section 2.3.2.3), it is essential for the SABC to function as a public utility 'in the service of the public sphere', and ensure that all members of society have access to the information and knowledge they need in order to perform their civic duties.

In concurrence with the SABC Charter, Masuku (2011) on Zimbabwe Broadcasting asserts that public broadcasting should mobilise the public for national development through formal and non-formal education. It should be the duty of this service to be the carrier of information between the national leaders and the masses they lead. Radio and television should play the role that was played by our grandparents, the role of story-telling in the evenings while waiting for supper.

One of the issues that came out of the study is that in some instances the SABC does not play its expected role of informing the public, causing them to depend on other means of information resources. Had it not been for other media platforms, they would be deprived of objectivity in the news especially on matters relating to government. The organisation is perceived as showing inclinations towards the government in its editorial reporting style. Most respondents disapprove of its approach to news and have decided to use other media for news updates. Haenlein (2010) confirms this**,** and maintains that the emerging wave of technological devices has transformed the way people consume content. Diversity of media platforms has exposed users to options allowing them to interpret, manipulate, critique, and make sense of the world without depending on public broadcasters.

Overall, informed by the findings the study revealed that the SABC is renegading on its public broadcaster responsibility as enunciated in the constitution and **in** the Broadcasting Act. As seen in the literature review, most public broadcasters tend to act as state broadcasters than public broadcasters. McCauley (2003) asserts that this phenomenon is not only unique to South Africa. The notion of public interest brings to the fore the vital role that PB should play in developing an original, distinctive, and independent service aimed at encouraging civic engagement.

5.2.2 Understanding of corporate governance

The findings indicated a general understanding of corporate governance as a concept by all respondents. Some of the respondents displayed a deep understanding of what is entailed in corporate governance than others. All respondents understood corporate governance to generally include a commitment and adherence to good practises that are about creating a climate for continued success. They understand it to signify an environment that should be driven by good decision-making people. It is about doing the right thing in every business situation by using good judgment and respecting the processes.

Nonetheless, Cain *et al.* (2016) says that much literature on the creation of corporate governance is premised on a contractarian model of the company, according to which governance mechanisms reflect the terms of a bargain struck between managers and shareholders, thus suggesting what matters most is the agreement reached by the parties concerned.

All respondents stressed the value of investing in good decision-making personnel when appointing people at strategic and critical positions. This is in line with the King III report. The application of the corporate governance framework ensures accountability, fairness and transparency in the relationship between the Board of Directors of the organisation and

its stakeholders (World Bank, 2008). The study interprets this to mean that compliance with legal and ethical obligations is the responsibility of every employee, safeguarding against potential violations of corporate governance.

Hagel (2015) confirms that the demand for compliance by consumers and stakeholders has moved up the corporate list across the world. In addition, the risk to reputation and potential damage if evidence of unethical practices is discovered has increased with the advent of social media making it a bigger focus by reporting on institutional conduct. Van Wyk (1999) concurs that the breaking out of scandals attracts attention to investigate the reasons, and it is in these instances that a correlation is made between success and good governance practises, and between failure and bad governance practises.

As mentioned in section two if this paper, Patel (2013) quotes Ben Turok, a retired ANC member of parliament who, while still in office asserted that state-owned enterprises must ask themselves whether their role is to assist the private sector or the general public. Turok believes that state-owned enterprises need to be driven by clear developmental goals. Proper accountability for parastatals means being accountable for the management of public money and for the performance of the organisation in relation to clearly defined objectives.

5.2.3 SABC Corporate governance compliance

Data shows that out of the seven respondents only one respondent holds the view that the SABC respects its reporting code of governance. Despite the public outcry, media reports and the formal reports by the two Chapter 9 institutions, the participant refuted any wrong doing in the operations of the SABC. He believes that the existence of corporate governance policies automatically implies compliance. In his view his term of office did not

experience corporate governance challenge but government interference. His stance is in contrast with the actual events that took place during the term of his office, observing that at the time of his directorship there were practises that not only constituted wasteful expenditure but also failure to act. One such example is the case of content material that was bought from overseas costing the SABC close to a billion. The material expired before it was used and there was no sanction applied to the person liable, instead the person just resigned.

This situation may be viewed in line with Lusthaus, *et al.* (2002)'s observation, that public sector managers are subjected to lesser rigid controls and tend to satisfy their interests at the expense of the organisational goals. This comes at a price as lack of commitment to corporate governance compromises organizations.

This view concurs with King III Report (2009) who propagates that companies should adopt the "apply or explain" approach. In situations where the board of directors or those charged with governance decide not to apply a specific principle or recommendation, it is necessary to explain why that person deviated from the principle. All entities should apply both the principles dictated by the code of best practices.

The study, informed both by interviews and document analysis revealed systemic corporate governance deficiencies within the SABC. Respondents' perceptions on whether the SABC complies with corporate governance came across as unconvinced. All six of the seven respondents based on their experiences and observed neglect of compliance in the SABC operations.

Participants working for the SABC we unable to offer insight on non-compliance in the organization and confirmed that there is no clear disciplinary code. The audit department is said to be currently working on

amending the existing set of rules to accommodate different offences and the corresponding punitive measures. Only one respondent disputed the existence of the culture of non-compliance. He solely blamed political influence as a source of all the problems in the SABC. His assertions seem to take responsibility away from the managers and thus vindicating them of any wrong doing.

Findings suggest that wasteful expenditure as expressed by the communications portfolio committee on the annual parliamentary reports tabled before the team (SABC, 2013). The committee unambiguously said financial mismanagement forms a great part of the organization's problems. This finding is supported by the report of the Public Protector (2014) who noted that due to poor judgment the SABC has wasted a lot of money on unjustifiable staff salaries and exit packages to employees who leave the organization after winning disputes against management. The Auditor General (2013) also found that on average, employees were on suspension for longer than ten months, and in two instances employees who were suspended for thirty-nine months on full salary. His observation was that this situation is not only wasteful but creates an environment where management and those responsible for oversight are perceived as being indecisive and this perception contributes to the culture of impunity in the organization (Auditor General, 2013).

Beckstead (2012) provides information and insight on the inherent relationship between good corporate governance and management. He points out that, when using other people's money, corporate governance and internal controls become more important. The ability to attract a quality board of directors and investors will depend on corporate governance and internal controls. This is not just a stock exchange requirement, it permeates through profit and non-profit organizations (Beckstead, 2012).

Most respondents suggested that the organisation should employ people with business acumen, the right skills and background, the type of leadership that will implement strategies and bring the organization to profitability. (A, Interview, 9 August, 2014). The findings of PricewaterhouseCoopers (2014) on skills qualified this view. The audit report found authentication of qualifications difficult to prove. Sixty-two percent of the employees' files had no proof of senior certificate qualification on their files. In addition, 24 percent had fraudulent or non-compliant senior certificates.

Zalata and Roberts (2016) state that the value of a strong board and audit committees arises from functional systems in place and constitute a form of monitoring, curbing opportunistic managerial behaviour, and therefore reducing risk. This is contrary to the findings of the Auditor General that divulged management failure in protecting the organization against financial abuse by those in power, one such example was the failure to act on abuse of petrol cards by senior management, finding the board wanton in exercising their fiduciary duties as expected from those entrusted with public funds.

The leaning of the study is that failure to adhere to good principles as determined by corporate governance standards is linked to the financial challenges in the organization.

5.2.4 Leadership

The findings revealed that the rest of the board members including the CEO felt inadequate and were unable to act as COO Motsoeneng seemed to be driving all the processes, supported by Dr Ngubane who was the chairperson at the time. The report of the Pubic Protector made findings on instances where even Ms Lulama Mokhobo, former CEO seemed to be under pressure from Mr Motsoeneng as revealed by the report.

Kharan forthrightly (2012) declares that the relationship between CEO and boards is yet to find the equilibrium. He insists on the importance of boards not to become actively involved in the running of the organization, but still be able to keep an eye in playing its role. While the board seemed to be under pressure from senior executive managers and the minister as revealed by the Public Protector (2014), the Auditor General (2014) did not spare them. He asserted that the primary responsibility for the prevention and detection of fraud and error rests with both those charged with governance and the management of an entity. Management, with the oversight of the board needs not only to set a proper tone, but to also create and maintain a culture of honesty and high ethics to prevent and detect fraud and error within the entity.

The findings indicated that the instability has resulted in constant change of leadership which has in turn brought even more instability. The situation needs urgent attention. Most respondents are of the view that the organization has to first acknowledge that there is drastic intervention needed, especially from the minister representing the major shareholder in the organisation. The study portrays a case of a ship that continues to float adrift instead of staying on course.

5.2.5 Suggestions to improve performance

This section analyses suggestions by the respondents on how to turn the organization around for its success. In addition to the views of the respondents, the study invokes the recommendation of the documents used in document analysis by the Public Protector, the Auditor General and PriceWaterhouseCoopers. Firstly, the respondents suggested that proper reporting standards be followed to avoid a culture that undermines the existing corporate governance policies. Both the interviews and documents concur that failure to enforce accountability and implement sanctions when necessary has not yielded the desirable outcomes.

Secondly, the AG's Report (2013) suggested an effective code of corporate governance that is not flexible to the haphazard bending of rules to be implemented. This can be linked to the suggestion made by some of the respondents on the establishment of a formidable code of conduct to deal with non-compliance in the SABC in establishing authority and accountability in the organization. In the same vein, the Auditor General recommended that the organisation seek to improve the quality of management of information and structured reporting systems that drive proper continuous monitoring. He also suggested that effectiveness of governance be strengthened. This view is in line with Ette (2015) who propagates for responsible controls as a crucial element in making an organization more responsible.

Two of the respondents recommended that the organization should do a self-introspection. Management must first be willing to accept that there is a problem that needs to be addressed. As Lewin's theory (2007) suggests, Organisations must identify the need to identify challenges and develop strategy that will take the organisation forward before it hits inertia. Companies need to make use organisational tools such as the SWOT analysis to assist in pointing out what are the strengths of the organization, its weaknesses, opportunities and its threats.

From the recommendations it also emerged that building the capacity of leadership is one area that could benefit the SABC. The success of the organization depends on the success of the management. It takes those at the top to set the correct tone and lead by example towards the promotion of ethical conduct, to address issues of non-compliance decisively.

Capacity will include developing skills needed by the organization. The Harvard Business Review on Corporate Governance (2000) reveals that

companies need board members with skills and background knowledge related to the mission of the particular corporation.

The Public Protector recommended that Hlaudi Motsoeneng be suspended and for the organization to commence a disciplinary hearing on his conduct. She also suggested that the SABC recover all the money paid to him as a salary.

5.3 SUMMARY

This section analyses data collected from the study regarding Corporate Governance Practises in the SABC. The discussion was based on three main themes which were further divided into sub-categories to allow data from the interviews and document analysis to deal with different aspects of corporate governance and compliance thereto by the SABC.

From this analysis, it is apparent that failure to act promptly and decisively on misconduct by management, fear to act against some executive and non-executive members has resulted in management dysfunctionality. Poor decision making that goes unchallenged, drawn out labour disputes with most personnel winning CCMA cases resulting in the SABC being forced to either reinstate or pay the employees out for the remainder of the term has immensely contributed in the financial crisis experienced by the institution.

Another issue highlighted is that non-compliance with employment policies has created a huge skills deficiency. This situation has been compounded by the meddling of the minister and senior management where appointments are made at the whim of those in power. This deprives the organization of potential suitable candidates, contributing to the problem of a skewed pool of skills than what is needed by the organization. Further, more than 50 percent of the personnel are unqualified. This is dues to

poor record keeping standards, making it difficult to trace important information about staff qualifications.

Overall, when all contestations are taken into consideration, both interviews and documents analysed recommend a need for internal re-adjustments in the organization.

CHAPTER SIX

CONCLUSION AND RECOMMENDATIONS

6.1 INTRODUCTION

The research was conducted on the South African Broadcasting Corporation, a public broadcaster in South Africa. The ABC was created by the Broadcasting Act of 1936. It derives its mandate from the Constitution of the Republic of South Africa Act 108 of 1996, and as outlined in a Charter in the Broadcasting Act no. 4 of 1999, the institution has three main responsibilities which are to educate, to inform and to entertain the public through compelling programming. The SABC has not experienced stability over a long period due to constant internal fighting, court cases and financial instability that have cast a cloud of uncertainty and negative perceptions on the corporation. Mistrust has developed towards the corporation's ability to deliver on this mandate.

The research was undertaken to explore the functioning of corporate governance processes and practices in the SABC. It investigated whether there are systems in place and the degree of compliance and adherence thereto. This study was informed by allegations of maladministration and corporate governance discrepancies that are inconsistent with the SABC responsibilities both as a business and a public broadcaster. It was aimed at gaining insight and deeper understanding into what are some of the challenges faced by the organisation. The research questions were further broken down into themes to streamline aspects to be considered in the study.

Academic writings on this subject of the corporate governance in the SABC were almost difficult to find, building on this study, future research may assist in furthering the body of knowledge on this subject. The

research was carried out with the hope that, the SABC can incorporate some of its findings.

The research is a qualitative study with an exploratory approach and was carried out in Johannesburg, South Africa. The study used a purposive sample of participants. The recommendations were based on the analysis of the findings on the main themes and research questions that guided the study.

6.2 RESEARCH QUESTIONS

The research questions were designed to bring up information and insights drawn from the observations and views of the respondents who participated in the interviews. The captured data was analysed as findings that will assist in completing the study. The study sought to answer the following questions:

The research questions are:

- What corporate governance strategies are available for consideration by the SABC in creating public value including checks and balances to ensure accountability at the SABC?
- What could be the other perceived factors that present impediments to the functioning of the SABC?
- How does the current approach to corporate governance by the SABC impact the performance of the organization and its effectiveness?

6.3 CONCLUSIONS

In this chapter the researcher presents the overall conclusions based on the findings and their analysis thereof as seen in chapters four and five. A

number of conclusions can be drawn from the study as seen in the section following section.

6.3.1 Corporate governance compliance challenges

From the findings it is noted that the SABC is faced with the challenge of failing to act accordingly in applying the existing codes of corporate governance. Those in positions to act have created weaknesses in the SABC, undermining corporate governance systems in place within the organisation. The challenge is in the implementation and enforcement of those systems and it appears that fraudulent behavior is not only tolerated but in fact rewarded.

6.3.2 Management challenges

Challenges at the level of senior management and leadership reside at the core of the problems in the SABC. The study shows that there are no clear transparent relations, senior management manipulates its way to achieve goals that are not virtuous to achieving organizational effectiveness. Arrogance has reached high proportions, undermining good practises. Strong leadership was identified as essential towards the attainment of change for the better.

6.3.3 Competencies and skills a handicap

The study has highlighted that skills and leadership qualities are not prioritized. The SABC lacks strategic thinkers, data showed that about half of the workforce in the SABC only have matric as their highest qualification. The majority of the group executives and senior managers apply a reactive approach to solving problems and are not likely to consider all possible alternatives or identify potential risks or consider long-term implications of decisions. There is a critical need therefore to

build a skills base to close the huge existing gap including skills for new technologies as the broadcaster readies itself for the DTT.

6.3.4 Relations between the government and the public broadcaster

The study established that there is a degree of interference from the government in the SABC based on the nature of the relationship between the two spheres. Consequently, this has a strong bearing on the implementation of corporate governance. Some respondents revealed that this relationship makes it difficult to make independent decisions. To provide opportunities for substantial growth to impact, it may be necessary to transform the public broadcaster.

The study also concludes that, although corporate governance provisions are available, different factors have led to consistent disregard of policies and procedures, which has landed the institution in deep distress. Non-compliance has become a culture at the SABC that the public broadcaster needs to deal with.

6.4 RECOMMENDATIONS

This section presents recommendations on factors that may be considered instrumental in addressing the concerns relating to the SABC. These include the following recommendations.

6.4.1 Review approach to corporate governance

The corporation should review its approach to corporate governance. The SABC documents state that the organization uses the Mervin King Reports as its corporate governance standard, sticking to this format would assist in avoiding deviation from acceptable practises. Improved ways of compliance have to be closely monitored, and thus commit to

adopting a new culture in doing business. The SABC may need to reflect on the current scenario and decide whether it yields the right fruits for the organization.

In the spirit of improving corporate governance adherence, the SABC needs to create a culture of accountability. A consistent application of the 'carrot and stick' approach may be applicable where good governance is rewarded and improper conduct is penalized.

6.4.2 Consider the reports by the AG, PP and PwC

The research recommends that the findings of Thuli Madonsela the South African Public Protector, the findings of the former South African Auditor General, Terence Nombembe and the findings of the PricewaterhouseCoopers necessitate serious considerations for implementation to transform the SABC for it to fulfil its role as a public service broadcaster.

6.4.3 Effective leadership

The study recommends that the SABC devotes time and commitment to source the best managers and employ high standards in appointing those that are to serve as a board of directors. The SABC should consider employing effective leaders with strong management skills and business acumen to turn the organisation around. It will take a calibre of leaders that are able to realistically take stock of their personal strengths and shortcomings to determine whether their contribution derives desirable results for the organization and the society it serves. Both the board and managers need to be properly equipped and create support structures that include not just the shareholder but other stakeholders to help the organisation to grow and prosper.

6.4.4 A balance in the relationship with the government

While literature suggests that this is a global norm than an anomaly, a balance needs to be struck in the relationship between the SABC as a public broadcaster and the government being the main shareholder, for the institution to be able to deliver on its mandate. Although public service broadcasters exist to deliver some form of social rather than commercial profit, each broadcasting system evolves through the interplay between the nature of a country's economic system and its governance and regulatory environment. In this interwoven relationship with the government, the public might be short-changed in the process. The SABC needs to focus on its specific mandate and responsibilities as outlined in the constitution. The SABC might need to ask how has its complex relations with government affected the editorial code of striving for balance and professionalism.

6.4.5 Recommendation for further research

The study recommends that further research be undertaken. It would be important to know the views of the shareholder as represented by the minister of finance, the board of directors and senior managers, regarding what informs the process used in appointing personnel. The perspective held by the SABC management in this matter is of significance, and how the SABC intends to turn around the situation, making the organisation financially sustainable and public-friendly to all South Africans.

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APPENDICES

APPENDIX A: INTERVIEW SCHEDULE

The questionnaire contains the interviews on perceptions of interviewees in their interaction with the SABC, whether through their observation or experiences.

This questionnaire has been designed to explore the perceptions regarding the concept the SABC as a public broadcaster and its corporate governance practises. Information from the research and the research questions might assist the SABC if the organization would opt to incorporate some of the findings and recommendations.

A. What corporate governance strategies are available for consideration by the SABC as a public broadcaster including checks and balances to ensure accountability at the SABC?

1. How would you define a public broadcaster?
2. What is your understanding of corporate governance?
3. Would you be able to mention some of the corporate governance policies used by the company?
4. Can you mention any of the instruments used in compliance with corporate governance?
5. How are checks and balances on the level of accountability carried out at the SABC?
6. What steps are taken by the board to deal with offenders of the policy?
7. Can you give some examples during your term of office of cases and how were they dealt?
8. What monitoring tools are used to ensure adherence to corporate governance?

B. What could be the other perceived factors that present impediments to the functioning of the SABC?

1. In your observation what challenges are faced by the SABC that create a hindrance in its work?
2. What could be the source of these challenges?
3. Do you think the SABC does consider in self-introspecting exercises to deal with its challenges?

C. How does the current approach to corporate governance by the SABC relate to the performance of the organization?

1. Would you say the SABC is successfully carrying out its mandate as a public broadcaster?
2. What is your view on the SABC and corporate governance based on Your observation of its performance?
3. What recommendations would you put forward for the SABC's consideration?