# Research Report

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| **DEGREE:** | **Masters of Management (Public and Development Management)** |
| **COURSE CODE:** | **PADM5212** |
| **SUPERVISOR:** | **Dr Ivor Sarakinsky** |
| **RESEARCH TITLE:** | **Corporate Governance Challenges in the South African Community Radio Sector** |
| **SUBMISSION DATE:** | **June 2008** |
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# Corporate Governance Challenges

# in the Community Radio Sector

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**A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfillment of the requirements for the degree of Masters of Management in Public and Development Management**

**Johannesburg**

**June 2008**

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## Abstract

Since the advent of the SA community radio sector in the early 1990s, ongoing governance and management problems have been indicative of a chronic lack of corporate governance compliance. Despite numerous interventions by a range of service providers in the sector, including government's efforts to make huge financial resources available through the Media Development and Diversity Agency (MDDA), the sector has been unable to find solutions.

The purpose of this research was to investigate governance and management approaches in the community radio sector to identify shortcomings in terms of corporate governance compliance. The study also intended to establish key policy pointers the sector would need to review in order to effectively address corporate governance compliance.

The research was restricted to key stakeholders with a minimum of five years of experience within the community radio sector. Members of the 2006/7 and 2007/8 NCRF Board of Directors also participated. Data collection methods consisted of face-to-face interviews and discussions, documents and observations. This report documents that corporate governance non-compliance remains a chronic failure in the sector. It concludes that deliberate interventions towards implementing a culture of corporate governance, by capacitating governance and management structures to operate effectively would be a solution.

## Declaration

I, Jacob Sabelo Ntshangase, declare that this research report is my own unaided work. The report is submitted in partial fulfillment for the degree of Masters of Management in Public and Development Management at the University of Witwatersrand's School of Public & Development Management. It has not been submitted for any other degree or examination in this or any other university.

**Jacob Sabelo Ntshangase**

June 2008

## Acknowledgements

My heartfelt appreciation to the following people who made this report a success:

- My late grandmother who sacrificed her old-age pension for me to be able to read and write, and be in control of my destiny in life;
- My supervisor, Dr. Ivor Sarakinsky for his support and guidance throughout all the stages of this research;
- Ms. Felicity Levine for her assistance with proofreading, and her continuous encouragement;
- Mrs. Leela Parbhoo, my Executive Secretary at the Institute for the Advancement of Journalism, IAJ (my employers at the time of this research), for her motivation and assistance with assignments (binding and collection of materials);
- To my boss, Bro Joe Thloloe, Chairperson of the IAJ Board at the time of this research and the entire Board for giving me time to work on this research;
- My family for standing by me and tolerating my unpredictable moods during this research; My partner, Ms Desiree Lebaea for all the preliminary proofreading and meticulous advices;
- My children, especially my daughter Siphesihle for being an inspiration for me to work harder for this degree;
- My buddies, sons and daughters of the soil, in my social and political networks for their understanding when I dropped them more frequently during this research;
- My comrades in the sector for believing in me and making themselves available for the interviews and general chat about challenges in the sector.

**Acronyms**

| | |
|---|---|
| ACB | : Association of Christian Broadcasters |
| ABC Ulwazi | : the actual name of one of the main capacity building and training service providers in the sector |
| AGMs/BGMs | : Annual/Bi-Annual General Meetings |
| AMDI | : African Media Development Initiative |
| Alx FM | : Alexandra Community Radio |
| DoC | : Department of Communications |
| DYR | : Durban Youth Radio |
| ECA | : Electronic Communications Act |
| IAJ/CRTP | : Institute for the Advancement of Journalism/Community Radio Training Project |
| IBA | : Independent Broadcasting Authority |
| ICASA/MCU | : Independent Communications Authority of South Africa/Monitoring and Compliants Unit |
| MAPPP-Seta | : Media, Advertising, Publishing, Printing and Packaging – Seta |
| MDDA | : Media Development and Diversity Agency |
| NCRF | : National Community Radio Forum |
| NAB | : National Association of Broadcasters |
| PFMA | : Public Finance Management Act |
| OSF-SA | : Open Society Foundation for South Africa |
| SADC | : Southern African Development Community |
| SAIMED | : Southern African Institute for Entrepreneurship Development |

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# Chapter One: Research Context

## *1.1 Introduction and Background*

The first community radio station in South Africa was licensed in 1995. This period was a breakthrough for the community radio sector, particularly for Bush Radio[1] in the Western Cape which had started broadcasting illegally as early as 1993. To date, the community radio sector is approaching a second decade of community broadcasting.

However since the advent of the sector, researchers have not interrogated the administrative approach in terms of good governance and management systems in the community radio sector[2]. The 2006 study commissioned by the World Association of Broadcasters (Amarc) focuses on the social impact of community radio. Issues aligned to poor governance from within the sector are not interrogated even though key pointers to this keep emerging in the findings.

Ironically the Amarc 2006 study findings keep highlighting lack of good governance in government institutions as one of the barriers to the effectiveness of the sector (Amarc, 2006), yet the sector has experienced perpetual poor governance. To its credit, the study does highlight financial sustainability as one of the critical barriers. But its limitation is that it does not make mention of chronic poor governance as one of the major causes of lack of financial sustainability in the sector.

In 1999 the Open Society Foundation for South Africa (OSF-SA), one of the premier funding providers for the sector published a manual to

[1] Bush Radio is known as the "Mother of Community Radio Sector" in South Africa
[2] Nell & Shapiro (2002) skills audit for resource interventions in the sector; Rhodes University (2006) Media Management Training Needs Assessment within the SADC Region, and many other studies with similar focus did not address core corporate governance problems in the sector

capacitate stations with knowledge and skills in areas of good governance and management. This was after realizing that the sector was hampered by perpetual governance and management handicaps.

Since the late 1990s the sector has been characterized by recurring governance and management shortcomings. In late 2001 and early 2002 Radio Mafisa, one of the oldest community radio stations in the North West province experienced a series of staff protests because of crises around corporate governance. Jozi FM, another old radio station in the sector, has also suffered a myriad of management problems due to failure to comply with corporate governance principles. Radio Maritzburg, one of the first stations to be licensed, eventually closed down due to governance and management inadequacy.

The research underlying the report recognized that management and corporate governance are not the same concepts and that using the two interchangeably could be misleading. This report therefore focuses on corporate governance failure in the community radio sector. Management is but one of the components investigated in terms of how it (management failure) relates to inadequate corporate governance compliance in the sector.

In 2002 the South African government came up with a policy document for the establishment of the Media Development and Diversity Agency (MDDA) to help develop and sustain small and community media. The community radio sector is one of the key focus areas for the MDDA. The 2005/6 period indicates that the sector shared 29% of the MDDA approved grants (MDDA, 2005/6) – a sizeable share of the 29% was channeled towards Governance and Management capacity building and training programmes. This implies that building capacity for compliance with corporate governance issues is one of the main focus areas of the MDDA. Indeed Lumko Mtimde, MDDA Chief Executive Officer emphasized a need for capacity building for the sector 's compliance with corporate governance at the 2007 Bi-Annual General Meeting of the NCRF – "Sustainability in the sector depends on strong Organisational Development (OD) and compliance with corporate governance principles. Institutional approach to capacity building in these areas would be key".

The premise of this study is that the community radio sector would do well to start adopting a private sector business approach – i.e. principles of corporate governance and managerialism would need to be introduced and inculcated through policy processes in the community radio sector. This, the study holds, would strengthen the administrative systems and build a strong organizational culture enabling the sector to command a high level of credibility.

The framework underpinning this report is comparative analysis of community radio stations which comply, or fail to comply, with corporate governance principles. The key focus therefore of the comparative analysis is in terms of compliance. The comparative analysis mentioned here is not an in-depth analysis. The stations are mentioned and compared in passing. The issue of policy implementation (in terms of ICASA stipulations) is also one of the areas examined in the comparative analysis. ICASA's Councilor Robert Nkuna alluded to the challenges around (failure to comply with) corporate governance in the sector at the 2007 B-GM of the NCRF, and how ICASA was concerned about these challenges since they impact on the sector's credibility:

> *There are problems of corporate governance and sustainability in the community radio sector…ICASA believes that corporate governance is central and key when it comes to the sector's*

*sustainability. Issues of instability will lead the sector to lose out in terms of money (because no institution would be keen to invest in unstable stations). If we don't resolve the issue of corporate governance then we have a problem. Issues of capacity should be addressed*.

This report presents a holistic picture of lack of corporate governance compliance in the sector. It goes on to indicate possible solutions. The analysis has dissected the situation from the organizational perspective of the sector, as well as from the perspectives of (corporate governance) compliant and non-compliant stations. Radio Khwezi and Jozi FM, respectively, are used as a comparative analysis point of reference.

### *1.2 Problem Statement*

Issues of corporate governance have been an inherent weakness in most community radio stations since the advent of the sector. This has eroded the credibility of the sector in the radio industry.

According to McLennan (2007), good governance enables efficient and effective service delivery, and it also ensures high levels of accountability and transparency. These challenges top the list of problem areas in the community radio sector, and the main cause is problems around corporate governance.

Studies on the sector have not critically examined corporate governance and the creation of corporate organization in the sector. This report explores these factors more in-depth by reviewing the relevant academic literature and other materials concerning the sector. The focus in the entire review processes has been to examine the state of corporate governance compliance in the sector.

### *1.3 Purpose Statement*

The purpose of this research is to investigate corporate governance in the community radio sector, and in so doing examine governance and management approaches to establish where and how it fails in this regard.

The research bore in mind that public policy and legislative framework govern the overall operations of the sector. Hence this report also highlights key policy pointers to areas the sector would need to review in order to effectively address corporate governance. The review process should inform effective governance and management processes.

### *1.4 Significance of the research*

This research is the first of its kind in that issues of corporate governance compliance, and the lack thereof, have not been previously explored in the sector.

Through this research the sector should be able to conduct a thorough introspection and draw conclusions as to whether it should adjust its perceived identity (as an incongruent and insignificant role player in the radio industry). The sector would also be in the position to identify policy areas where traditional approaches to governance and management need be reviewed. This should lead to the repositioning of the sector to conform to broader developments in the media industry. Consequently this study will set the scene for the sector to conform to corporate governance principles and practices.

The findings and conclusions of this report unequivocally point to the pressing need for the sector to review its organisational culture and reform itself towards a sector-specific corporate organizational culture and identity.

### *1.5 Limitations of the Research*

The sector is primarily manned by people who volunteer their services to the stations, and resources are often a problem. Staff turnover is rampant. Professionalism is always a problem, particularly where governance and management systems are weak. Most board members, at stations and NCRF national governance levels, lack critical understanding of their corporate governance responsibilities.

The sector is a highly contested environment. Everybody in the community would like to be involved and use the sector for personal gain. People resort to any means to stay in power. Board members election processes are often characterized by bickering, infighting, sabotage and unethical lobbying. Interventions aimed at addressing root causes for governance and management problems are received with skepticism.

During the data collection, this research was mindful of tendencies from the leadership in the sector to camouflage situations and be economical with the truth. Hence the strategy was to shore up views directly from stations with insight from people with extensive knowledge of the sector

Also, the final findings of the research used the experience of the researcher[3] to differentiate between factual information and incorrect presentation of the sector. Holliday (2001) emphasizes the importance of the researcher's experience as (part of) evidence for analysis and conclusions.

[3] The researcher has over 10 years of practical experience in the community radio sector.

## Chapter Two: Research Questions

### *2.1 Main Research Questions*

In order to interrogate corporate governance issues and challenges in the sector, the report answers the following questions:

- Does the community radio sector subscribe to the notion of corporate governance in its board and management structures?

- Do the public policy process and the legislative frameworks set appropriate conditions for effective corporate governance in the sector?

- In areas of policy implementation and monitoring, what is the approach of the Independent Communications Authority of South Africa (ICASA) to these areas and how effective is its approach?

The above are the main research questions that framed the semi-structured interviews, documents analysis and discussions during data collection. Attached are the research questionnaire documents that were designed from the main research questions.

### *2.2 Research Sub-questions*

Below is the list of sub-questions that supplemented the main research questions:

- Does the 1990s community radio organizational culture still serve the sector well? Is it still relevant given the new developments in the SA broadcast media landscape?

- There is an argument in the sector that a new corporate organizational culture needs to be introduced to facilitate corporate governance compliance in the sector – what's your view on that?

- The notion of community ownership and control is said to be the root cause of governance and management problems in the sector – would you agree? And why?

# Chapter Three: Literature Review

## *3.1 Overview*

Overall, the existing literature on corporate governance in South Africa has focused on the private and the public sectors, as well as traditional NGO sector. The focus has not been on the community radio sector in terms of examining compliance with corporate governance principles.

This study notes that despite perpetual corporate governance challenges, studies on this subject matter are virtually non-existent. The "community-owned and not-for-profit" organizational status has limited research to mere administrative issues. In cases where corporate problems are mentioned, as in Teer-Tomaselli (2001), the focus is on traditional operational issues (such as the lack of interpersonal skills and accountability). Furthermore this occurs at what this study believes to be a merely superficial level.

Part of the reasons for lack of materials that explicitly pronounce themselves on the sector's corporate governance compliance could be that the corporate culture is new in the sector. Only in 2004/5 was the sector was questioned on corporate governance compliance. The Department of Communications (DoC) radio programmes production project ruled out a sizeable number of stations because of non compliance[4]. It is for these particular reasons that this study seeks to go more in-depth in its examination of corporate governance issues in the sector, albeit the literature is limited. One other reason for the dearth of literature regarding corporate governance in the sector could be that community radio was a product of community activism. Studies prioritizing issues such as "who constitutes the 'community' in community radio", Teer-Tomaselli (2001) attests to this. Concerns about

[4] The Department of Communications demanded that stations submit proof of compliance with public finance management principles (like proper policies and procedures, Tax Clearance Certificates, etc.) and a number of stations were excluded from the project due to failure to comply.

community ownership and control were more important at that time than why they (stations) failed to comply with corporate governance principles. Corporate governance compliance in the sector is a key subject matter of the current times. Hence the focus of this research.

The lack of historical documentation alluding to corporate governance issues in the sector posed an obstacle to this study in terms of finding adequate material upon which to benchmark its analysis. However, the numerous practical situations in the form of actual community radio stations offered a solution. The disruption of operations due to poor governance and management systems – which implies inadequate corporate governance – is used to explain the position that the research eventually takes on the subject matter.

The literature review is structured as follows:

### *3.2 The organizational culture in the community radio sector*

The organizational culture of the community radio sector is still informed by the culture of community mobilization of the 1990s. This was an organizational culture that relied heavily on donor funding for existence. 1993 onwards saw an influx of donor funding to support the community radio sector in South Africa. The sector's governance and management structures did not have concerns about resource mobilization. Neither did they have to adhere to strict terms of accountability for the funding received. Hence the absence of systems for corporate governance compliance during the influx of donor funding marks the early days of the sector. This mindset blurred the judgment of the sector. Governance and management structures failed to look beyond the surplus of donor funding available at that time.

In the past studies on the community radio sector did not examine issues of organizational culture of accountability and transparency and how these would form pillars for the sector's sustainability. This study is the first of its kind in a sector that is approaching its second decade of community broadcasting. Indeed, examining how the sector complies with corporate governance principles is critical for its future. Even today the sector shows a glaring weakness in terms of putting strong organizational systems and processes in place to ensure its future.

In Crainer (1996) Gary Hamel and CK Prahalad succinctly capture the essence of the concern of this study in the statement that "any company that cannot imagine the future won't be around to enjoy it". It is therefore time that the organizational culture of the sector is reviewed and measures are put in place to facilitate compliance with corporate governance principles.

The value system that underpins the existence of community radio in South Africa is that the sector should serve local communities within the objectives and goals of community broadcasting for community development. The structural organization of the sector should therefore demonstrate this value system, and its goals and objectives. This is a non-negotiable responsibility.

The community radio sector needs to understand that it operates in a changing media landscape. Hence the sector can not continue with its community broadcasting ghetto attitude.

Christopher Mapp, a columnist of Broadcast and Media, talks of the broadcasting industry being in a "state of flux" and, as a result, the need to review traditional strategies to meet the new challenge that comes with the change (Broadcast and Media, 2008). This is a challenge in the organizational culture of the sector. It would therefore be critical for the sector to transform itself from its traditional approach to media business. The new organizational culture should be characterized by corporate governance compliance.

In his analysis of the changing media landscape and the need to adapt to the change, Mapp poses a question about long-term sustainability for broadcasters (Broadcast and Media, 2008). For broadcasters to be in the industry for the long term, Mapp further interrogates the subject matter, broadcasters would need to adopt what he refers to as integrated business models. Mapp's points pose a challenge to the present organizational culture of the community broadcasters in South Africa. New business strategies need to be adopted, and the success of these strategies depends on the sector's compliance with corporate governance principles.

This new culture needs to be adopted as a new organizational culture to which all community radio stations would subscribe. If some stations falter on corporate governance compliance, the sector will perpetuate its negative reputation. Ramani Naidoo, in her Corporate Governance book, alludes to a need for individual players to play their part in creating a good corporate governance image (Naidoo, 2002). It doesn't help the sector to have certain stations complying with corporate governance while others continue to flout the rules and regulations of corporate governance. The sector as a whole can only rebuild its credibility by adopting a broader organizational re-engineering towards corporate governance organizational culture.

### *3.3 Transformation and change management strategies for the sector's corporate governance compliance*

The current organizational culture of the sector calls for transformation. This transformation process calls for a strategic management approach. One of the glaring weaknesses in the sector is poor strategic management. This contributes to corporate governance challenges

When the sector started, it did not regard itself as part of the broader radio industry context. A ghetto attitude existed alongside a failure to understand that the sector operated within a dynamic context. This compromised the sector's credibility in the long run.

The old business model characterizing the sector today compromises its long-term effectiveness. That the sector still operates on an inadequate business model of the 1990s implies a bleak business future. Something should be done to build a new organizational business-based culture. Transformation is therefore a must for the South African community radio sector.

> An organization which does not continually rejuvenate itself according to its changing context will stagnate and lose fit with the context. Organisations fail because they fail to re-invent themselves in order to be effective in future, Crainer, 1996, p. 125.

This study is informed by the problem statement that issues of corporate governance have been an inherent weakness in most community radio stations. Also, the purpose statement that governance and management approaches should be examined to establish where and how the sector fails on compliant issues underpins this study. The sector has not done justice to its future well-being in terms of continuous re-engineering to ensure that it is well positioned to match the continuously challenging situations in the broadcasting industry.

As mentioned, corporate culture is non-existent in the community radio sector's organizational culture. The business approach fails in terms of core principles of entrepreneurial practices. The root cause of these challenges is poor strategic management, and these can be attributed to ineffective governance and management structures. The King Reports (1994 and 2002) highlight the effective role and responsibility that should be undertaken by the directors of a company[5]. The Reports also state effective risk management strategies as part of the responsibilities of the directors.

That the organizational culture of the sector remains the way it was almost two decades ago when it started is cause for serious concern. Transforming organizations, Kotter (1992) argues, entails reengineering and restrategising to improve quality of the products and services. This is exactly what is needed in the community radio sector – organizational transformation to reposition the sector for sustainable growth.

Kotter (1992) illustrates how organizations should usher in new approaches to their (organizational) culture. This includes bringing in a new dawn of corporate culture, and this effectively means compliance with corporate governance principles. It is imperative that the community radio sector in South Africa undergoes a process of organizational transformation leading to the creation of a corporate culture.

Tomaselli (Keyan) and Dunn, in their paper "Reform and outreach: Rethinking political economy of the southern African media", argue that the political economy of the media impacts on media ownership and control, Tomaselli and Dunn (2001). Tomaselli's views tend more towards mainstream media in terms of arguments. However certain points made around culture, context and globalization illustrate challenges that make it critical for the sector to undergo institutional reform to comply with corporate governance principles. Indeed Tomaselli and Dunn argue that

[5] Most stations in the sector are registered as Section 21 (Not for Profit) Companies. This legal status subjects the sector to the company laws of the country.

“transformation…is about changing the structure and ethos in the way people go about doing their business in the workplace”, Tomaselli and Dunn, 2001, p.3. This applies to the community radio sector.

The need for institutional reform in the sector is also compelled by complications around ownership and control. Guy Berger, in his critical analysis of transformation of the South African media, argues that transformation should open more opportunities for media ownership and control (Berger, 2001). It would be critical for the sector to assess issues of ownership and control in order to open more opportunities of institutional compliance with corporate governance principles and, thus, reposition the sector for viability. The socio-economic constraints that Berger believes could negatively impact on effective ownership and control in the mainstream media could also apply to the sector. Ownership and control are key to compliance with corporate governance, hence the sector would need to revisit its organizational structure – (as Berger argues his case in terms of the SABC).

The emergence of regional commercial broadcast media and the competitive environments created by the mainstream media, demand that the sector identify new opportunities for sustainability. This reengineering process needs to be facilitated by institutional reform.

Fackson Banda, in his paper “Negotiating distant influences: Globalisation and broadcast policy reforms in Zambia and South Africa” discusses issues of “commercialisation” in the process of media policy reforms. Banda looks at how the authorities in Zambia and South Africa ensured that terms for this “commercialisation” did not mean loss of ownership and control of the media (Banda, 2006). This study is not interested in the state’s policy framework to tighten grips on media ownership and control, but rather in Banda’s arguments concerning the "distant influences" that necessitated policy reforms in the Zambian and South African mainstream media. The sector - since one challenges certain policy positions for effective governance - can learn from these processes and ensure that policy reforms for corporate governance do not necessarily discard the principle of community ownership and control. The need is rather to review this (notion of community ownership and control) and come up with a new ownership and control model that will comply with corporate governance principles. It is this study's contention that the traditional community ownership and control model is failing the sector.

### *3.4 Corporate planning and corporate governance compliance in the sector*

Poor strategic management planning means that the sector applies ineffective business management models. According to Crainer (1996), strategic management should be applied as a business development activity. Business development entails effective planning informed by corporate planning models, implying high levels of accountability and transparency. Lack of such principles contributes to the corporate governance failings in the sector.

Perhaps the point of departure for the sector would be to transform itself into a business enterprise. This would mean adopting a private sector management style.

Planning, corporate planning to be precise, is a practice that is foreign to the sector. In cases where planning does take place, it is not informed by proper processes and approaches. This study stresses that the sector is part of the public entity. According to Bryson (1996) public and NPO sectors needed to adopt corporate-style planning approaches to improve their performance and sustain themselves.

It must be emphasized that corporate organizations are founded on corporate-style management. The sector, as a public entity, would need to transform itself through corporate-style thinking and ensure that principles of accountability and transparency apply.

This study intends to synthesise the principles of corporate organizational culture, as presented in the literature on strategy and development as well as on corporate governance materials. This synthesis seeks to facilitate a new thinking for corporate governance compliance in the sector.

It is unfortunate that none of the previous research studies examined corporate governance compliance and corporate planning in the sector. Further, it is disturbing that no previous study has attempted to interrogate corporate-style planning within the context of the community radio sector. Hence this study draws from the lessons learned from corporate planning and corporate governance approaches, as presented by, among others, Bryson (1996) and King Reports

### *3.5 Managing public entities – the community radio sector as a public entity*

The community radio sector might not be a traditional public entity such as a government ministry and/or a statutory body. However the same principles that underpin the operations of public entities apply to this sector as well. Consequently it is incumbent upon governance and management structures of the sector that principles of accountability and integrity, among others, are upheld. The Office of the Auditor-General stipulates that managing public entities should be within the law (of accountability and integrity), Auditor-General (2006).

As a public entity, the South African community radio sector is therefore bound by principles of public accountability and transparency. These principles (of public accountability and transparency) ensure compliance with corporate governance, and this effectively means sustainability of the company.

There is a general neglect (in the community radio sector) of what the Office of the Auditor-General stipulates. These areas of neglect make the sector non-compliant with corporate governance principles. A synthesis of corporate governance stipulations, as supported by the prescriptions of the Office of the Auditor-General, with actual governance and management principles, illustrates inherent weaknesses of the sector. These weaknesses are in terms of non-compliance with corporate governance principles. This is even more pertinent in that the sector is said to be a community owned and controlled entity. (The issue of community ownership and control is addressed in more detail below).

Stipulations of the Office of the Auditor-General (Ellis, 2006) affirm the Public Finance Management Act, PFMA, guidelines for corporate management (Treasury, 2003). As a public entity the sector would need to acknowledge that its governance and management systems should comply with corporate management guidelines stipulated in the PFMA. The relevance of this is that the PFMA checklist for public entities touches on the exact weaknesses in the sector, i.e. non compliance with corporate governance principles. The sector manifests glaring weaknesses in areas of internal control measures (for risk management) and regulatory provisions for corporate governance compliance. Indeed corporate management demands that the sector comply with adequate, accurate and reliable measures. The PFMA is important here because of the assumption that financial management in the community radio sector could borrow from the principles of public finance management. The sector may not be religiously aligned to the PFMA but the principles apply.

The internal audit system - which is also an internal control measure - should ensure that assets of the sector are safeguarded from unlawful practices (Treasury, 2003). This calls for sufficient capacity within the sector attend to this, and thus ensures corporate governance compliance. Hence the sector would need to acquire proper human resource capacity in its governance and management structures.

This study focuses on two principles stipulated in the King Reports i.e. the roles and responsibilities of the company's Board of Directors and the principle of risk management (as a responsibility of the Directors). These principles should facilitate corporate planning, among other functions of the company's Board of Directors, to avert risks that might threaten the company's sustainability. The notion of corporate planning, as captured in the Treasury (2003), is explicit regarding issues of strategic objectives and risk management procedures to avert fraudulent practices. The implication is that the sector should adopt a clear corporate plan that would specifically facilitate activities for sustainability. A clear corporate plan should ultimately establish corporate governance compliance.

It would be opportune for a special congress to determine an annual *lekgotla* on corporate planning for the sector to be convened. The PFMA, among other, might assist in facilitating strategic issues for discussions.

### *3.6 Internal control and accountability measures in corporate governance*

Literature regarding internal control as a governance and management measure for accountability in the community radio sector is also non-existent. Hence this study draws inference from the literature written on public finance management to make sense of the sector's compliance/non-compliance with corporate governance principles.

Internal control and accountability defines management function in public entities (of which the sector is part). Treasury (2003) explains internal control and accountability as not only a financial management measure but rather an "essential management technique". This is key to the governance and management function. Drawing inference from this assertion is to illustrate the point that the sector is weak in terms of internal control measures in its overall governance and management functions. This weakness is bound to contribute to non-compliance with the principles of corporate governance.

The public sector has policy and regulatory frameworks that govern issues of internal control and accountability. This is a culture that is governed by stipulations in the PFMA, the Office of the Auditor General (Ellis, 2006), the SA Public Sector Commission – to mention but these three. The regulatory frameworks and policies underpinning these stipulations set the parameters for the internal control measures. These measures act as a lever for the improvement of quality of management and compliance with the set policies.

The community radio sector would need to tighten its grip on the regulatory framework and policies for internal control to ensure that there is indeed adherence to corporate governance. The regulatory body, ICASA would have to facilitate a public policy process that would guide, police and evaluate the sector's compliance with corporate governance principles. The King Reports, particularly the principles of "roles and responsibilities of company boards" and "risk management" (as a responsibility of company boards), would need to feature strongly in the sector's policy stipulations. This would be to assist the sector with proper internal control measures for accountability and, more importantly, adherence to corporate governance.

The failure to comply with corporate governance principles has eroded credibility of the community radio sector in the broadcast industry. The lack of accountability common to most, if not all, community radio stations makes the sector less of an important role player in media planning for marketing, advertising and promotions. This lack of credibility deprives the sector of a major revenue stake. The regulatory and policy frameworks would therefore need to ensure that the sector's governance and management structures religiously implement stipulations. This approach would assist in addressing the enormous corporate governance challenges in the community radio sector, and instill a sense of responsibility and accountability.

### *3.7 Corporate culture and the notion of corporate planning*

For the sector to succeed in the broadcasting industry's corporate world, it would need to develop a corporate culture that is informed by corporate planning. A public policy process, through ICASA, should facilitate this. Corporate planning is about a long-term vision for sustainability. The long-term vision should take into account risk assessment for effective management of possible factors that might hinder sustainability. This is an integral part of corporate management.

Corporate planning entails strategic vision for sustainable business development, including a risk management plan (Treasury, 2003). ICASA stipulates that community broadcasters submit financial plans in terms of projections, revenue generation and assert management. However, the regulatory body fails the sector by not applying measures to "police" and assess adherence to the submitted (corporate/financial) plan. In most cases these plans and projections become white elephants since the stations only use them to convince ICASA to grant broadcast licenses.

Corporate culture acknowledges a need for proper policies for professionalism and accountability. Issues of lack of proper policies have been perpetual problems in the community radio sector in South Africa. It is also due to these problems that the sector fails to address corporate governance challenges.

Policy directives need to come from ICASA as a regulatory body, and these directives should also be enforced through continuous and proactive monitoring measures. These measures would be to ensure that the sector adheres to the policy directives regarding corporate governance compliance, and that the sector in its entirety, update strategic corporate planning on a regular basis.

The King Commission reports (1994 and 2002) highlight critical corporate governance principles. The King Reports focus mainly on big corporations and the language of analysis is above the comprehension of the small institutions like the community radio sector. The South African community radio sector is an important institution in the South African media landscape. Hence it is vital that the sector analyse the King Reports and translate corporate governance concepts for the comprehension of the sector's governance and management structures.

It would be critical for the sector to adopt a corporate board approach to fit within corporate culture. The corporate board approach would ensure that roles are clearly defined for the members to assist the sector to be corporate governance compliance. Clendenin (1972), in Marks (2004) sees things differently in that to him corporate boards are ineffective (because the lines of responsibilities are blurred). The point made here is that for the sector to adopt a corporate organizational culture, a corporate board with a clearly explained focus in terms of roles and responsibility should be instituted. This would certainly assist in the sector's quest for effectiveness in corporate governance compliance. Board effectiveness, Marks argues, should mean members must put the legal obligations of the company in the forefront. This is missing in the sector, in most cases. The boards in the sector care less about the regulatory framework that underpins the existence of the sector, and corporate governance principles are foreign.

The corporate sector assesses the effectiveness of its boards, and this is done on regular basis. The community radio sector does not adhere to this practice (of evaluating the effectiveness of the boards). Higgs (2003), in Marks (2004), advocates for a proper mix of skills for the effectiveness of the boards in the corporate sector. The Community Radio sector would do well to adopt a similar approach, placing emphasis on knowledge and skills for prospective board members to qualify. This, Higgis argues, should be aligned to the changing business demands. It is worrying that the sector's approach to governance (and the formation of boards) is still informed by the approach of the early 1990s when the sector started. Clearly the approach has not been cognizant of the commercial imperatives in the broadcast media industry. The current situation and media landscape that is informed by the new Electronic Communications Act, confronting the sector is also not taken into account.

### *3.8 Community Broadcasting Policy and Regulatory Framework vis-à-vis corporate governance compliance*

In its 2006 position paper ICASA acknowledges that inherent policy problems have, over the years, created instability in the community radio sector (ICASA, 2006). The regulatory body mentions governance and management conflicts, mismanagement and stations' collapse as results of lack of proper policy enforcement.

Many of the problems that beset the sector have to do with lack of effective business administration.

"Licensees need to be administered like business enterprises, with a sense of professionalism and accountability", ICASA, 2006. p.30. This acknowledgement reinforces the contention that unless the sector starts adopting an astute business management approach, inadequate corporate governance compliance will continue corroding credibility.

It is not helpful that the regulatory body only mentions the policy problems as root cause of corporate governance challenges in the sector. It is also not helping the situation that the regulatory body plays a "wait and see" game when stations are in conflict. Most of these conflicts are due to poor corporate governance. This has been the case with community radio stations like internal conflict-prone Jozi FM, a now defunct Maritzburg Community Radio, Radio Mafisa, Alx FM (which had to go through a temporary closure), Grahamstown Community Radio (which eventually closed down), Teemaneng Community Radio (which went through internal problems due to Board's interference). The regulatory body has always approached the corporate governance challenges in the sector casually and kept problems at arms length.

While stipulations on conflict resolution are clear, and the Authority is explicit about how processes should be followed, it is not benefiting the sector to allow the conflicts to continue unabated. It would serve the sector better if there were proactive and preventive measures to avert corporate governance failings. Indeed, the Authority would do well to enforce these measures.

The 2006 ICASA Position Paper on Community Sound Broadcasting Policy does not delve deeper into governance and management issues for the sustainability of the sector. The guidelines set to define roles and responsibilities are not adequate to facilitate a strong corporate organization in the sector. Again the Authority would do well to draw from the stipulations in the King Reports to help the sector define corporate governance principles regarding the roles and responsibilities of the board of directors.

It is a weakness on the part of ICASA's stipulations if the guidelines do not emphasise risk management and corporate planning roles of the boards in the sector. Since the Authority acknowledges a need for astute business administrative approach in the sector, its guidelines on governance and management should emphasise corporate governance and management principles. This would ensure efficiency and accountability for the sector's sustainability.

As mentioned, ICASA's 2006 Position Paper states that the community radio sector needs to be administered as business enterprises. This stipulation reinforces the need for the sector to be business-like in its approach. This, in essence, means the sector should be compliant with corporate governance and management principles. In the light of the ICASA stipulation on business-like principles that the sector needs to adopt, it would be imperative for the regulatory body to have proper policies and procedures to monitor the adherence of the sector in this regard.

According to ICASA's monitoring procedures for the sector, the licensees need to adhere to conditions, regulation and policies set as part of licensing conditions. The Monitoring and Complaints Unit (MCU) ensures this adherence. The challenge, which ICASA also acknowledges, is the capacity within the MCU to timeously ensure adherence (ICASA, 2005). There is also the need to promulgate policies and procedures that not only enforce compliance in terms of programming and record keeping, but corporate governance as well.

Promulgating policies and regulations, and monitoring thereof, to enforce corporate governance compliance would facilitate corporate culture in the sector. Naidoo (2002) states very clearly that corporate governance compliance should be implemented across businesses, irrespective of the corporate size or nature of the institution. This, Naidoo elaborates, will ensure economic survival of institutions. Also critical to ICASA's policy positions, and the monitoring thereof, is economic survival of the sector. The community radio sector is not immune to the demands that threaten the economic survival of media business enterprises.

It is therefore essential for the sector's regulatory processes to inculcate a corporate culture from the very beginning when the MCU makes contact with community radio stations. The monitoring procedures would need to facilitate this. The guidelines for the monitors in their first contact with the stations do not make mention of corporate governance compliance and how this would be monitored. Highlighting the need for stations to keep financial records and make them accessible to the community is not enough for the sector to be oriented to the corporate culture. Neither do the monitoring requirements and procedure document provide guidelines for corporate governance compliance. The appendixes attached to the monitoring requirements and procedure document only offer guidelines for programming, music log, complaints and administrative processes. It is on this basis that the regulatory body misses an essential opportunity to facilitate corporate culture and corporate governance compliance in the sector.

The sector mulled over the idea of a corporate governance charter to assist with corporate governance compliance at the 2007 B-GM of the NCRF. The follow-up would be to explore ways to formalize the corporate governance charter, and incorporate it in a regulatory framework as a recognized means of reinforcing corporate governance compliance.

The idea of a corporate governance charter should be a framework of adherence for the sector's compliance with corporate governance principles. In defining an effective measure for corporate management for the public sector, PFMA (2003) presents a "framework of control". This PFMA's "framework of control" should be adapted as a "corporate governance charter" to guide the sector through corporate governance lapses.

Issues of continuous assessment of risks; establishment and maintenance of effective control-related policies; effective communication of information and provision of favourable control provision (PFMA, 2003) can be adapted for the sector as features in the "corporate governance charter". All these features tie in well with principles of roles and responsibilities of company Boards and risk management (as a responsibility of Boards) emphasized in the King Reports.

### *3.9 Leadership culture and corporate governance compliance in the sector*

An organizational culture defines the leadership culture. The community radio sector in South Africa is known as a voluntary association where people offer their services for community development. It is through this approach that governance and management structures are formed in the sector. Significantly, leadership defines success in any organization. People drawn for leadership responsibilities should have the expertise to ensure organizational development of that particular sector.

The NCRF constitution states that governance and management structures of the sector are drawn from people who are members of community radio stations. It must be noted that stations themselves are primarily manned by people who volunteered their services, and who, in most cases have little (if any) expertise in radio/media business management.

In its Vision 2005 document the NCRF states that its mission is to create an enabling environment to ensure healthy growth of the sector (NCRF, 2000). It is clear from the assessment of the growth situation in the sector (in 2007/8) that this was a pipedream, and it would take a new leadership consciousness for the sector to realize this vision. This new leadership consciousness would need to change the institutional mindset in the NCRF to make it a corporate organization. A change of mindset for the NCRF to become a corporate organization would need a leadership that is rooted in corporate governance ethos.

The sector has its roots in community activism, and its organizational culture is informed by the community activism culture of 1993 onwards. It is this culture that always comes to the fore when the sector, through the NCRF annual general conferences and individual stations, elect members to the Board of Directors. This culture and approach has decidedly influenced who gets appointed to management structures. This culture and approach is responsible for inherent weaknesses in the sector's governance and management structures. It is in this context that the sector would need to review its approach to the formation of governance and management structures, if it is to ensure efficiency and effectiveness in corporate governance.

Maxwell (2007) breaks effective leadership into four pillars, i.e. *relationship, equipping, leadership* and *attitude*, and these pillars build sustainable organizations. Cutting across these four pillars should be a question of expertise in relevant areas, and in areas of radio/media business management in this context. This is what should define leadership structures in the sector.

The leadership culture that should be nurtured in the sector should be able to ensure that institutionally the sector adheres to the six steps of corporate management control measures. According to Treasury, in Management of Public Finance, these six steps entail *organization* (for planning, implementation, evaluation and reporting); *dividing the institution* (in terms of programmes and administrative functions); *vulnerability assessments* (to avert risks and determine potential opportunities for growth); *planning* (for appropriate actions); *internal control reviews* (for proper cycles in, e.g. administrative processes) and *effective planning for reporting.* These are critical steps the sector needs take into account to build effective and efficient corporate organizations.

The approach to leadership and management in the sector should ensure a holistic organizational review, addressing areas like organizational structure, policies and procedure, personnel, accounting, budgeting, reporting and strategic planning. The Treasury also alludes to these points as critical for effective management.

The organizational review would therefore mean a review of the current organizational culture of the South African community radio sector, and this review should instill corporate thinking. The 2006/7 NCRF Board of Directors introduced a mind shift in the traditional business culture in the sector by working out ways to bring on board Motswako Media (PTY) LTD to administer the business development arm of the sector. This meant a shareholding partnership between Motswako and the sector's investment company (which was set to be a business development arm of the community radio stations). This is an approach that should be encouraged. As a corporate entity Motswako, or any other community radio-minded business institution should also be given the responsibility to introduce and mentor a corporate governance culture in the sector.

There are serious flaws evident in the leadership in the South African community radio sector. For example, a culture of bickering and infighting prevails, which hampers accountability, efficiency, and professionalism. These problems are also common in the national office of the sector. In the 2004/5 financial year, the national office failed to properly account for some project funds and there were reports of cross-funding projects.

According to the Office of the Auditor-General, public institutions (of which the sector is part) need leadership and management approaches that demonstrate that the institutions indeed live up to the expected goals and objectives.

### *3.10 The role played by the boards of directors in corporate governance compliance in the sector*

> The board is the focal point of the corporate governance system. It is ultimately accountable and responsible for the performance and affair of the company, King Report, 2002, 22.

Corporate governance compliance lies mainly with the company boards of directors. It is through the boards that the company is able to attract and retain knowledgeable and skilled human resources. It is also through the boards that the company is able to apply proper governance and management control measures. This means boards would have to be effective in order to play an effective role in the governance and management of the company.

Marks (2004) alludes to the core competencies of company boards for corporate governance compliance. According to Marks, the competencies of the boards bring about sustainable corporate governance, and these include sufficient financial competencies for the boards to carry out fiduciary responsibilities.

Most of the rot in the South African community radio sector starts with the problem of incompetent boards. The lack of competence of the boards, in this regard have a major impact on poor governance and management. Most radio station boards spend time and resources on petty issues to the neglect of core governance responsibilities. This is mainly because most, if not all the people who get elected to the boards, are not knowledgeable of good governance in general and corporate governance in particular. Once boards are formed by people with poor (media) business expertise, stations and ultimately the entire sector gets condemned to perpetual governance and management problems. Indeed it would be extremely difficult for the sector to adhere to corporate governance under current circumstances of the boards. This study maintains that unless the approach changes the future of the sector is doomed.

Marks talks of "corporate collapses" (due to incompetent boards) and how these "corporate collapses" led to massive job shedding in the US (Marks, 2004). The SA community radio sector is facing serious corporate collapses that are likely to completely destroy the sector (if the status quo remains the way it is). These "corporate collapses", Marks argues, scare investors. This is exactly what is happening in the SA community radio sector where corporate collapse is deterring the funding community from investing in the sector. Only radical organizational reengineering would usher in a new era of corporate-like approach to forming boards for the sector.

Furthermore, the sector has, of late, been experiencing serious juniorisation of boards of directors. This is further burdening a sector already reliant on people with inadequate knowledge and expertise when it comes to governance responsibilities. The sector boards are often formed by individuals who do not have a good reputation in the media industry in general and the media business in particular. Indeed it is vital that the sector guard against rubble-rousers and incompetent loudmouths lobbying their way on to the boards. According to Maher (2002), in Marks (2004), board members should be people with (credible) and established reputations. This is even more critical at national level where the (NCRF) board is expected to provide leadership to stations on the ground.

Issues of capacity have long been chronic problems in the sector's boards. Lack of capacity in terms of expertise creates corporate governance dysfunction. Hyram Serretta alludes to corporate governance dilemmas and the effective qualities for the boards to avert these dilemmas. Whilst ensuring prudent control in terms of effective governance and management, boards should possess the necessary expertise in business administration. This should also facilitate the commercial viability of business (Serretta, 2004).

The dilemmas that come with incompetent boards hamstrings progress in any business venture. The sector is not immune to the problems in this regard.

### *3.11 The notion of organizational learning in the sector*

The South African community radio sector is in dire need of an organizational learning formula, particularly as the sector enters a new digital age era in radio broadcasting. This organizational learning process would allow the sector to restrategise and reposition itself for the new corporate governance demands of radio broadcasting and the media business at large. According to Lopez et al (2006), organisational learning entails responding to internal and/or external stimuli as a result of a need for more or less permanent change in the behaviour or performance of the organization.

In the context of the South African community radio sector the internal and external stimuli to which Lopez et al (2006) alludes would be a quest for a commercially viable institution. These stimuli would ensure that the sector undergoes permanent change in its institutional attitude and performance.

Organisational learning in the sector would seek to change the organizational mindset from donor dependency to self-sustainability. This would also help the sector regain its reputation regarding its organisational governance and management approach. Ramani Naidoo's book, "Corporate Governance: An essential guide for South African companies", alludes to how adherence to corporate governance could facilitate funding opportunities for institutions.

Cases in point are P4 Cape Town and P4 Durban which came to an abrupt end of their broadcasting tenure due to failure to comply with corporate governance principles. These stations could not appreciate that it was imperative for them to comply with corporate governance principles and paid dearly when the Norwegian funding partner withdrew capital (as a result of non compliance with corporate governance). According to *BizCom* (2007), reasons behind financial instability at P4 Durban and P4 Cape Town were poor management (and poor management is a direct result of corporate governance failure). It is therefore imperative for the sector to improve its corporate governance if it is to stand a chance of amassing capital for its sustainability.

### *3.12 Sustainability in the sector – perspectives from elsewhere*

Sustainability is critical for any business entity. The community radio sector is well aware of the challenges to sustainability. Amarc/IAJ (2000) focuses on sustainability of the sector in Africa. The challenge with Amarc/IAJ (2000) is that issues for community radio sustainability are not explored within a radio/media business perspective. Sustainability for the community radio sector is put down to two fundamental areas, i.e. 1) getting and managing resources to stay on air and 2) continuing to deliver on the values set down in the station's mission statement (Amarc/IAJ, 2000). However this partial analysis will not facilitate sustainability of the sector, given the broader radio broadcasting and media business demands.

Amarc/IAJ (2000) presents a guide to sustainable (community) radio, and makes mention of five tools for sustainability, i.e. the mission statement, knowing stakeholders, understanding negotiations, problem solving and leadership as key. The limitation here is the assumption that threats to (lack of) sustainability in the sector are internal, i.e. only from within the sector and its immediate environment. These tools are appropriate in cases of setting up a (new) community radio station, but very limiting in cases where the station already operates in a competitive broadcast environment where survival is based on efficiency and effectiveness in terms of accountability.

It is understandable that Amarc/IAJ (2000) examined issues at a time when donor funding was still abundant for the sector. The demands facing the sector nowadays are more complex than just adherence to mission statements and knowing stakeholders. Today the needs revolve around corporate governance compliance. It would therefore be important for any sustainability intervention (like what Amarc/IAJ (2000) is all about) to analyse radio/media business space and the corporate governance demands facing the sector and then pronounce on measures to sustain it.

It is important to acknowledge that the radio broadcasting environment has changed and become more competitive than the early days of the sector in South Africa. Financial support now demands that community radio stations are registered as legal entities with proper accounting systems in place. The early days of the sector were about trial and error, whereas today effective corporate management systems are called for. The 2006 ICASA position paper alludes to this when it states that "licensees need to be administered like business enterprises with a sense of professionalism and accountability, ICASA, 2006, p.30.

Latin America is among the pioneers of community radio in the world. South African community radio draws some experience on community radio programming and management from the sector in Latin America. There is a shared non-profitable status of the sectors in Latin America, Africa and arguably the world.

According to UNESCO Courier (1999) the sector in Latin America was facing extinction due to its shoestring operations and non-profit status. This is the case with most community radio stations in South Africa. The sector would need to be rescued from the non-profit business approach and reoriented to a culture of business enterprise to make profit for its sustainability. The need would be to institute mechanisms to ensure that profits are not channeled to individual pockets but to community development programmes. This would require strong corporate governance control measures.

The situation in Latin America, as illustrated by the UNESCO Courier (1999), warns of dangers of extinction if the sector is not saved from media concentration "which has tended to push nonprofit (community) radio and smaller stations in general out of the picture", UNESCO Courier, 1999, p.1. These dangers are also caused by tough competition from commercial stations. Similar situations are affecting the sector in South Africa. The advent of regional commercial radio stations and the continuous shrinking of donor funding and advertising money-spend could condemn the sector to extinction. Hence to survive and gain an edge over other competing forces, the sector would need to instill an awareness of credibility and administrative competitiveness by adherence to corporate governance.

Unlike in Latin America, the South African community radio sector is fortunate that problems of legal recognition are not an issue.

Policy and regulatory frameworks would need to redefine the standards for the sector's compliance to corporate governance principles as an integral part of radio broadcasting. Community radio broadcasting has matured now and issues of professionalism and accountability should be elevated to the same levels as other broadcast sectors (in the public and private sectors). In a comparative analysis study of the legislation on community radio in 13 countries UNESCO (2003) highlights the importance of standards in Canada and Australia where the community radio sector is an integral part of the broader radio industry. It can be deduced that this regulatory recognition of the sector means all elements of accountability and professionalism apply across the radio sectors in these countries. If the sector in South Africa were to regain credibility and a competitive edge in keeping with the commercial and public radio sectors, the standards of professionalism and accountability need to be elevated to levels equal to these sectors.

South Asia, India in particular, regards the sector in South Africa as a model to use for its community radio sector. In 2003 the Institute for the Advancement of Journalism's Community Radio Training Project (CRTP) facilitated the first community radio planning workshop in Manipal, and the main point of reference was the sector in South Africa.

India is one of the countries with a high growth rate of community radio sector. By 1999 there was a projection of up to 4000 community radio stations that were going to be licensed under the "new enabling" policy by the government of India, UNESCO (1999). Acknowledging the need for efficiency and effectiveness in the governance and management of community radio, the Indian government set standards. These stipulated that administrative responsibilities for the stations earmarked for licensing under the new "enabling policy" would be given to non-profit organizations with a three year track record. This stipulation will ensure sustainability of the sector in India because governance and management responsibilities will be assigned to structures with expertise in organizational development.

In South Africa, the administrative responsibilities of the sector are left to people without the necessary expertise in organizational development. This allows community activists, armed only with passion for community radio and less expertise in radio and media business development, to be given administrative responsibilities. Judging by the reality of the strength of administrative structures in the sector this approach is disastrous.

The Indian situation offers a good model for sustainability in the South African community radio sector. Assigning administrative responsibilities to non-profit organizations with proven track records in organizational development can certainly facilitate compliance with corporate governance principles, and in so doing avert  governance and management weaknesses inherent in the sector. Hence the emphasis should be on "enabling policy" and assisting nonprofit organizations relate to the notion of community ownership and control. ICASA's 2006 position paper stipulates that the sector needs to be managed like a business enterprise, and for this to occur additional policy stipulations should spell out fundamental features for this enterprise-like management approach. These features should include adherence to corporate governance principles and corporate-like strategic planning.

The South African regulatory body could facilitate this business-like approach in the community radio sector by forging strategic partnerships with government's public enterprise and SMMEs development programmes. This approach will assist in the capacity building of local community-based nonprofit organizations to effectively and efficiently manage local community radio stations.

AMDI (2006) presents a recent study on media in Africa. (Each African country has its own research findings). This research notes that the AMDI research is too broad, just like other studies done on media. There is, however, notable mentioning of issues like commercial viability as one of the challenges for the sector. The AMDI research findings stipulate that the sector is "too poor" to be commercially viable, but fails to go into details behind this lack of commercial viability.

The commercial viability that the AMDI report alludes to can only be realized if the sector adheres to corporate governance principles. The "too poor" state of the sector to be commercially viable is as a result of lack of competitive edge in the broadcast industry. This lack of competitive edge is caused by the sector's noncompliance with corporate governance principles.

According to AMDI (2006), Alx FM[6] is an example of the poor state of the sector and consequent lack of commercial viability. The AMDI report holds that Alx FM, just like Jozi FM, is well positioned in terms of location to attract business support and thus be commercially viable. (Both Alx FM and Jozi FM are located within the vicinity of the highly commercial city of Johannesburg as well as the business metro areas of Sandton and Soweto). The AMDI point about Alx FM makes perfect sense, and is a good illustration of how poor corporate governance can contribute to the station's commercial non-viability.

Alx FM and Jozi FM would have to leverage commercial viability of the business environment in their broadcast areas for their own commercial viability. This can be done by adopting appropriate business-style governance and management. The issue of commercial vulnerability, to which the AMDI report alludes, is due to the commercial imperatives in the broader radio broadcast industry. These commercial imperatives demand

[6] Alx FM is one of the oldest community radio stations that, due to poor governance and management, had to be closed down by ICASA

corporate governance compliance for the sector to survive the challenges thereof.

Another interesting observation made by the AMDI research is that challenges facing the sector are "largely administrative", AMDI, 2006, p.56. These "largely administrative" challenges are as a result of administrative failures to institute corporate governance compliance.

### *3.13 Community ownership and control – dilemmas of corporate governance compliance in the sector*

For the sustainability of community radio the prevailing organizational culture condemning the sector to some kind of informal *stokvel* organization would need to change. The modern media business environment, radio broadcast business in particular, necessitates that the sector undergo organisational cultural transformation. This should see attitude change in governance and management approaches. This is not to say the ethos that underpins the community development perspective of the sector should change. Rather, the prevailing laissez-fare, "free for all", "any one's everyone's business" attitude in the sector should undergo change. The rhetorical fallacy of community "ownership and control" needs to be reviewed. More efficient and effective governance and management measures should be put in place to help the sector meet 21st century corporate demands in the radio broadcasting industry.

The notion of community "ownership and control" is a contentious matter in the sector. Most of the governance and management problems, which are root cause of non-compliance with principles of corporate governance, are attributed to this community ownership and control situation. This community ownership and control notion is exercised at the expense of stability in the sector, i.e. unskilled and ill-informed people assume critical positions of power.

Naidoo, in her insightful book on corporate governance, alludes to how modern corporate governance clashes with traditional corporate governance in terms of ownership and control (Naidoo, 2002) – directors taking over the affairs of companies from the shareholders by controlling the operations.

In the sector this community ownership and control farce blur lines of responsibilities (and everyone wants to be in charge!). Naidoo's modern corporate governance approach needs to apply in the sector, and knowledgeable people should be in charge of the operations of the station.

Teer-Tomaselli (1991) in the paper, "Who is the 'community' in community radio in South Africa", questions the notion of "community" in the sector. The undertone of this paper is that issues of "ownership and control" of the sector cannot be left open ended to some fictitious organized bodies of "community" that subjects the sector to some ill-informed structures. Teer-Tomaselli uses case studies of different community radio stations to challenge this "community" ownership and control myth. The Durban Youth Radio (DYR[7]) case study illustrates Teer-Tomaselli's point more than the other case studies. Teer-Tomaselli served on governance and management structures of DYR where this notion of "community" ownership and control ruffled some feathers[8].

The relevance of Teer-Tomaselli's point regarding "community" in community radio for this study is that Teer-Tomaselli's bone of contention is about

[7] DYR was a (University of Natal, Durban) campus-based community radio that went through challenge of definition of who is the DRY "community", and how should members of the surrounding communities be integrated into the "university" community for operations, management and governance of the station. The University, which had total control of the station's resources, eventually ceded control and kick the station out of the university.

[8] During Teer-Tomaselli's tenure on DYR governance and management structures I was a Station Manager, and the "community" ownership and control debate dominated most of governance and management deliberations

structural organizations of community radio stations. This study reviews control measures like internal control systems and corporate planning in its analysis of the station's structural organisation. Teer-Tomaselli's questions of "community" in terms of ownership and control of the sector had more relevance in the 1990s and early 2000s. This is the period when contestations were more about the power struggle in terms of "who was in charge". Such contestations were even more pertinent to people who had limited political consciousness and orientation about community radio culture and grassroots community participation. The fundamental point in the 21st century regarding the notion of "community" ownership and control in the sector is now more about internal control measures and how these measures facilitate corporate governance compliance. This is basically what informs the questioning of "community" ownership and control in the sector nowadays.

The Indian approach where administrative responsibilities are assigned to nonprofit organizations with proven track record in organizational development seems to challenge the notion of combining "ownership" and "control", and assign this to some community, in the SA sector. "Ownership" can continue to rest with the community. "Control" should be assigned to knowledgeable and skilled (local) structures like the nonprofit organization with proven records in radio and media business management. This is what this study proposes to the SA sector. And the assumption is that assigning "control" to organized, professional structures (such as local community business enterprises) will facilitate corporate governance compliance in the sector.

### *3.14 Corporate governance compliance capacity in the sector*

It was suggested previously that the subject of corporate governance compliance in the sector has not been fully explored. Indeed none of the existing studies point directly to the corporate governance challenges in the sector.

There are, however, research studies that have focused on broader media management issues, and corporate governance is mentioned as an area of weakness in the industry. One of these research studies is the *Media Management Training Needs Assessment within the SADC Region (a qualitative study)* conducted by Rhodes University's Sol Plaatjie Institute in 2005. What concerns this study about the Sol Plaatjie Institute research is that issues are analysed within a broad media management framework. The scope is however too broad as it includes the entire SADC region.

Critical to corporate governance demands in the SA community radio sector is the question of capacity. Most of the people who man the sector do not have formal qualifications in significant areas like public management and media business administration. The situation is complicated by the fact that people at governance levels, where leadership for corporate governance compliance should be provided, lack the necessary expertise.

The Sol Plaatjie Institute (2005) identifies corporate governance as a "supplementary" area for capacity building needs in the media industry. If financial management is said to be a critical area of weakness in the SADC media management but at the same time corporate governance is mentioned as a "supplementary" training need, then there is a problem. It would therefore be important to unpack corporate governance as a fundamental principle in financial management. This ambivalence about corporate governance and financial management is not surprising because the Sol Plaatjie Institute study does indicate that "media professionals express feeling at a loss when it comes to the financial management of their organizations", Sol Plaatjie Institute, 2005, p.15. Community radio practitioners are even worse off than their mainstream media counterparts in interpretation of corporate governance as a financial management core principle.

The SA community radio sector would need to break down corporate governance compliance as core to financial management. The root cause of instability and tensions in the sector is financial (mis)management. This is as a result of failure to comply with corporate governance principles.

Corporate governance compliance can be achieved when media practitioners (at governance and management levels) have a clear grasp of media economics, i.e. an understanding of the media business. Sol Plaatjie Institute (2005) identifies this as one of the critical training needs in the SADC media. The SA community radio sector needs to understand the SA media economics. This understanding would have to be within the context of community media, radio in particular, as part of media business. Capacity building in this regard is key for the sector.

Nell & Shapiro (2001) also points to inadequate understanding of organizational development and lack of management skills as chronic problems in the sector. These certainly lead to noncompliance with corporate governance principles. It would therefore be critical for the sector to undergo direct interventions in this regard. The focus for these interventions should be on corporate governance compliance as a fundamental principle for sustainable organizational development. The sector would be successful in this regard if the overall organizational structure, particularly at top leadership levels – the boards, is properly constituted and capacitated. Hence the rhetorical lobbying as people jostle for positions of power (during AGMs and electing conferences) would need to come to an end, if the sector is serious about corporate governance compliance.

Capacity pertaining to expertise in corporate organization governance and management, and radio medium business development in particular, should be a deciding factor when constituting governance and management structures in the sector.

While Nell & Shapiro (2001) alludes to a need to explore alternative ways for effective and efficient governance in the sector, there is no mentioning of the actual kind of alternatives. An analysis of the situation puts forth the Indian approach as an alternative. The insistence on expertise in corporate governance and radio/media business development as key for qualification to board and management hopefuls can also address the capacity problem. The regulatory body, ICASA should provide policy and legislative directions in this regard.

Punting for understanding and experience in community radio as qualifications to board and management structures is no longer a useful tool. The sector is approaching its second decade of community broadcasting and, ideally, every aspirant community radio practitioner would understand the notion of community radio broadcasting. If the idea is to now build sustainable corporate organizations then corporate governance expertise should be a key qualification for serving on boards and management structures of the sector.

Corporate governance compliance rests mainly with boards of directors. The King II report puts greater responsibilities on company boards for corporate governance. In Trialogue (2006), Tony Dixon, Executive Director of the Institute of Directors stressed the need for boards of directors to play a role in their companies to make profit and conform to the laws (of corporate governance). Dixon calls this getting operational balance right. This applies to the South African community radio sector as well. In fact the sector boards of directors should take more responsibility in this regard, and there should be structured means to ensure that members elected to these boards are well capacitated to take up these responsibilities. The *ad hoc* boards' induction practices need to be reviewed and a formalized structured corporate governance capacity building and training programmes instituted[9].

There is a good deal of lip service and rhetorical commitment to principles of integrity in the sector. In its sector building strategy the NCRF's Vision 2005 document alludes to standard setting that would ensure integrity and codes of good practice. In the article, "Ordering Chaos: Making Sense of Standards, Codes and Guidelines", Trialogue (2006), makes it clear that the success of standards/codes approach is based on understanding the intent. The sector would need to orientate stations about the intent of creating a corporate organization for the sustainability of the sector. This effectively means the NCRF would coordinate sector capacity building strategies that would facilitate adherence to codes of accountability, efficiency and professionalism. These codes are fundamental to corporate governance compliance.

### *3.15 Corporate governance and financial sustainability in the sector*

Adherence to corporate governance means financial sustainability for the sector. Appropriate business models need to be developed for the sector to adhere to corporate governance. Business administration is not a common discipline in the sector. Capacity building and training service providers would need to design and implement tailor-made programmes to inculcate effective business approaches for corporate governance compliance and

[9] The sector has this culture of 1 day or so induction workshop for newly elected board members. This time is not enough for a thorough capacity building for new board members, and the structure for these induction workshops usually deal with issues in a very shallow way.

financial sustainability. More resources, through structures like the MDDA, would need to be channeled towards capacity building programmes on corporate governance in the sector. According to the MDDA 2005/6 annual report, only 29% of its 2005/6 financial year disbursement went to the community radio sector[10]. The MDDA would need to work with relevant accredited service providers in the sector to design continuous learning programmes covering the fundamentals, basic and advanced programmes on corporate governance compliance in the sector. The approach should not be one of "shooting in the dark" whereby the Agency disburses funds when and if the sector (or particular stations) applies for funding. Appropriate teaching/training and learning materials should be developed and facilitated accordingly. These should be packaged as longer skills development programmes covering various modules on "corporate governance for financial sustainability". A 12-month Radio Management Skills Programme development by the IAJ for MAPPP-Seta could provide an appropriate structure.

The Southern African Institute for Entrepreneurship Development (SAIMED) has a "Financial Sustainability Model for Community Radio Stations in Southern Africa" manual that features corporate governance as one of the key areas. The limitations for the SAIMED manual are its basic level of intervention as well as the allocation of corporate governance as part of a human resource planning module. There is however a strong emphasis on a need to capacitate the boards to ensure that the sector has strong governance structures. The sector needs to develop an intermediate level programme for the corporate governance subject matter.

When outlining "typical" challenges to South African corporate sustainability, Trialogue (2006) mentions skills development and capacity building as

[10] 38% of the 2005/6 MDDA grants benefited community print, with 26% and 7% benefiting community print and small commercial media respectively.

amongst the key areas. This is one of the most critical challenges for the community radio sector. There is an endemic brain drain in the sector as highly knowledgeable and skilled people get poached by the public and commercial sectors.

It is important for the sector to start structured corporate governance conversations to deal with corporate governance demands. Yes, the sector does have forums (through the NCRF, NAB, ACB and provincial structures, like the Hubs) to engage on issues pertinent to the sector's growth. These forums are mostly used as platforms for rhetorical political debates for control, slandering and bickering. The sector, through the NCRF national office and provincial hub structures, needs to run annual "corporate governance" *lekgotla*. Through the *lekogotla* the sector should come up with collective efforts and responses to the questions of financial sustainability.

According to Trialogue (2006) taking collective corporate action, the *Globally Responsible Leadership Initiative* offers an opportunity to broaden corporate (governance) purposes. Trialogue (2006) looks at business strategies from a broad perspective of global business. The sector can learn from the issues raised, and adapt them to their (community radio stations) needs. There is an emphasis on a coordinated response, informed by collective corporate (governance) action that can facilitate effective business education. The sector needs to facilitate a process towards "community radio sector business education" where issues for the sector's corporate governance and financial sustainability can be tackled through provincial and national networking. The proposed *lekgotla* could facilitate this process so that the sector refrains from thinking accountability in terms of "local" communities, but rather sees the sector's corporate (governance) purpose in a national radio/media business context. Trialogue (2006) punts for this approach.

### *3.16 Conclusion*

Chapter 3 uses the available literature on corporate governance to explain the corporate governance situation in the community radio sector. As mentioned in the chapter overview, most of the available literature focuses on corporate governance in the private and public sector, as well as traditional NGO sector. This chapter analyses the available literature and puts it in community radio context.

The underlying objective behind this study is that issues of corporate governance have been an inherent weakness in most community radio stations. This view informs the problem statement. This chapter refers to literature that unpacks organizational culture and performance, and relates it to literature that presents corporate perspective in organizational operations. This then assists with aligning the chapter towards the purpose statement, which is, basically, to examine corporate governance challenges and approaches to establish weaknesses in the sector.

The combination of organizational operations and corporate governance literature with broadcasting policy and regulatory materials, assists the study in preparing for answers to research questions on policy and regulatory frameworks.

# Chapter Four: Research Methodology

## *4.1 Introduction*

This study is informed by principles of critical qualitative approach and will rely on case studies for an in-depth investigation of where issues of poor corporate governance lie in the community radio sector. The unit of analysis will be knowledge, skills and attitudes towards application of corporate governance in the identified stations, and the sector as a whole. Radio Khwezi[11] will be used as a baseline for effective corporate governance and stability in the sector. Radio Khwezi is one of the very few community radio stations that have consistently shown stability in terms of good governance and management.

## *4.2 Data presentation*

### *4.2.1 Overview*

Leady and Ormrod (2005), in Marks (2004), suggest that key to successful qualitative research is a systematic analysis of the contents in order to identify patterns, themes or biases. Hence the approach to data collection in this study was carefully planned through open discussions with the interviewees. The point of departure was to start with key stakeholders first, i.e. the people who are "living encyclopedias" regarding the sector. This systematic approach to data collection was to set the scene for a systematic analysis.

The data collection and analysis occurred concurrently. Data collected from key stakeholders provided an effective approach to data collection with

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[11] Radio Khwezi is based in KwaSizabantu Mission, Kranskop in KwaZulu Natal, and has never had governance and management turbulences that often characterize most community radio stations.

community radio practitioners. The preliminary analysis of the first interviews with the likes of the NCRF CEO (Franklin Huizies), ICASA's Councilor Robert Nkuna and MDDA CEO (Lumko Mtimde) helped the research identify critical areas to explore for particular data from the community radio practitioners.

The study relied on the three traditional sources of data, i.e. interviews, documents and observation. The interviews were conducted as face-to-face sessions. The documents are public, mainly monitoring reports from ICASA's library, as well as stations' annual reports. The observation strategy was informed by an active participation role during sector AGMs, mainly the 2004/5 and the 2007 NCRF AGMs, as well as the 2006/7 DYR's AGM which the researcher facilitated in the presence of ICASA. During these meetings the situation was observed first hand.

Most of the data was collected from semi-structured face-to-face interviews. There was also data collected through questionnaires sent out to some station managers and/or members of the boards (as some of these station managers are also members of the NCRF 2007/9 Board of Directors). This will be taken into account in the data analysis.

Not many people from the NCRF's 2007/8 Board of Directors responded to the questionnaire sent out despite numerous reminders. Of the 10 sent questionnaires only three were returned. This does not have a negative implication in the use of data because the majority who failed to respond are relatively new in leadership structures of the sector. The contents of the questionnaires could have been above their comprehension in terms of what corporate governance compliance entails.

It was also sad that the interview with Dr Boloka Mashilo, Broadcast Policy Director in the DoC did not materialize. However this too will not impact negatively because Dr Mashilo's presentation at the 2007 NCRF B-GM will be used as part of data. Dr Mashilo's presentation, and the discussions that ensued, touched mainly on good governance in the new digital era in the sector.

### *4.2.2 Purposeful sampling for data collection*

Merriam (2002) states that an effective qualitative research relies on the richness of words to illustrate the point. This, Merriam explains, uses thick descriptions to persuade the reader of the reliability of the findings. The purposeful sampling here will therefore rely on the thick description in the form of words from the respondents to explain the reasons behind the poor state of corporate governance in the sector. The data sample has been carefully structured to ensure that the findings of this research do not only fulfill academic requirements but add value to the knowledge base of effective governance and management in the sector. Merriam (2002) alludes to the importance of using the right format for an appropriate presentation of data to serve the right audience.

Respondents were therefore carefully divided into two groups, 1) *key stakeholders in the sector* like the MDDA, ICASA (policy and monitoring units), umbrella bodies like the NCRF and NAB, capacity building and training service providers (institution and individuals) and 2) *community radio stations*. This sampling was critical for the corroboration of information, as well as to establish the views of the regulatory and policy development role players and of stations themselves. The study regards key stakeholders as reservoirs of knowledge about the sector. The individuals identified from the stakeholder groupings were carefully selected from the pool that played a critical role in the establishment of the sector. These range from the community radio activists who eventually became policy makers and law enforcers and/or leaders/managers in the sector. Wolcott (2001) emphasizes the need to explain how the data obtained will actually be used in the report. In this study data from key stakeholders will always be used as points of reference for the data obtained from community radio practitioners.

Radio Khwezi and Jozi FM are used as focus areas to establish a state of good governance in general and corporate governance compliance in particular. This approach does not imply that this study is informed by core case study methods. These two community radio stations represent stability and instability in terms of corporate governance. Their governance and management structures will be analysed accordingly. Hence the two stations illustrate the points made about states of corporate governance in the sector. The two scenarios therefore exemplify two perpetual states of corporate governance non-compliance and good corporate governance.

To illustrate these two scenarios this study uses public documents in the form of ICASA's monitoring reports as well as the stations' reports. These reports are used with randomly selected media reports about the state of governance and management in the two stations.

Data is also sourced from AGM/BGM reports from the NCRF national office, including personal notes taken during the 2007/9 NCRF B-GM[12]. The focus here is issues raised on leadership as well as the state of governance and management in the sector. This report data is analysed alongside field notes from the researcher's active observations of the sector's national conferences and/or AGM/B-GM. These include the DYR 2006/7 AGM as well as Radio Sunnysouth's 2007 Governance and Management Workshop. In all these

[12] The 2007/9 NCRF BGM continued with the culture of mudslinging that is common with the community radio sector during electing congresses. This congress started on a typical sector note when some delegates lobbied for "a vote of no confidence" against the incumbent leadership before even touching on the first agenda item. The opening sessions did touch on challenges faced by the sector on corporate governance compliance and the general feeling was that it was critical for the sector to be compliant. Unfortunately this issue could not be exhaustively deliberated on.

events the researcher played a fundamental role either as facilitator or chairperson.

#### ***4.2.2.1 Data sampling vis-à-vis data analysis***

The point of departure for the data analysis will be the data collected from key stakeholders. The data from the key stakeholders will be used to corroborate the data collected from the documents and related materials. The documents and related materials will be used as secondary data. Both the primary and secondary data will be used to illustrate comparative analysis points about Jozi FM and Radio Khwezi. ***Table 1: Data Organisation*** will be used as a frame from which the data flows to illustrate the points for analysis.

### ***4.2.3 Descriptive profiles of institutions and individuals interviewed.***

The MDDA and ICASA are statutory bodies responsible for community media development and regulatory processes respectively. These two are vital players in the sector because of their central roles, which include but are not limited to, effective governance and management support.

The umbrella bodies, the NCRF, NAB and the Association of Christian Broadcasters (ACB) are meant to advance the issues of development for the member stations as a collective. The development of the member stations means corporate governance compliance with rules and regulations. The approach to these issues is influenced by the organizational cultures fundamental to the umbrella body. For example, ACB has realized the importance of the King Report’s pronouncements on corporate governance for the sector and commissioned workshops to assist its member stations with corporate governance compliance.

According to Humphrey Birkenstock, former chair of the NAB's community radio structure, the NAB also puts issues of corporate governance compliance at the top of its the agenda for its member stations. However this culture of promoting corporate governance compliance is not that evident in the NCRF. It follows that most of the stations with corporate governance problems have been identified as NCRF members.

Statutory bodies like ICASA and the MDDA offer critical perspectives regarding the sector when it comes to corporate governance compliance. The individuals sampled from the statutory bodies are themselves founding members of the sector, in one way or another. They have extensive direct experience within the sector, from being practitioners to policy makers and regulatory enforcers.

Lumko Mtimde, the MDDA CEO was the first CEO of the NCRF and was instrumental in the initial lobbying processes for the formation of the sector. Mtimde steadfastly believes in the current organizational culture of the sector, and does not agree with perceptions that there might be a need to review and change it. His gripe is with the lack of what he refers to as "toolkits to capacitate the governance and management structures of the sector to be corporate governance compliant". He advocates that all key stakeholders should capacitate the NCRF. This, Mtimde argues, should ensure effective leadership for the sector and make corporate governance central to the operations of the sector.

> *Corporate governance is not only relevant for the corporate world. It's for all administrative responsibility which is proper for the effective running of any organization. Corporate governance is therefore relevant for the community radio sector as well. There's a need for*

*templates…something like the Corporate Governance Checklist. The Corporate Governance Charter idea mooted at the 27$^{th}$ NCRF B-GM should be looked into within the context of a regulatory framework (Mtimde, 2008).*

Mtimde's views do not agree with the reformist approach (i.e. the sector needs reform in terms of its organizational culture, and review of the notion of community ownership and control) advocated by some in the sector. He does however state unequivocally that corporate governance compliance should be non-negotiable for the sector's sustainability.

It should be noted that Mtimde's time with the regulatory body in South Africa (from the then IBA, Independent Broadcasting Authority to ICASA) was spent focusing more on the sector. He would normally be the one to lead licensing processes for the sector. This is still evident from his pro-sector policy and regulatory analysis in terms of the sector's compliance with corporate governance.

Robert Nkuna, ICASA Councilor was part of the advocacy and lobby groups that led to the liberalization of the airwaves (and thus the formation of the sector). Like Mtimde, Nkuna strongly believes that the sector needs to maintain its own organizational culture. Central to this culture, Nkuna believes, should be effective corporate governance compliance. He laments the instability at the NCRF level, and would like the stability of the NCRF (in terms of leadership) to be supported by funding set aside specifically to ensure its effective operation.

*Professionalism, in the context of good governance is very important for the sector. Being a community radio doesn't mean to be in some kind of a ghetto. It is therefore important to comply with the corporate* *governance stipulations…the current notion of community ownership and control must stay. The question should be how this notion is defined and applied…the sector needs a model for effective corporate governance compliance (Nkuna, 2008).*

Mtimde and Nkuna appear to be of the same school of thought when it comes to the sector - the latter mentions that there should be "templates" to guide the sector towards corporate governance compliance whilst the former alludes to a need for a "model" for effective corporate governance compliance in the sector. The fact of the matter is there is nothing, "template" or "model" used by the sector to help it adhere to corporate governance compliance.[13]

Ndondo Dube, ICASA Monitoring Officer is one of the founding members of Soweto/Bua Community Radio. Unlike Mtimde and Nkuna, Dube's views regarding the organizational culture of the sector reflect popular thinking in the sector. Dube would like the organizational culture of the sector to be reviewed because "the mere fact that the sector is called community radio makes it difficult to have corporate governance rules to govern the sector". She also advocates a practice whereby the regulator (ICASA) tightens up screws against "repeated offenders" who continuously flout rules and regulations. Dube feels that it is relatively easy to monitor compliance around programming but difficult to monitor compliance around corporate governance. She believes that there should be more capacity to ensure that the monitoring process address these challenges.

Dube's "modern thinking" that a new approach to the culture of community ownership and control in the sector should be introduced is shared by some

[13] It is important that this point is qualified with a note that this generally refers to, mainly, the NCRF-aligned stations. It can not be conclusively stated that NAB and ACB-aligned stations have corporate governance problems that are as blatant as those aligned to the NCRF, since the other umbrella bodies are said to be pro-active with corporate governance orientation with their member stations.

respondents from both the key stakeholder grouping and the actual stations grouping (details in this regard to follow later).

Mandla Soko was part of the first team that manned the NCRF's head office in the 1990s, and has worked extensively as a Trainer on OD, Governance and Management programmes in the sector. Soko also managed the IAJ's Community Radio Training Project. He does not dwell much on the organizational culture of the sector. He rather questions the process of setting up of boards in the sector as the root cause of corporate governance lack of compliance. He feels that corporate governance compliance can only be achieved if the sector has relevant capacity at boards and management level.

> *…capacity building and training service providers should bring in business/corporate governance component in OD training to assist the sector to be corporate governance compliant (Soko, 2008).*

It is evident from Soko's views that he strongly believes that sustainable capacity building and training offers a solution to the perennial corporate governance problems in the sector. After leaving the NCRF national office in the late 1990s Soko became a training consultant, specializing in institutional development in the sector.

Monji works for one of the reputable training service providers in the sector, ABC Ulwazi and has amassed extensive experience regarding the sector in Africa. He is unambiguous about the need to review the practicality of community ownership and control if the sector is to be corporate governance compliant.

*There's a major challenge that I think the sector is theoretical about. This is the issue of ownership of community radio by the community. We need to ask ourselves what does this community ownership mean in practical terms. Owning a company should mean serious involvement in the running of the company; this should mean monitoring progress about the company. It is very difficult to translate this community ownership into practical terms (Monji, 2008).*

Monji's views regarding the organizational culture of the sector and the notion of community ownership and control can be aligned to Dube's "modern thinking". According to Monji, the sector can only work effectively if this notion of community ownership and control is re-examined. It is important to state that Monji's fulltime job is with the stations, hence his views regarding what works and what doesn't in the sector is based on practical experience.

Monji also has strong views on how ICASA is, in essence, failing the stations. He proposes a new compliance monitoring approach where the regulatory body commissions service providers (like the IAJ's Community Radio Training Project and ABC Ulwazi) to audit stations and present reports on their state of compliance and/or lack thereof.

Humphrey Birkenstock chaired the community radio arm of the NAB between 2002 and 2007. Birkenstock's in-depth understanding of what corporate governance means for the sector's sustainability is critical for the alignment of what practical situations at stations entail vis-à-vis what is not happening. It is also significant to note that Birkenstock comes from a strong corporate governance orientation from his involvement with NAB[14].

[14] Whilst the NAB can be classified as broader than the NCRF in terms of radio organizational culture, it does have a structure that specifically looks into the interests of community radio stations. The NCRF and NAB members stations are not entirely the same although some stations do have dual association, and may even be members of

*Good governance is a secret for success for any community radio station. Stations should have advisors (the boards) to help the management comply with good practice in terms of corporate governance…the NAB service to its member community radio stations includes making sure that members understand and adhere to corporate governance. The NAB doesn't have different sets of rules for the sector and for other sectors like the commercial sector. The same good corporate governance rules apply across the sectors (Birkenstock, 2008).*

Birkenstock's views regarding the sector's state of corporate governance are informed by the corporate organizational culture that the NAB has built for its member stations. It should be mentioned though that this study did not go in-depth in its analysis of the actual state of NAB member stations in terms of corporate governance compliance. See item 6.3 for areas of future research. The basis of assumptions that NAB members stations are better off in terms of corporate governance compliance is Birkenstock's assertion. It would not be completely misplaced to draw inference that the organizational cultures of the NCRF and NAB, as umbrella bodies, are not necessarily common even though their fundamental objectives are about serving the sector.

Mpho Mhlongo and Franklin Huizies drive operations in the NCRF's Head Office, and have direct knowledge of the sector having worked as station managers. Mhlongo was part of the Jozi FM station management that tried to instill a corporate culture but was ceremoniously removed when some within the Jozi FM community challenged his authority. His views on corporate governance are based on practical experiences regarding compliance in the

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ACB while being members of both the NCRF and NAB. The NAB community radio member stations have been historically privileged, predominantly.

sector. Mhlongo questions leadership in the sector, and advocates improving corporate image to strengthen the sector.

> *There's this "free for all" organisational culture in the sector, and this needs to come to an end. The sector needs to adopt a corporate culture and stations would need to work on corporate image. Stations would need to do away with "hangers on" and start applying business etiquette and professionalism. …The notion of community ownership and control is unclear…Problems of weak governance at national level is based on people who serve on the boards. How can you have station managers (whom themselves still need guidance) serving on the NCRF Board?*

Mhlongo's concerns about having station managers or unemployed/unemployable individuals serving on NCRF boards can be juxtaposed with the concern raised by one NCRF board member who bemoans having salaried people in the NCRF head office yet "no job is done". Coincidentally this board member is a station manager. The board member mentioned this in response to whether the NCRF has enough capacity to assist the sector with corporate governance compliance.

> *...Imagine having board members who are unemployed and unemployable processing people's salaries at a national level? Let's put people who have clout in the corporate world…we need people with credibility for the good image of the NCRF Boards….(Mhlongo, 2008).*

Mhlongo balances the points made in Dube's "modern thinking" and Nkuna/Mtimde's "traditionalist thinking", i.e. *we need to review the organizational culture of the sector and still maintain our identity (as the sector).*

Mhlongo feels very strongly about what he perceives as a destructive culture in the sector. It should be noted that Mhlongo has been in the thick of things when it comes to governance and management – having been a founding member of Soweto Community Radio[15], Jozi FM station manager, NCRF head office employee and trainer in the sector. Mhlongo has also served under different board structures in the sector. His views are informed by extensive experience and different perspectives about the sector.

Huizies has found himself in the thick of things in terms of the NCRF leadership and the need to formalise corporate governance and instill corporate culture in the sector. Huizies advocates the need for what he refers to as "profit thinking" which he believes should be central in the sector, and this "profit thinking" – he argues – can only be realized if the sector transforms itself into a corporate culture.

> *Good governance is a general problem in the sector. Issues of community ownership and control, and the provisions in the legislations need to be reviewed…The NCRF board needs to review the current ownership and control and to make submissions to ICASA to put pressure on the current legislations. It would be important to establish if boards have the necessary expertise. …The sector sees the King Reports only as corporate tools and not relevant for the sector…the sector needs a culture of community media business…we need a 'new thinking' and this 'new thinking should be informed by 'profit thinking. It is imperative that the sector incorporates other new business ventures available in media business to sustain itself. The commercial wing principle would be good for the sector (Huizies, 2008).*

[15] Soweto Community Radio merged with Bua Community Radio to form Jozi FM to form one radio station for the community of Soweto. Mhlongo was part of the team that was instrumental in the merger.

Huizies proposes a transformed sector. His “new thinking” theory can be aligned to Dube’s “modern thinking”. As the NCRF CEO, Huizies is confronted with the gist of the corporate governance challenges in the sector. His governance and management views are drawn from his experiences as Radio KC Station Manager. In addition they reflect the fact that he has served under three different boards of directors in the NCRF as project officer and the CEO.

Chris Armstrong brought international expertise into the sector when he worked in the NCRF national office between 2000 and 2002. His policy and regulatory analysis is critical for this research.

> *When one looks at Chapter 9 of the ECA, there’s less emphasis on governance, particularly on the right expertise for the formation of the board. More emphasis is on complying with stipulations on programming. There are a myriad of problems that stations faced back then (between 2000 and 2002). These included a lack of a clear distinction between Boards and Management.*

Armstrong questions the effectiveness of the notion of community ownership in the sector. He is however cautious about what he says lest he is interpreted as challenging the ethos of what the South African community radio is built on. He does allude to the ambiguity of this community ownership in terms of its effectiveness.

> *…I tried long ago to figure out the issue of community ownership. I think the issue should be the structure to make this community ownership real and effective….(Armstrong, 2008).*

Armstrong feels that policy and regulatory frameworks should be more prescriptive with more specific criteria for corporate governance, i.e. the qualification and disqualification of people to serve on boards.

The three positions (by Armstrong, Mtimde and Huizies) allude to the conference organized by the Department of Communications (DoC) in 2007:

- Armstrong's view on the need to explore co-regulation between the sector and the regulatory body to advance corporate governance compliance;
- Mtimde's points for regulatory enforcement of the sector's corporate governance charter;
- Huizies' idea of "profit thinking".

The DoC is a critical player in the sector's policy and regulatory areas. The 2006/7 periods saw the Department taking an active interest in the sector's sustainability. This study draws inference from the notes from the 2007 DoC-coordinated conference on "Sustaining Community Radio in the Era of Convergence". The data extracted from this conference will be used to advance arguments on policy and regulatory frameworks for effective corporate governance in the sector. The introductory background to the conference states that:

> *…the conference is an outcome of a thorough consultative process spanning over a year with stakeholders, on perennial problems that continue to besiege the sector in relation to governance and administration, regulatory compliance…accountability* (DoC, 2007)

Mashilo Boloka, Director Broadcast Policy in the DoC is one of the drivers of effective policy and regulatory frameworks for the sustainability of the sector. Boloka's presence is always felt in the policy conferences about the sector, and he has a keen interest in its effective governance and management.

At the 2007 NCRF BGM Boloka unapologetically stated that the sector needed a thorough self-introspection since most of its problems were self-inflicted. *"if there's a greatest enemy of the sector it is the sector itself,"* he quipped, making reference to the Jozi FM situation.

According to Boloka, the sector would need to address the challenges that come with the ECA. The quest for digital migration should be looked into against effective management systems for accountability, and this effectively means adherence to the principles of corporate governance compliance.

#### ***4.2.3.1 Descriptive profiles of institutions and individuals interviewed vis-à-vis data analysis***

The institutions and individuals interviewed for data represent critical positions regarding the sector. These range from political positions in terms of advocacy and lobbying, direct capacity building and training, broadcast policy and law enforcement as well as hands-on operational issues in the sector. There is also a "view from outside" position that is represented by people like Soko and Armstrong. These are critical perspectives of data representation. These perspectives will be used to ascertain objectivity in the data analysis section.

There are also interesting positions made through choice of phrases from the sources of data presented above. For instance, Huizies' views that the sector needs "profit thinking" will be used to lead analysis on the corporate culture data thematic area. This will also assist in presenting findings about corporate governance and sustainability in the sector. The analysis approach here will be informed by extrapolating meaning beyond just words. Geertz (1993), in Holliday (2002), alludes to the "interconnected meanings" that is explained through thick description. The analysis section of this study is mindful of the fact that all these different positions and perspectives represented by the different sources of data have a common connecting thread: passion and extensive knowledge of the sector.

### *4.2.4 Descriptive presentation of other data*

#### *4.2.4.1 Overview*

This part presents three positions from the questionnaire data, four reports (two each for Jozi FM and Radio Khwezi) and two sets of minutes from Jozi FM stored in the ICASA library. The details of the positions taken by these sources of data are mentioned in greater detail below.

The "other" data in this context represents three questionnaires received from the 10 sent to members of the 2007/8 NCRF Board of Directors. These include data sourced from ICASA's public library on monitoring reports documents as well as media reports about stations. The ICASA documents and media reports data are used for Jozi FM and Radio Khwezi comparative analysis purposes. This part also includes observed data from public events like AGMs and workshops in the sector.

The 2007 DoC Conference Report, Sustaining Community Radio in the Era of Convergence also forms part of the "other" data. The report selectively picks from the recommendations of the conference commissions.

- *Data gathered through questionnaires*

Respondents here were randomly selected from the 2007/9 NCRF Board contact list. All have, in one way or another, been involved with the NCRF national leadership. A semi-structured questionnaire was sent by email.

The responses to the questionnaires present interestingly diverse perspectives on corporate governance compliance in the sector. The respondents represent views from the national governance perspective and that of stations. Respondents were individuals who are / have been involved with the NCRF Boards and have a direct involvement with stations as station managers and/or board members. These perspectives in their diversity serve to balance views and enrich data.

It must be noted that all the responses indicate a need for an urgent orientation of the sector towards the core principles of corporate governance as presented in the King Reports. However when identifying corporate governance principles relevant to the sector, there seems to be a blurred line between good governance generally and corporate governance in particular.

The emphasis on general policy issues when responding to specific questions about corporate governance compliance indicates that the sector is not necessarily very clear regarding corporate governance principles relevant to the sector. Mtimde and Huizies, MDDA and NCRF CEOs respectively raise serious concerns that people in leadership positions in the sector seem to generally have perceptions that corporate governance principles only apply to the corporate world and not to the community radio sector.

It is important to mention that this is not to say that the sector is totally blank about the importance of good governance and corporate governance as critical factors for the sector's sustainability.

The following substantiate the above points regarding data from the questionnaires.

> *Setting-up a clear corporate governance framework that stipulates roles and responsibilities, legal and regulatory requirements, general policies on issues that affect staff and strategies for community participation.*

> *The financial and non-financial performance must be monitored and regulated in an accountable and ethical way. Corporate governance enhances the effectiveness of development. Poor governance impedes development. One of the root causes of the crises at stations is the failure in corporate governance.*

There is a connecting thread between data from the questionnaires (direct from the sector) and data from the face-to-face interviews with key stakeholders. This will assist the study in making an informed recommendation regarding interventions the sector should facilitate to instill corporate governance compliance.

The connecting threads relate to views regarding:

- the need for corporate governance guidelines specifically designed and enforced by the sector for the sector;
- partnerships across the board to bring business development and management capacity to the sector;
- reinforcing the culture for community ownership and control by involving stable structures in station governance and management.

- *Data from ICASA's monitoring reports of Radio Khwezi and Jozi FM, including annual reports as well as media reports*

The Jozi FM and Radio Khwezi monitoring reports were published in 2001 and 2002 respectively.

The 2001 ICASA's monitoring report on Jozi FM indicates a myriad of governance and management problems which are all linked to serious corporate governance flaws.

> *It is worrisome that it is becoming a trend for members of the Jozi FM board to exit the station unceremoniously. This seems to happen at the expense of accountability and hamstrings development and continuity at the station…It is not ideal for the station to keep on electing people or a committee whose objective would be to rectify their predecessors' shortcomings without allowing the outgoing board to account…The instability has led to a delay in the auditing of financial statements. This makes it difficult to evaluate…and ascertain the substance of the far-flung allegations about the mismanagement of funds…leveled against the station* (ICASA, 2001, p.9)

What is also a worrying trend about Jozi FM is the unceremonious departure of not only the board members but members of management as well. Mhlongo alludes to this chronic problem with Jozi FM as he suffered a similar fate as station manager.

Jozi FM's own so-called AGM minutes of June 21, 2001 indicate a spate of corporate governance flaws and leadership problems. These include registering the station as a CC apparently without the full consent of the governance structure, unilateral decisions on financial expenditure, as well as staff taking matters into their own hands and "appointing" the station's managing director.

Data gathered from numerous media reports give evidence of individuals with personal agendas exacerbating the recurring problems in the sector. The City Press' "ICASA warns Jozi FM" article alludes to conflicts of interests from board members who run businesses directly linked to the station's broadcasting services (City Press, 2007). Mhlongo also alluded to this, and that the situation is exacerbated by ICASA itself when it decides willy-nilly to recognize so-called "concerned groups" or "task teams" from the community.

One of the critical points raised during data collection is that ICASA as a regulatory body should be more proactive and decisive about recurring problems in stations like Jozi FM. Media reports on the Jozi FM controversy allude to "ICASA's lack of urgency" in ensuring that stations adhere to compliance (BizCom, 2006). Monji also alludes to this when he states that "ICASA fails the stations".

ICASA's 2002 monitoring report on Radio Khwezi does not mention bad governance and serious corporate governance flaws. The Authority acknowledges the audited financial statements, which is not necessarily a common practice with stations. When it comes to analysis of policy and regulatory related weaknesses in terms of corporate governance compliance, the study will refer to this data:

- *Data from active observations of AGMs/BGMs, including Governance and Management Workshops*

Observations here show a sector that generally is besieged by governance and management problems. There is also ingrained hunger for power in order to serve personal agendas. This is the culture that has prevailed in the sector for quite some time. Hence the inherent leadership crises and bad governance.

There seems to be a recurring concern about the state of governance generally and corporate governance in particular. This is an issue in the gatherings observed for this study. The issue of people with personal agendas comes up from different stakeholders.

A side comment during the 2007 NCRF B-GM put forward that:

> *the policy processes and stipulations for setting up Boards at stations levels are clear… the challenge is around the capacity of people who eventually get elected on to boards…this is not necessarily a policy issue but a strategic issue for the sector to ensure that necessary expertise is taken into account when forming boards of directors at station levels.*

Every time the sector, be it individual stations or the mother body itself (NCRF), has to form/elect boards, jostling for position turns ugly. Ambitious leaders resort to whatever means to discredit the incumbent leadership in order to strategically position themselves to take over. The 2006/7 DYR AGM turned into a chaotic display as individuals jostled for positions on the board. Bickering and character assassination were the order of the day. The implication is total disregard for stability in the sector and rather a need to advance personal interests. It is common that as soon as the new leadership is elected purging of those who lobbied against them takes place. The new 2006/7 DYR leadership replaced almost the entire management team with a new one (which would apparently tow the new leadership line). This disruption of continuity perpetuates instability in the sector. ICASA raised concerns about lack of continuity in the Jozi FM governance and management structures.

Congresses and/or annual conferences are the highest decision making structures in terms of policy positions in the sector. These are forums where issues pertinent to policy positions in terms of effective governance and management are deliberated and upheld. However it is on these very same forums where critical policy issues are flouted.

The 2005/6 and 2007 BGMs ignored constitutional stipulations that 50% of board members should be retained for continuity when electing new boards[16]. Ineluctably capable individuals are purged and new board structures launched on no continuity. The observation in this regard will explain some of the policy and leadership problems in the sector.

- The 2007 DoC Conference Report

The background section of the conference report states that part of the reason behind the conference was "perennial problems that continue to besiege the sector in relation to governance and administration…funding and accountability", DoC, 2007, p.9. It is further stated in the background that the conference meant to develop long-term interventions to enhance governance and policy, among other areas, in the sector. The purpose statement for this research also intended to identify policy pointers for the sector to improve its corporate governance compliance.

[16] This disregard of constitutional stipulations seems to be a trend when new leadership is being elected. People resort to all means to get themselves into positions of power and purge those who should be providing continuity in the sector boards.

#### *4.2.4.1 Other data vis-à-vis data analysis*

Most of this “other data” focuses on the organizational approaches to governance and management in the sector. The authors of this “other data” are people not necessarily within the fold of the sector. ICASA reports are compiled by monitors who do not necessarily need to have experience about the sector. Media news stories are compiled by journalists who are not necessarily “beat specialists” in community media governance and management. The analysis of this data will be mindful of sensational bias that might inform the angles from which this data is presented. This data will be used to respond to cases used as examples of corporate governance problems.

The DoC Conference Report will be used to illustrate the point that governance and management policy review processes are a must for the sector.

### *4.2.5 Data organization*

The data collection processes all refer directly to the research problem, i.e that the sector is besieged by perpetual corporate governance challenges. The same processes refer to the purpose statement, i.e. that the research seeks to investigate where and how the sector fails in corporate governance compliance. The data is arranged in the thematic areas below to permit the analysis of each in terms of corporate governance non-compliance in accordance with comparative analysis methodology. The frame of reference will be in terms of what core corporate governance literature, such as the King Reports, says about corporate governance compliance vis-à-vis the context of each thematic area, as well as what works and what doesn’t work regarding corporate governance compliance/non-compliance cases like Jozi FM and Radio Khwezi.

In the context of the above paragraph data collected is therefore arranged according to the following thematic organization. This organization of data is based on selection of recurring themes from the sources of data.

### *4.2.5.1 Table 1: Data Organisation*

| *Thematic area* | *Context* |
|---|---|
| • Good governance generally | This area seeks to illustrate data that addresses itself to the research sub-question about the general state of good governance in the sector. This sub-question sets the scene for all the interviews, and the response to it was able to give direction on how the discussions with the interviewees needed to proceed. |
| • Good governance in terms of corporate governance compliance | The purpose of the study is to investigate the state of corporate governance in the sector. This thematic area carries the gist of the main research question. There is a direct link between this thematic area and the one about good governance generally. During the data collection (interviews) the study was able to make links to the response about the state of good governance generally and the state of |

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| | corporate governance in particular. At the data analysis stage, the study should be able to corroborate whether indeed there is good corporate governance in the sector if the opening remark indicates a state of good governance. |
| • Common examples made to illustrate scenarios of bad/poor corporate governance from good corporate governance. | It is critical for this study to establish if respondents indeed have a practical understanding of what bad/good corporate governance entails. This sub-question is meant to draw inference from the cases made to illustrate the actual states of corporate governance. A comparative analysis approach is fundamental to the data analysis. The grounds for comparisons are based on what is mentioned as stable and/or unstable stations in terms of corporate governance. This thematic area seeks to advance arguments about cases of bad and/or good corporate governance, and the practical cases thereof. |
| • Views about ICASA's policy and regulatory framework | The question of policy and regulatory frameworks, and how the regulator facilitates good or bad corporate governance is central to the research questions. This thematic area seeks to interrogate whether the policy and regulatory environments are indeed |

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| | creating an environment conducive to good cooperate governance or the deficit thereof. |
| • Views about ICASA's monitoring the compliance of stations | This thematic area flows from the one above. The research question about policy positions and legislative stipulations as well as about the effectiveness of implementation and monitoring are interconnected. Data collected about this thematic area and the one above will advance the arguments whether the policy and regulatory stipulations promote corporate governance in the sector. |
| • Organisational culture of the sector and the impact on corporate governance compliance | The problem statement for this study indicates that the sector, as an organization, has inherent corporate governance problems. The study departs from the point that these ingrained corporate governance problems are as results of ineffective organizational culture of the sector. The interrogation of the whole state of corporate governance compliance is structured around an analysis whether the sector's organizational culture positively or negatively impacts on how stations perform in this area. This thematic area carries the gist of the arguments if the institutional culture in |

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| | the sector should actually reform to address corporate governance challenges. |
| • The notion of community ownership and control, and how this impacts on corporate governance compliance | Linked to the whole question about the organizational culture of the sector is whether the notion of community ownership and control is practically realistic for the sector to be corporate governance compliant. The perceptions that the sector is not working effectively primarily because of the community ownership and control culture will be elaborated on through this thematic area. |
| • Leadership culture in the sector in terms of the approach and should be done for effective leadership culture | The sector would need to have an effective leadership culture to successfully adhere to corporate governance principles. The King Reports principles that underpins this study (i.e. roles and responsibilities of the company boards and risk management (as a responsibility of the board) can only be realized if the sector displays effective leadership culture. This thematic area seeks to advance the arguments about the leadership culture and the approach, and illustrate the point whether the sector boards are informed by appropriate processes for the formation of effective leadership. |

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|---|---|
| • What should be done to address corporate governance challenges and instill corporate governance culture | This thematic area will help the study to make informed recommendations when presenting the summary of the findings. Pertinent to this research is that it is the first of its kind to bring the corporate governance compliance subject matter to the sector. It would therefore be critical to make recommendations that can assist the sector design and implement appropriate interventions to address corporate governance compliance. This thematic area flows from all the other thematic areas, and all the respondents had passionate views about what needs to be done to address challenges in this regard. |
| • Other, like emotive expressions and anecdotal observation | Holliday (2002) makes mention of "social reality" that informs research. This research is indeed informed by a social reality that the sector risks losing credibility in the community development realm because of poor corporate governance tendencies. The respondents to the questions posed are people very close to the sector, and their passion about the positive future of the sector could be seen from their emotive emphasis on the challenges and possible solutions for the sector. The expressions observed here are |

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| | important for the conclusion and to substantiate certain points for recommendations. Whilst acknowledging that this section does not present any objective data, it would still be critical to use the anecdotal observations to emphasise points made. |

### *4.2.6 Summary*

Holiday (2002) alludes to the importance of thematic organization of data to create headings for discussion. The above tabulation seeks to provide a systematic arrangement of the discussion to lead the research results and analysis section, as well as a way forward in terms of the research findings. While mindful of the social reality that underpins this research, the report will avoid temptations to present data in a raw state because of its closeness to the social reality. Holiday (2002) warns against this temptation.

The research notes with interest that all the data – interviews, extracts from the public documents, notes from the observation field work, extracts from questionnaires and media reports – relate to the thematic organization as presented above.

Marks (2004), in his research report about competencies of boards and sustainable corporate governance, stresses the importance of noting interviewees personal insights. Personal insights of people like Mtimde, Nkuna, Monji and Boloka will be used as main reference points in terms of the findings from the community radio practitioners.

# Chapter Five: Research Results and Analysis

## *5.1 Overview*

This section is structured according to the different sample presentations of data. The data from key stakeholders will, mainly, illustrate points on good governance generally and corporate governance compliance in particular. The data sourced directly from stations will mainly be used to illustrate whether there is indeed the kind of relevant understanding of corporate governance issues and their applicability in the sector. The "other" data will add to the illustration of state of governance, particularly in terms of a comparative analysis of Jozi FM and Radio Khwezi. All these data packages will be used to respond to all the main research questions.

Garrat (2003), in Marks (2004), attests to the fact that data can only make sense after the process of teasing out meaning and information from it. It is through this "directorial art", as Garrat puts it, of teasing out information that the data can be used to address the research problem.

This chapter presents an analysis and interpretation through the thematic areas used to organize the data. The thematic areas are presented in tabular form in the data presentation section of the research methodology chapter. The approach is content analysis, and the frequency of the points made will be tabulated. This is critical for the content analysis approach (Leedy and Ormrod, 2001).

The thrust behind this research report is the problem statement that issues of corporate governance have been an inherent weakness in most community radio stations since the advent of the sector. This has eroded the credibility of the sector in the radio industry. This report presents the findings of the investigation intended to identify problems responsible for these corporate governance challenges.

The following main research questions provide a framework for the data analysis and interpretation processes:

- Does the community radio sector subscribe to the notion of corporate governance in its board and management structures?;

- Do the public policy process and the legislative frameworks set appropriate conditions for effective corporate governance in the sector?;

- What is the approach of the Independent Communications Authority of South Africa (ICASA) to areas of policy implementation and monitoring and how effective is it?

Marks (2004) states that respondents' personal insights are critical in the analysis of data. Several sub-questions arose from the main research questions. These served primarily to probe through the personal insights of the interviewees. It should be noted that respondents were selected from a pool of highly knowledgeable individuals in the sector.

All interviewees responded to all the questions from different angles depending on their position in the sector. Their personal insights about the sector would be important in the data analysis section later on.

Fundamental to this research is that the study is not merely academic. While adhering to the conventions of academic discourse for the purposes of the report, the study takes into account that the inquiry is about the existing social reality of inherent corporate governance challenges in the sector. Hence the intention of the researcher is to take the conclusions of the study beyond the confines of academic space. Indeed the findings will be used to address issues in the existing community radio sphere where interventions to address lack of corporate governance compliance are designed. The Forum for Qualitative Social research, FQS, (2002) states the importance of understanding the qualitative researcher within the practical space of constructing social meaning. Certainly the intention of the researcher is to assist social reality with solutions to corporate governance default in the sector.

### *5.2 Description*

Wolcott (2001) suggests that starting off with a straightforward illustration of the setting, academics aside, provides the report with a solid foundation for analysis and interpretation.

Hence this part deals with a straightforward description of the setting for the research.

The social setting from which the research stems is the community development paradigm in the NGO sector. The community radio sector in South Africa is built on local grassroots community activism. This is evident from the community ownership and control of the sector. This grassroots community (radio) activism has produced a cadre of community radio experts who have made their way up the media industry in the country. These experts are involved in, besides media development, policy and regulatory framework design and implementation

The choice of respondents was informed by the active role they played, and continue to play in the development of the sector. The respondents range from station managers; current and/or former, members of the boards of directors; community radio compliance monitors and broadcast policy custodians. The key players identified for this study are described in more details in the data presentation section.

Specific events used for observation purposes are conferences where stakeholders deliberate on policy issues regarding the sector. It is during these events that the sector discusses issues of governance and management, including electing leadership. Strategic planning on governance and management of the station are also among events observed.

Despite its many successful years of community broadcasting, the sector has still not developed an effective approach to governance and management. AGM after AGM, the sector continues to grapple with effective systems for strong governance and management. This contributes to perpetual corporate governance failings.

Data was collected from the respondents' own environment, i.e. interviews were conducted at the interviewees' places of work. All interviewees have a minimum of fives years of experience in the community radio sector. This was a prerequisite to ensure that data is also coupled with interviewees' personal insights regarding the sector.

Holliday (2001) cautions against failure to manage the researcher's subjectivity. For this reason, the researcher's perspective of reality, shaped by personal experiences in the sector, will be managed through tabulation of different views from the respondents. According to the review of Holliday's "Doing and Writing Qualitative Research" by the FQS (2006), Holliday presents the importance of balancing out what interviewees say, coupled with the researcher's interpretation when collating data.

While there is a strong personal presence of the researcher's voice throughout the data analysis, the report is mindful of the principle of objectivity in the presentation of findings.

Critical also to this research is that interviewees were in control of the situation during the interviews. The environment was completely theirs and the researcher respected their space (to allow free flow of information). The interviewees gave information with the voice of authority.

All the interviewees knew the researcher well, and this understanding gave credence to informed discussions about the gist of the study, i.e. corporate governance challenges in the sector. So what Holliday refers to as "culture of dealing" was not a threat seeing that the researcher and the interviewees share the same sector backgrounds. This fact was acknowledged throughout the data collection stages. In one instance, however, cultural boundaries became an impediment when one respondent acknowledged that he couldn't speak with "that authority" about the SA community radio since his views could be influenced by his foreign background.

### *5.3 Research Question One*

- *Does the community radio sector subscribe to the notion of corporate governance in its board and management structures?*

This research question probed issues from many angles, firstly from what the interviewees thought of governance generally followed by their views specifically on corporate governance compliance. By starting with the question about governance generally in the sector, the researcher was able to corroborate respondents' views regarding corporate governance compliance in the specific sector. For instance if the respondent stated that good governance was lacking in the sector and then claimed there were high levels of corporate governance compliance with the majority of stations, such a response would inevitably be carefully analysed.

Wolcott (2001) in his "Getting Going" section of Writing up Qualitative Research alludes to the importance of being wary of the observation and the analysis thereof. This study uses both observed and inferred analysis to tease out meaning from the data. This balance, between observed and inferred analysis, also seeks to shore up the researcher's personal insights. The researcher's point of view, particularly when it comes to the analysis of data from observation, will be clearly stated as such. The inferred analysis will primarily be used to illustrate points where information was not necessarily probed from particular respondents but documentation only.

### *5.3.1 Findings and discussion*

It should be noted that the findings here are presented in no particular order.

The data in this regard is organized in two thematic areas, i.e. *good governance generally* and *good governance in terms of corporate governance compliance*. These two thematic areas also have direct links to the thematic areas containing *common examples cited to illustrate scenarios of bad/poor corporate governance from good corporate governance*; as well as the sector's *organizational culture and its impact on corporate governance compliance*.

Albeit an overwhelming acknowledgement exists that corporate governance is critical for the wellbeing of the sector, there is at the same time a general concern that corporate governance is not adhered to. The feeling is that the sector, generally, fails to understand and apply principles of corporate governance. It appears that the corporate governance culture has not sunk in to the minds of the leadership structures of the sector, and many see this (corporate governance compliance) as not applicable to the sector.

> *Corporate governance is not only relevant for the corporate world. It's for all administrative responsibility which is proper for the effective running of any organization* (Lumko Mtimde, MDDA CEO).

> *The sector sees the King Reports only as a corporate tool and not compulsory to the non-profit sector. The sector would need to adopt the corporate culture (seriously so) that is alluded to in the King Reports* (Franklin Huizies, NCRF CEO).

It would be expedient for those in the governance and management structures of the sector to adopt corporate thinking as a coherent stance in their day-to-day running of the sector generally and the stations in particular.

Central to concerns about corporate governance in the sector is the awareness that the sector loses credibility as a viable role player in media business planning. Media planners do not take the sector seriously as it flouts serious media business etiquette. Hence the leadership of the sector would need to start thinking outside their community radio "ghetto" box, and become conscious of upholding professionalism to make the sector a competitive role player in the media business.

The point here is that generally the sector is not corporate governance compliant, and it does not lie in its organizational culture to adopt corporate governance principles.

According to Naidoo (2002) institutions with improved corporate governance have better opportunities to access capital and generate revenue for growth.

Around 2002/3 the SA community radio sector lost an important funding partner in the OSF-SA. The Foundation cited lack of effective governance and management, among others, for reducing its funding support to the sector. This was a lost opportunity for revenue in the sector. The corporate governance non-compliant state of the sector has a serious negative impact on the sector’s sustainability. Media planners do not have business confidence in the sector given its lack of credibility. Hence the sector would need to improve its corporate governance, and adopt a corporate culture, in order to improve its bottom line.

According to Motswako Media[17], media planners and the advertising industry demand more than just the availability of airtime to decide on advertising deals (Motswako Media, 2007). Radio advertising, Motswako contends, has become more scientific.

This poses a threat to the sector because advertising is its major revenue generating means. The recent drop in community radio listenership[18] adds to the challenge of sustainability. Income generating strategies are going to be even more difficult. Without doubt this listenership drop will scare the already skeptical advertisers in the sector. The alternative would be

[17] Motswako Media Group is one of the premier advertising agencies for the sector. Motswako also proposed a share-swop deal to assist the sector in revenue generating. This proposal, which can benefit the sector, is being stalled by poor governance and lack of strategic corporate governance vision in the sector.
[18] According to April 2008 Radio Audience Measurement Survey (RAMS) the sector lost over 2% of listenership.

corporate-based revenue generating mechanisms, however accessing corporate funding demands high levels of corporate governance compliance.

As Naidoo (2002) puts it, the sector would need to improve its corporate governance to enhance its potential for more revenue generating opportunities. The sector should adopt corporate thinking in all its normal operations, including advertising, to sustain income generating opportunities. Trialogue (2006) alludes to the need for appropriate standards for sustainability. The sooner the sector adopts the sector-specific Corporate Governance Charter principle the better the chances for its sustainability.

P4 Durban and P4 Cape Town are now defunct because they flouted corporate governance principles. The two commercial radio franchises lost a key funding partner in P4 International due to financial instability cased by bad governance and management (BizCom, 2007).

It does emerge that there are sections in the sector that have taken the proactive route of instilling a certain corporate governance culture. This approach has, unfortunately, been adopted by a minority within the sector. The NCRF, which is the network structure for most of the stations, is not as practical and proactive as the NAB and ACB are about corporate governance adherence within their folds.

> *Good (corporate) governance is the secret for success for any community radio station…The NAB doesn't have a different set of rules for the (community radio) sector and for other sectors like the commercial ones. The same good corporate governance rules apply across the sectors* (Humphrey Birkenstock, former community radio unit chair in the NAB)

It is important to state that notwithstanding perceptions that NAB and ACB stations are more corporate governance complaint than the majority in the NCRF fold, this research did not probe the veracity thereof. This could be the subject of another project.

The root cause of corporate governance problems in the sector has to do with the prevailing organizational culture. The abundance of donor funding in the early days of the sector created a complacent funding environment. There was a little need for accountability as donors were scrambling for space in the sector. Currently the sector is approaching its second decade of community broadcasting and donor abundance is no more. Instead there is an insistence on proper systems and procedures for internal control and financial accountability for any funding that comes the sector's way. To achieve financial sustainability the sector as a group, and as individual stations, would have to be at their competitive best to claim a share in the radio broadcasting industry.

The point of departure for the sector to become corporate governance compliant would be to sort out leadership crises. This would necessitate a new approach to the formation of boards, particularly in terms of electing people to serve on the boards. This new approach should mean a complete overhaul of the systems and processes for governance and management structures. A new leadership culture would need to prevail. This new leadership culture would instill a new organizational culture in the sector, i.e. a culture that upholds corporate governance principles.

Positive image building in the sector cannot be left to a pocket of stations, as is the case right now. It should be a collective responsibility to build an overall good sector image in order to reclaim credibility. In essence, the bad image that the sector has in the industry is a consequence of the unprofessional organizational and uninspiring leadership cultures.

> *There's this "free for all" organizational culture in the sector, and this needs to come to an end. The sector needs to adopt a corporate culture and stations would need to work on corporate image…we need people (in the leadership structures) with credibility for the good image (of the sector)* (Mpho Mhlongo, former Jozi FM station manager and current Project Manager in the NCRF head office)

> *The mere fact that the sector is called community radio… makes it difficult to have corporate governance rules to govern the sector.* (Ndondo Dube, ICASA Monitoring Officer)

The notion of community ownership and control, and its application in the sector, is a major contributor to inadequate corporate governance adherence. This is exacerbated by a "free for all" organizational culture prevailing in the sector.

The concerns expressed regarding the notion of community ownership and control must not imply that community ownership and control, as a principle, should be done away with. Indeed it was expressed quite strongly that the notion of community ownership and control principle defines the sector, and this should be preserved at all costs. This is a significant notion since the sector was set-up to empower communities at local levels and to broaden the media landscape in South Africa. What boggles people's minds however is the impracticability of the application of the principles of community ownership and control for effective governance and management in the sector.

*We need to ask ourselves what does this (community ownership and control) mean. It is very difficult to translate it into practical terms* (Dr Monji, ABC Ulwazi OD Trainer)

*I tried long ago to figure out the issue of community ownership. I think there should be a structure to make this community ownership real and effective* (Chris Armstrong, former NCRF employee)

Clearly what the sector needs is to ensure that this community ownership and control is not used to perpetuate mediocrity in its governance and management structures. Most, if not all the leadership squabbles in the sector are as a result of the loose and open-ended application of this community ownership and control. People, usually with no relevant expertise, take advantage to mobilize through this community ownership and control and destabilize the sector.

The notion of community ownership and control is fundamental for the identity of the sector. Stakeholders jealously guard against anything that undermines this community radio identity. The concern is that the essence of being "owned" and "controlled" by community seems to be a fallacy in terms of effectiveness. Fundamental to this concern is the ambiguity of this notion of community ownership and control, particularly for a sector that is battling to gain a competitive edge in the media business landscape. Yet the very corporate governance challenges are attributed to the problems that come with this community "ownership" and "control".

The observed behaviour of aspirant members of the board during the AGMs attests to the problematic nature of the applicability of the notion of community ownership and control. Aspirant members become chaotic and even go to the extent of disregarding constitutions to secure election to boards of directors. The alarming fact is that the sector has policies and procedures for such processes, but people deliberately disregard them. This indicates a weakness in the sector in terms of policy monitoring and enforcement measures. (This is dealt with in more details in research question three below).

### *5.3.2 Reference to literature*

Corporate collapses, according to Marks (2004), are a consequence of incompetent boards of directors. King (2002) is clear that the board reflects organizational performance in terms of adherence to corporate governance principles. Bryson (1996) alludes to the importance of corporate-style planning in the NPO sector.

A review of how issues of corporate governance compliance, and/or non-compliance, are captured in the above literature makes it evident that the sector does not fulfill requirements. There is a serious deficiency in governance and management structures when it comes to complying with corporate governance principles.

Mapp (2008) emphasizes the urgency of the broadcast industry to adjust to the new demands in order to achieve long-term sustainability. This, Mapp argues, would mean reviewing traditional strategies. This study contends that unless traditional strategies of community ownership and control are reviewed and adapted to suit modern broadcasting business trends, the sector will continue facing serious corporate governance challenges.

## *5.4 Research Question two*

- *Do the public policy process and the legislative frameworks set appropriate conditions for effective corporate governance in the sector?*

The South African media policy and regulatory framework is mentioned as one of the most progressive media development frameworks in the world. Policy and regulatory stipulations for media and diversity programmes are hailed as amongst the best in the world. This includes regulations that underpin community broadcasting, community radio in particular.

### *5.4.1 Findings and discussions*

Whilst the SA policy processes and the legislative frameworks for media development are hailed as among the most progressive in global media landscapes, there are concerns regarding conditions for effective corporate governance in the sector. These concerns allude to loopholes in the policy processes and the legislative frameworks when it comes to enforcing corporate governance compliance. The concerns expressed about the policy processes and legislative frameworks for the sector are linked to the community ownership and control problems.

> *Issues of community ownership and control, and the provisions in the legislations need to be reviewed. The NCRF needs to review the current ownership and control and to make submissions to ICASA to put pressure on the current legislations* (Franklin Huizies, NCRF CEO)

> *When one looks at Chapter 9 of the Electronic Communications Act, there's less emphasis on governance…More emphasis is on complying*

*with stipulations on programming* (Chris Armstrong, former NCRF employee)

Both Huizies and Armstrong have concerns regarding the legislative frameworks.

The notion of community ownership and control is said to be ambiguous - hence the lack of good governance generally, and corporate governance in particular.

*Community ownership and control is unclear* (Mpho Mhlongo, former Jozi FM station manager and NCRF Project Manager)

*There's a major challenge that I think we, as the sector, are theoretical about it, i.e.. the ownership of community radio by the community.* (Dr Monji, ABC Ulwazi Trainer)

ICASA's policy and regulatory directives stipulate that the sector should be run as a non-profit entity under the community ownership and control banner. To many people the ambiguity here is a recipe for disaster. This point was emphasized not to downplay ICASA's role in regulating the media environment in South Africa per se. The implication is that there is indeed stable governance and management in the sector, and the environment is conducive to this.

The conflicts that have continuously besieged the sector are attributed to ICASA's relaxed policy and regulatory directives when it comes to governance. However ICASA's relaxed policy and regulatory directives are not the problem per se, rather the approach to dealing with tensions is the concern.

*ICASA's provisions to stations contribute to the conflicts in the sector…the community participation mechanisms, particularly during AGMs, open stations up to power struggles.* (Franklin Huizies, NCRF CEO).

*The current notion of community ownership and control must stay. The questions should be how this is defined and applied. The "community" should be in a sense of both organizations and individuals* (Robert Nkuna, ICASA Councilor)

The specific nature of the sector as a powerful community development tool should call for a more vigilant safeguarding role by the regulatory body. This would be to avoid situations where some members of the community are likely to exploit the sector for personal gains. And that makes the ground fertile for corporate governance non-compliance.

The situation cannot be left as it currently is.  The sector is doomed if it continues to condone the perpetual chaos that characterizes its governance and management structures. A structured mechanism would need to be put in place to appropriately and constructively manage situations.

The recent mudslinging and infighting within Jozi FM's governance and management structures (a chronic illness within the sector) has been repeatedly referred to as an example of ICASA's failure to be firm when dealing with problems. To be sure ICASA cannot by law dictate on the internal processes of the stations. However, as a regulatory body that is entrusted, by law, with the responsibility of ensuring stability in the sector, it is incumbent upon ICASA to be vigilant in the face of such problems and resolute with punishments.

ICASA's 2005 Position Paper on Sound Community Broadcasting stipulates that stations should be run like business enterprises. The enforcement in reality is not as effective as it stands on paper. The concern therefore is that there should be measures to ensure that community broadcast regulations respond as well to national legislation, such as Company Laws. Reference here could be made to the 2004 court ruling (against ICASA) on the Radio Pretoria matter where the court of law ordered ICASA to align regulatory provisions with other laws of the country like the Company Laws.

The solutions to most of the problems lie with the ECA, it is argued. The ECA stipulations on paper allow for a more effective business development approach for the sector, e.g. venturing into broader telecommunications business where the sector could provide services other than just community broadcasting. The question is how effective would this enforcement be in ensuring the sector complies with all the business principles of corporate governance. This is the challenge the sector would collectively need to address.

It should be noted that ICASA is not unaware of its weaknesses in enforcing certain regulations. In fact ICASA acknowledges that some of the governance and management problems in the sector could be averted (by a more firm enforcement of the regulatory stipulations).

> *ICASA debated whether we need to strengthen stations on corporate governance or rather create a framework that can inform the constitutions in the sector* (Robert Nkuna, ICASA Councilor)

Again, the Jozi FM situation presents as a typical example of how governance and management problems in the sector might be addressed. This, it emerged from the deliberations, boils down to the ambiguity around community ownership and control, and how this principle is applied practically.

### *5.4.2 Reference to literature*

The policy and regulatory frameworks that (should) govern the sector's effective corporate governance compliance have loopholes.

The need for policy and legislative stipulations on corporate governance compliance in the sector to be reviewed can therefore not be overemphasized. This review process would need to be informed by a sector-specific programme to analyse what effectively works and what does not for corporate governance compliance. This process should inform the policy alternatives.

Patton and Sawicki (1993) alludes to the policy analysis process that helps identify policy alternatives. These policy alternatives would need to come up with strategies to instill a new organizational culture. The new organizational culture should ensure that the sector is corporate governance compliant. Further, these policy alternatives would need to ensure that governance and management approaches for ownership and control are more effective than they are under current circumstances.

It would be beneficial if policy and regulatory role players were to initiate a policy analysis processes that would help the sector implement feasible measures to ensure effectiveness of the policies and (regulatory) procedures.

Patton and Sawicki (1993) presents six basic policy analysis steps, and these include defining a policy problem and assessing the effectiveness of the implementation outcomes. Policy and regulatory stipulations for the enforcement of community ownership and control would need to be reviewed to establish the effectiveness of the notion of community ownership and control.

Since policy and regulatory stipulations-related problems have been inherent in the sector, the review processes should take what Patton and Sawicki refers to as "backward problem solving".

The six-step policy analysis approach, by Patton and Sawicki (1993) should address all the ambiguities currently besieging the sector's ownership and control.

The policy and regulatory review processes should be part of the sector's reform strategy to address problems around community ownership and control. A new organizational culture, with a more effective policy and regulatory framework for corporate governance compliance, would need to be introduced. Clearly it would no longer be "business as usual" in the sector if a new corporate organizational culture were to be instituted.

> Transformation…is about changing the structure and ethos in the way people go about doing their business in the workplace, Tomaselli, 2001, p.3.

### *5.5 Research Question three*

- *In areas of policy implementation and monitoring, what is the approach of the Independent Communications Authority of South Africa (ICASA) to these areas and how effective is its approach?*

ICASA's policy and regulatory stipulations can be hailed as one of the best in the world. But the effectiveness and the merits of these stipulations can only be judged by application in terms of implementation, monitoring and evaluation. This would need a more structured approach, particularly for the sector like community radio that has been continuously besieged by policy related problems. This, in essence, calls for a structured policy analysis to establish where and how the sector has failed in this regard. The approach should be embraced by the sector in its entirety.

#### *5.5.1 Findings and discussions*

The effectiveness of policy and regulatory implementation can only be realized when there is sufficient capacity to monitor processes. This capacity to monitor the implementation thereof should be take the form of an on the ground evaluation. ICASA's monitoring unit would therefore need to have this capacity, first and foremost, for the effectiveness of monitoring implementation.

However the general feeling about ICASA is that capacity to monitor proactively is a problem. Most, if not all, governance and management problems in the sector are the result of ICASA's sluggish approach to addressing crises in the sector. It appears that by the time ICASA comes to stations, situations are already out of control and opportunists (masquerading as "concerned members of the community") have already entrenched themselves in the crises situations. This is a chronic illness that could destroy the sector, if not addressed.

> *There’s capacity challenge in ICASA* (Ndondo Dube, ICASA’s monitoring officer)

> *ICASA’s monitoring capacity is unquestionably challenged* (Lumko Mtimde, MDDA CEO)

> *On ICASA, we need to look at how its role is seen…It would be important for ICASA to emphasise monitoring the sector in terms of financial sustainability* (Mandla Soko, former NCRF head office employee, OD training specialist in the sector and currently SABC’s General Manager: Public Broadcast Service)

> *…there’s (also) a capacity challenge within ICASA’s monitoring unit in terms of monitoring corporate governance compliance. Most of the time is spent on monitoring compliance in terms of programming* (Robert Nkuna, ICASA Councilor)

> *ICASA would need to “bite the bullet”…the “wait and see” attitude does not help the sector. ICASA can assign service providers to conduct regular and comprehensive audit and monitoring of stations* (Dr Monji, ABC Ulwazi)

The responses about ICASA, particularly at monitoring levels, challenge the sector to review its policy and regulatory implementation and monitoring approach. Evidently if ICASA had a more pro-active and firmer approach to stations’ governance and management upheavals, problems could be averted.

ICASA would need to acknowledge that governance and management crises are inherent in the sector. And these crises manifest themselves in corporate governance problems. In order to address these problems effectively ICASA's monitoring unit (MCU) and Complaints and Compliance Committee (CCC) should find a way of harmonizing their programmes. Interestingly ICASA is aware of the myriad of governance and management crises, but it chooses to play soft with the sector. The Jozi FM problems have been recurring for quite some time in the sector, and ICASA acknowledges this:

> *It is worrisome that it is becoming a trend for members of the Jozi FM Board to exit the station unceremoniously. This seems to happen at the expense of accountability and hamstrings development and continuity at the station* (ICASA, 2001, p.9)

### *5.5.2 Reference to literature*

That the policy is effective in its implementation and monitoring would need to be established through a thorough process of policy analysis.

According to Dunn (1994), the policy evaluation process involves making judgments on the merits or demerits of the policy. This (policy) analysis process is critical for the impact assessment of the performance of policy.

It would serve the sector well to adhere to the process outlined by Dunn. This would assist it in closing policy and regulatory loopholes that continuously create governance and management problems. This approach would also auger well with prevailing feelings that the organizational culture of the sector needs to be reviewed and a new corporate culture introduced.

Generally there is apathy when it comes to governance matters in the sector. This questions the effectiveness of the community ownership and control approach. In most cases stations can only attract "full houses" for community meetings when there are crises. This is in the nature of the sector. It has been established, through observation, that conflict situations serve people with vested personal agendas well in the sector. However changes to the current "free for all", "do as you please" organizational culture in the sector are likely to evoke resistance and thus stifle the policy evaluation proposition. Dunn (1994) alludes to the official resistance to policy evaluation because of what he refers to as "organizational inertia" which can present itself as subtle ways of resistance.

The sector would need a holistic approach to establish whether current ICASA's policy implementation and monitoring approaches are actually effective for the sector's compliance with corporate governance principles. Naidoo (2002) advocates a practice where corporate governance compliance is a holistic organizational culture no matter the corporate size or nature of the business.

## *5.6 Other critical findings and discussion*

### *5.6.1 Leadership challenges in the sector*

Every key stakeholder bemoans the leadership problems in the sector. The fundamental concern raised is failure to elect people with relevant expertise to serve on boards. Further, the sector's inability to retain knowledgeable and skilled human resources in its management structures is raised. There is a culture of purging across levels in the sector, i.e. from the national levels right down to stations and provincial structures like the hubs[19].

[19] The Hubs are structures initiated by the sector at NCRF national level and instituted at provincial levels. These structures have provincial leaderships while the head office also assigns national coordination to the member of the board. The Hubs are critical structures for the stations' financial sustainability, at least that was the intention when

Poor leadership in the sector reflects organisational bankruptcy in the SA community radio sector. Central to all the leadership problems in the sector is the notion of community ownership and control. These leadership crises manifest themselves at all the critical levels, i.e. governance and management generally as well as corporate governance in particular.

The research problem around inherent corporate governance challenges in the sector can be attributed to leadership bankruptcy. As things stand, qualifying for critical leadership positions in the sector, including serving on boards and acquiring management positions, is based on empty sloganeering and, at times, unethical lobbying.

The approach to the formation of leadership structures would need a complete overhaul for the sector to rise above the petty squabbles that frequently characterize governance and management structures. The conference and congress approaches to electing leadership would need to be reviewed. A public policy process would need to be implemented whereby potential candidates go through a process of public nomination, preliminary shortlisting, public interviews, final shortlisting and ratification. While this process could be grounded at local community levels, it should be ratified at provincial and national levels. Effective options can be explored whereby public communication structures set-up "community radio units" in the portfolio committee responsible for communications in the country. The communications unit in the offices of the MEC for local governments could oversee the process in terms of ratification. This would ensure a level of accountability in the formation of board processes. The sector, through a

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they were set-up, but they have been turned to "gold mines" for personal gain. Just like any other NCRF-aligned leadership structure, the Hubs are riddled with leadership crises and people jostle for influential position just to be in control of the resources generated at hub level. Hence the simmering tensions between the national office and the Hubs provincial structures on how the Hubs should be run.

thorough consultation process could adopt the same boards formation processes adhered to for the public broadcaster and/or the MDDA boards.

These new processes for the formation of boards would aim to ensure that those finally elected are able to effectively facilitate corporate governance compliance in the sector. The corporate governance charter, mooted at the 2007 NCRF B-GM could be shored up by legislative policy stipulations to mandate ICASA to enforce the processes as law.

Truth is that the current ICASA sanctioned processes towards the formation of boards in the sector is flawed. This is compounded by rhetorical community ownership and control principles, which, in most cases, are used to justify mediocrity in the sector's governance structures.

> *The current ICASA legislative provisions make it easy for the "wrong" people to be elected to the boards. Issues of community ownership and control should be reviewed and opened up to proper institutions (like the local corporate structures) to administer stations* (Huizies, NCRF CEO).

> *The corporate governance charter idea should be looked into within the context of the regulatory framework (to make it enforceable by law). The sector body can lobby ICASA to attach the charter as part of the regulatory guidelines. (*Mtimde, MDDA CEO)

The issues raised above could be explored in a co-regulation approach whereby the regulatory body and the sector work together on the corporate governance charter/code of good practice. The charter/code can be used to qualify and/or disqualify people to serve on governance structures on the basis of corporate governance expertise.

The concerns also regard the levels of capacity of people serving on boards in the sector. Hence the same process should flush out immaturity and mediocrity in governance and management structures.

Capacity building and training service providers should also take responsibility for perpetual poor governance and management in the sector. There should be a structured plan to continuously build capacity in areas of corporate governance compliance in the sector. The community radio sector should facilitate a process whereby the business/corporate sector is brought on board for business development and management mentoring.

#### *5.6.1 Reference to literature*

According to Serretta (2004) the boards should have the relevant expertise in business administration to facilitate the commercial viability of any business. Maher (2002), in Marks (2004), alludes to the importance of established and credible reputations for members of the boards in order to provide effective leadership (in any business environment). Tony Dixon, in Trialogue (2006) stresses the need for board members to facilitate what he calls "getting operational balance right" to ensure that their companies make profit and conform to relevant business norms.

All of the above can only be realized if there is leadership capacity at board level. The fact of the matter is that the sector lacks in all the critical aspects of necessary expertise to run successful boards. This is primarily due to the processes that are followed to constitute governance structures in the sector.

### *5.7 Corporate governance compliance/non-compliance cases*

This part illustrates a comparative analysis component of the report.

References have been repeatedly made to the Jozi FM situation as a typical example of corporate governance problems in the sector. It is significant that this reference be understood in the context that Jozi FM is situated in the area where there is huge potential for corporate growth and financial sustainability of the station. The Jozi FM reference should also be understood in terms of a typical scenario where the so-called community ownership and control principle will be exploited by people with self-interests (because the station has a potential of making it big in media business).

The problem with the Jozi FM situation is that bad governance and management generally, and corporate governance challenges in particular, have been inherent. The sector doesn't seem to be able to come up with a sustainable solution to the problems. The NCRF and ICASA have, on a number of occasions, attended crisis meetings in the station. However, the station experiences similar problems almost every year. Indeed at this point the sector should be concerned about the failure to institute sustainable stability at Jozi FM, as the station's problems exemplify typical corporate governance problems across the sector.

Radio Khwezi, on the other hand, is always referred to as a stable station that exemplifies good governance and management generally, and corporate governance compliance in particular. Indeed the station is known for sustainable stability in governance and management structures.

Radio Khwezi is one of those stations observed for stable governance and management. In 2003 the researcher facilitated a Governance and

Management Workshop and Board Induction for the station. Ever since then the station has maintained governance and management stability.

Other cases referred to are stations where members of the board are too hands on in order to control and benefit from the resources of the station. In some instances in this regard station resources, like vehicles, are kept and used by board members for personal reasons. Again, the question of community ownership and control is responsible for such problems because people lay claims to ownership of stations. Because of a lack of vigilant structures and systems for asset management in communities, which is integral part of corporate governance principles, those with governance and management power exploit the situations.

The Jozi FM situation should be taken up as a case study for the sector to use in addressing corporate governance challenges.

The management of community ownership and control is different in the two stations. Radio Khwezi has an organized structure like KwaSizabantu Mission that is a backbone for the station's well being. The community values underpinning the Mission spill over to the surrounding communities. There are no instances where members of governance and/or management structures get unceremoniously kicked out. The Soweto Media Trust, under which Jozi FM falls, is bedeviled by forces with personal agendas. Members of Jozi FM board and management hardly finish their terms in office. This creates instability and lack of accountability.

### *5.8 Institutionalising corporate governance compliance in the sector*

The issue of community ownership and control is said to be too loose for the sector to effectively comply with corporate governance. In some instances where references were made to stations as corporate governance compliant and stable this was attributed to individuals within the mentioned stations. The question would be what happens if those individuals leave the stations?

The sector in India is, by law, assigned to organizations that have proven record in organizational development to administer the operations of the stations. So much so that this Indian model has been hailed and the feeling is that the SA sector would benefit, were it to adopt a similar model to suit local administrative needs of the sector.

The sector should be mindful of avoiding a situation where governance and management stability is due to individuals within the station's structures. As stated, concerns are raised about certain stations where corporate governance compliance is attributed to individuals. It goes with out saying that the sector would need to permanently institutionalize corporate governance compliance.

The institutionalization of corporate governance compliance is already occurring in certain sections of the sector. The Association of Christian Broadcasters (ACB) runs workshops for its member stations to orientate them in corporate governance compliance. The NAB community radio member stations, predominantly members of ACB, are also said to be exposed to corporate governance principles. The onus now is on the NCRF, which has a majority membership, to institutionalize this same principle.

The sector, as a collective, would need to embark on an orientation campaign to familiarize the stations with core principles of corporate governance. Much as there is a fine line between good governance and corporate governance compliance, one would expect station managers and people serving on the boards to demonstrate distinction in this regard.

### *5.8.1 Reference to literature*

Naidoo (2002) argues for a case where good corporate governance is an institutional business in the given sector and not an individual approach. In Trialogue (2006), the Globally Responsible Leadership Initiative advocates collective corporate action where there is a coordinated collective response (to business development challenges). This is the approach that the sector would need to take as a collective to ensure that there is an institutional adherence to corporate governance compliance.

## *5.9 Summary*

Corporate governance challenges will remain chronic problems in the sector unless there is an overhaul in the organizational culture of the sector. This would necessitate the adoption of a new corporate governance culture as an integral part of the sector. Policy and regulatory stipulations should be monitored more effectively. There should also be a thorough policy evaluation process, with a particular focus on instituting alternative policies for corporate governance compliance. The capacity challenge within ICASA's monitoring unit exacerbates the problems in the sector. Hence strategic partnerships should be sought with capacity building and training service providers to provide a structured monitoring approach for the sector's corporate governance compliance, and this should be informed by a thorough audit of stations' across the board compliance

The 2007 DoC Conference acknowledged the perennial problems that have to do with the ineffectiveness of the governance structures in the sector. The report attests to the dysfunctional nature of the boards. The question asked by the Conference, i.e. who should play the oversight role in the sector, is similar to that raised in this study: is the notion of community ownership and control, in its current forms, effective for a strong governance role in the sector? The DoC conference report further hinted that the oversight role in the sector should be given to organized structures like local municipalities. In interrogating the effectiveness of community ownership and control in the sector, this research mulls over the idea of assigning the fiduciary responsibilities to credible governance structures that can be recognized by law. This approach, both the DoC conference report and this research report agree, should be informed by regulation where corporate governance guidelines or a charter is legally enforced by ICASA.

# Chapter 6*: Summary of Findings*

*6.1 Overview*

This summary covers all the thematic areas that were used as a framework for the data presentation and analysis. The basis for this is the research questions, main and sub, through which issues regarding corporate governance challenges in the sector were probed.

The findings can be summarized as follows:

- The sector's current organizational culture, which is informed by the notion of community ownership and control, needs to be reviewed through tailor-made policy analysis processes to assess effectiveness;

- The majority of stations in the sector, mainly those affiliated to the NCRF have serious corporate governance compliance problems;

- The sector, through a thorough consultative process with key stakeholders, needs to institute a corporate governance culture. This (corporate governance) culture would need to be informed by a Corporate Governance Charter that is enforceable by law;

- ICASA's public policy and regulatory provisions need to be reviewed to reinforce implementation and monitoring of corporate governance compliance in the sector;

- Whilst there is still a strong belief in the current community ownership and control approach in the sector, there is a general feeling that this might be impractical for the sector's governance and management stability. The challenge is to create a particular structure to make this (community ownership and control) practical and effective for good governance generally, and corporate governance compliance in particular;

- There are chronic leadership crises in the governance structures of the sector - hence the perpetual corporate governance problems.

### *6.2 Recommendations*

The recommendations are informed by the findings under each research question, and are summarized as follows:

#### *6.2.1 Research question one:*

Does the community radio sector subscribe to the notion of corporate governance in its board and management structures?

- The sector as a whole must institute a structured corporate governance compliance system all stations must comply with in their operations. This should start with the adoption of a corporate board approach and explore possibilities where members of the board have executive and non-executive status. The system should ensure that those elected to boards have the necessary expertise to uphold the corporate image of the sector;

- ICASA and the sector, through umbrella bodies, should facilitate a process for a legally enforced Corporate Governance Charter to assist stations with corporate governance compliance toolkits. This should be facilitated by an annual Corporate Governance *Lekgotla* for all the key stakeholders in the sector as well as appropriate corporate institutions to chart a way forward for corporate governance compliance strategies in the sector;

- Stakeholders must acknowledge the need for the commercial viability of the sector, and immediately implement a strategy to facilitate profitability of the sector for its financial sustainability. The process of establishing a commercial wing (through the NCRF national office) that has been stalled by governance incompetence should be finalized with immediate effect;

- There must be structured long-term capacity building and training programmes for sector boards and management structures on 'corporate governance compliance for sustainability'. Contents for training should be informed by the sector-specific King Commission for sector-specific corporate governance challenges.

*6.2.2 Research question two:*

Do the public policy process and legislative frameworks set appropriate conditions for effective corporate governance in the sector?

- ICASA should facilitate a process for a new Position Paper on Community Broadcasting, with particular focus on community radio corporate governance compliance. This should include new policy and regulatory provisions for the formation of boards where people are nominated, interviewed and ratified by a credible public committee with links to parliament's Portfolio Committee on Communications;

- ICASA must work with the sector and institute a formal public policy process for a co-regulated Corporate Governance Charter that is enforceable by law, to set appropriate corporate governance compliance codes. The Charter should also facilitate a structured process for institutionalized corporate governance compliance performance assessment in the sector.

*6.2.3 Research question three:*

In areas of policy implementation and monitoring, what is the approach of the Independent Communications Authority of South Africa (ICASA) to these areas and how effective is its approach?

- ICASA needs to assign policy implementation and monitoring responsibilities to credible capacity building and training service providers. The process for this must be structured as a thorough audit for capacity in terms of stations' governance and management structures. This audit must lead to capacity building and training interventions aligned to the needs of the sector's skills and knowledge gap;

- ICASA must beef up its MCU human resource capacity to meet ever increasing challenges for compliance in the growing community radio sector;

- ICASA, in partnership with appropriate capacity building and training service providers in the sector, the NCRF (together with other sector umbrella bodies) and MAPPP-Seta, must coordinate Policy Implementation and Monitoring skills programme for governance and management people, with a focus on corporate governance compliance in the sector;

### *6.3 Areas of Future Research*

6.3.1 Overview

Future studies should constitute large as well as mini scale projects aimed at providing answers to the following questions:

- What is the relevance of community ownership and control in the sector in the current era of community broadcasting, and what is its impact in terms of stability in the sector? This research also needs to provide answers to: who should be the "community" in the community ownership and control?

- What might be effective approaches to financial sustainability in the sector? What are the immediate and long-term implications for setting up a commercial arm for the sector's financial sustainability? What might be appropriate governance and management approaches for the viability of the commercial arm? What are the bottlenecks in the current processes for an investment wing being established in the sector? What might be appropriate business opportunities for the sector to venture into for purposes of institutional sustainability?

- What should be the sector-specific "King Commission" focus to assist the sector with corporate governance compliance? What would be the best corporate governance codes for the sector in this regard?

- What might be an effective approach to the formation of boards in the sector? What are the loopholes in the current open lobbying processes where the "community" elects members of the boards? What policy measures should be put in place to facilitate effective processes for this? Would the SABC and/or MDDA-related processes for the formation of boards be effective for the sector?

The sector, under the auspices of the NCRF should commission an in-depth comparative analysis on corporate and non-compliance of NAB and NCRF member-stations. This analysis should investigate the role played by mother bodies in member stations' compliance and/or non-compliance.

### *6.4 Conclusion*

According to Marks (2004) the emphasis on corporate governance compliance is a consequence of the spate of corporate dishonor. The context of Marks' conclusion is core competencies of boards for sustainable corporate governance in the traditional corporate world. This research contends that Mark's conclusion is applicable to the sector in that the need for emphasis on corporate governance compliance is due to chronic lack of good governance in the sector. The sector would need to come up with tailor-made measures to address its myriad of corporate governance problems.

Studies like the AMDI (2006), academic papers like Teer-Tomaselli (2001), Berger (2001), Banda (2006), etc. have been too broad regarding media development issues. The critical issues highlighted by these studies do have relevance to the development of community radio in South Africa. The sector would better serve its sustainability by commissioning studies to narrow the focus of those mentioned and include research problems and purpose statements towards the needs of the sector.

All the research questions have been addressed in this study. At the same time this study has opened up needs for further research to take issues in the sector forward. This has been addressed under recommendations above.

It would also be critical for the sector to take some of the studies regarding community radio to another level. For instance, Teer-Tomaselli's paper "Who is the 'community' in the community radio sector" (Teer-Tomaselli, 2001) leaves things hanging by not providing solutions to the problems that come with this loose notion of "community" ownership and control.

The process of taking the studies on the sector forward should include designing a practical plan for the implementation of the governance and management resolutions of the 2007 DoC conference. There should be synergies between recommendations like instituting a legally enforced Corporate Governance Charter and what the conference proposed as ICASA guidelines on governance.

The sector will continue experiencing chronic problems likely to threaten the existence of its institutional well-being if the current leadership/governance culture and approaches are not addressed and reviewed. The sector would need people with corporate governance expertise to assist it become corporate governance compliant.

In the "Writer Voice" section of Doing and Writing Qualitative Research, Holliday alludes to the importance of experience as evidence (Holliday, 2001). My conclusion that corporate governance problems in the sector threaten its institutional well-being, is informed by the years of experience in the sector's governance and management structures. The DYR experience from 1996 to 1998 as Station Manager exposed me to a particular governance approach that emphasized corporate governance compliance[20]. The experience as a community radio trainer with IAJ’s Community Radio Training Project from 2000 and my involvement as NCRF Board member in 2006/7 also exposed me to the myriad of governance problems generally, and corporate governance in particular. All these problems can be attributed to leadership deficiency in the sector. Hence the need for the sector to institute a corporate governance culture and review its approach to the formation of boards.

[20] The governance structure of DYR was based on the University of Natal’s corporate governance compliance approach and the board was dominated by the University administrators, including finance and legal people.

## Sources of Data

*i)* *List of Interviewees*

***Franklin Huizes,*** NCRF CEO
***Lumko Mtimde***, MDDA CEO
***Robert Nkuna,*** ICASA Councilor
***Mandla Soko,*** former NCRF national office employee and currently General Manager: SABC PBS
***Ndondo Dube,*** ICASA Monitoring Officer
***Dr M. Monji,*** OD/Institutional Development Trainer (ABC Ulwazi)
Chris Armstrong, former NCRF national office employee
***Mpho Mhlongo,*** former Jozi FM Station Manager and currently working for the NCRF national office
***Humphrey Birkenstock,*** Rainbow FM Station Manager and former chairperson of NAB's community radio unit

*ii)* *People who responded to the questionnaire*

***Dudu Makapan,*** 2005/7 NCRF Board Member
***Rebone Molefe,*** 2005/7 NCRF Board Member and TUT FM Station Manager
***Mike Lunika,*** 2007/9 NCRF Board Member and Alfred Nzo Community Radio Station Manager

*iii)* *Other people informally engaged on this subject*

***Harry Letsebe***, MDDA Programme Manager, Community Media Projects
***Mabalane Mfundisi***, former NCRF CEO
***Ben Tebele,*** 2005/7 NCRF Board Member
***Peter Rice***, Radio Khwezi Development and Marketing Manager (also served on the NCRF Board in 2002)
***Nkopane Maphiri***, Marketing, Advertising and Sales training specialist (also served as acting NCRF CEO)
***Nomsa Dladla,*** ABC Ulwazi General Manager (also freelance Trainer in the sector)
***Dave Hotchkiss***, General Manager, ACB Southern Africa
***Martin Vilakazi,*** former IAJ'S Head of Community Radio Training
***Muzi Nkabinde,*** NCR Board Chair and Trainer in the sector
***Noma Rangana,*** former Senior Projects Officer, OSF-SA

*iv)* *Other sources*

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# APPENDIX 1: Questionnaire for Stations

**Corporate Governance Challenges**

**in the Community Radio Sector**

**Research by Jacob Ntshangase**

**Executive Director**

**Institute for the Advancement of Journalism**

***Brief about the Research***

The premise underlying this research is that the community radio sector pressingly needs to start adopting a private sector business approach, and the principles of corporate governance should be key in the sector's governance and management systems. The purpose therefore is to investigate corporate governance challenges in the sector, and examine governance and management approaches to establish where and how the sector fails in areas of corporate governance. Issues of corporate governance and the questions in this research should be understood within the context of King Commission I and II reports; and issues around the ***Board of Directors (BoD) and their responsibilities, Risk Management as a responsibility of the BoD*** are key to the data collection processes of this research.

## Data Submission Form Instructions

Thank you for participating in this "Corporate Governance" research on the Community Radio Sector in SA.

Please note that this research is primarily for my Masters Degree at Wits University's Public & Development

Management. Stakeholders in the sector may use the information for interventions to improve aspects of corporate governance and management in the sector.

Information from the respondents will be treated with utmost confidentiality. Honesty with data and information will be

highly appreciated. Please refer to the "Corporate Governance Compliance Information" introductory paragraph to respond to the questions. Kindly fill in this questionnaire and return to fax: 086 652 1132 or email: jacob@iaj.org.za as soon as you possibly can. I will arrange a face-to-face discussion with you to engage you on (some of) the points you raise here.

I thank you…Ngiyabonga…Enkosi…Nda khensa…Dankie…Ke a leboga…Moja…

Jacob Sabelo Ntshangase

083 548 1196

Radio Station Name: ______________________________

Your Name: ______________________________
Title: ______________________________
Phone Number: ______________________________
Fax Number: ______________________________
E-mail: ______________________________

Legal status ____________________
Does your station have a valid tax clearance certificate [ ] No [ ] Yes

***Corporate Governance Compliance Information***

*Corporate governance deals with issues of accountability, basically ensuring that the policies and measures are in place and implemented for an organization to subscribe to good governance. Compliance with corporate governance principles means effective internal systems and processes, policies and human resource capacity to guide management activities with good business knowledge and integrity. The board of directors and management are structures that are tasked with responsibilities to ensure that organizations do comply with corporate governance. Ideally, the composition of these structures should have the necessary knowledge and skills (essentially around business management) to ensure compliance. The systems and processes for corporate governance compliance are, mainly, for financial accountability in terms of regular reporting internally as well as proper audited financial statements; risk management in terms of detecting possible threats that are likely to destroy organizations, and coming up with measures to avoid the threats. The community radio sector, like any legal organization, is also obliged to comply with corporate governance.*

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Does your radio station comply with corporate governance principles? [ ] Yes [ ] No
If yes, state three key corporate governance principles that show your station's compliance.

1.

2.

3.

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If your station does not comply with corporate governance, please state reasons for such non-compliance.

Since inception has your station experienced governance and management crises? [ ] Yes [ ] No
If yes, give two main reasons why.
1.

2.

***Does the composition of your board and management complement your station's compliance with corporate governance principles?*** [ ] Yes [ ] No
I

If yes, state three key expertise in these structures to support your answer

1.

2.

3.

Does your station have regular contact with ICASA on issues of good governance and management? [ ] Yes [ ] No

If yes, how often: [ ] monthly [ ] quarterly (4 times a month) [ ] twice a year [ ] once a year

***What expertise does your station's board have: please tick (you may tick more than one)***

[ ] Business management; [ ] Legal; [ ] Accounting; [ ] Other: please specify________________________________________________________
[ ] None of the above
Does your station have a Policy and Procedures Manual? [ ] Yes [ ] No

If yes, How does the manual assist your station?

***What expertise does your station's management have:***
[ ] Business management; [ ] Legal; [ ] Accounting; [ ] Other: please specify________________________________________________________
[ ] None of the above

How do you approach Risk Management at your station? Please provide a practical detailed approach (you may use an extra sheet for more information).

How does your board carry out its fiduciary responsibilities?

How does your management complement your board in its fiduciary responsibilities?

In your view, does the sector have enough capacity in its governance and management structures (at all levels – the NCRF as a mother body and stations themselves) to ensure compliance with corporate governance issues? Please explain your answer

The sector is approaching a 2nd decade in the broadcast industry, do you think there is any need for (policy driven) transformation for the sector in order to meet the corporate governance challenges that often face the sector?

Do you think the notion of "community ownership and control" works well for the sector to meet the corporate governance challenges? Please explain your answer

Do you think the "community" – in the sense of community radio ownership and control – has enough capacity to ensure that the Board of Directors fulfill their responsibilities in terms of compliance with corporate governance issues? Please explain your answer

Do you think the 1995 organisational culture of the sector is still relevant in today's corporate governance challenges that face the sector? Please explain your answer

The Board of Directors are responsible for risk management in any organizational set-up. Why do you think the Alx FM Board of Director's failed to save the station from closure? Why did they fail to pre-empt the situation? ***Note: Alx FM is a community radio station based in Alexandra township in Johannesburg. ICASA closed it down because it failed to submit application for the renewal of its broadcast license.***

General

- What is your understanding of corporate governance compliance generally; and with regard to governance and management of the sector?

In your view, what are the key principles of corporate governance that the community radio sector should adhere to?

- Do you think there is enough support from the NCRF Board of Directors and the national office to ensure that there is compliance with corporate governance issues at station levels? Please explain your answer

Any other comments or additional points?

Thanks

# APPENDIX 2: Questionnaire for Stakeholders

**Corporate Governance Challenges**

**in the Community Radio Sector**

**Research by Jacob Ntshangase**

**Executive Director**

**Institute for the Advancement of Journalism**

***Brief about the Research***

The premise underlying this research is that the community radio sector pressingly needs to start adopting a private sector business approach, and the principles of corporate governance should be key in the sector's governance and management systems. The purpose therefore is to investigate corporate governance challenges in the sector, and examine governance and management approaches to establish where and how the sector fails in areas of corporate governance. Issues of corporate governance and the questions in this research should be understood within the context of King Commission I and II reports; and issues around the ***Board of Directors (BoD) and their responsibilities, Risk Management as a responsibility of the BoD*** are key to the data collection processes of this research.

## Data Submission Form Instructions

Thank you for participating in this "Corporate Governance" research on the Community Radio Sector in SA. You have been identified as one of the critical stakeholders to assist with data for this research. Response from stakeholders will assist in triangulating and verifying information from stations.

Please note that this research is primarily for my Masters Degree at Wits University's Public & Development Management. Stakeholders in the sector may use the information for interventions to improve aspects of corporate governance and management in the sector.

Information from the respondents will be treated with utmost confidentiality. Honesty with data and information will be highly appreciated. Please refer to the "Corporate Governance Compliance Information" introductory paragraph to respond to the questions. Kindly fill in this questionnaire and return to fax: 086… or email: jacob@iaj.org.za as soon as you possibly can. I will arrange for a face-to-face discussion to engage you on (some of) the points you raise here.

I thank you…Ngiyabonga…Enkosi…Nda khensa…Dankie…Ke a leboga…Moja…

Jacob Sabelo Ntshangase

083 548 1196

Name of your organization: ____________________________________

Service your organization provides to the sector:
Your Name: ______________________________
Title: ______________________________
Phone Number: ______________________________
Fax Number: ______________________________
E-mail: ______________________________

***Corporate Governance Compliance Information***

*Corporate governance deals with issues of accountability, basically ensuring that the policies and measures are in place and implemented for an organization to subscribe to good governance. Compliance with corporate governance principles means effective internal systems and processes, policies and human resource capacity to guide management activities with good business knowledge and integrity. The board of directors and management are structures that are tasked with responsibilities to ensure that organizations do comply with corporate governance. Ideally, the composition of these structures should have the necessary knowledge and skills (essentially around business management) to ensure compliance. The systems and processes for corporate governance compliance are, mainly, for financial accountability in terms of regular reporting internally as well as proper audited financial statements; risk management in terms of detecting possible threats that are likely to destroy organizations, and coming up with measures to avoid the threats. The community radio sector, like any legal organization, is also obliged to comply with corporate governance.*

---

Do you think the sector complies with corporate governance principles? [ ] Yes [ ] No
If yes, state three key corporate governance principles that you think the sector complies with

1.

2.

3.

---

If you think the sector does not comply with corporate governance, please state reasons for such non-compliance.

Since inception many stations experienced governance and management crises?
What could two main reasons for this?
1.

2.

In your experience with the sector, please share some of the stations that have had these governance and management crises

***In your view, does the composition of board and management structures in the sector complement compliance with corporate governance principles?*** [ ] Yes [ ] No

If yes, state three key expertise in these structures to support your answer

1.

2.

3.

Do you think ICASA have regular contact with stations on issues of good governance and management? [ ] Yes [ ] No

What do you think ICASA should do to ensure stations' compliance with corporate governance issues.

***What expertise do you think station's board have: please tick (you may tick more than one)***

[ ] Business management; [ ] Legal; [ ] Accounting; [ ] Other: please specify________________________________________________________
[ ] None of the above
***What expertise do you think station's management have:***
[ ] Business management; [ ] Legal; [ ] Accounting; [ ] Other: please specify________________________________________________________
[ ] None of the above

Do you think the sector effectively deal with issues of Risk Management as part of corporate governance compliance? If yes, please provide a practical detailed approach that the sector applies in this regard. (you may use an extra sheet for more information).

Do you think stations' board carry out its fiduciary responsibilities accordingly?

Do you think management structures in the sector complement the boards in its fiduciary responsibilities?

In your view, does the sector have enough capacity in its governance and management structures to ensure compliance with corporate governance issues? Please explain your answer

The sector is approaching a 2$^{nd}$ decade in the broadcast industry, do you think there is any need for (policy driven) transformation for the sector in order to meet the corporate governance challenges that often face the sector?

Do you think the notion of “community ownership and control” works well for the sector to meet the corporate governance challenges? Please explain your answer

Do you think the “community” – in the sense of community radio ownership and control – has enough capacity to ensure that the Board of Directors fulfill their responsibilities in terms of compliance with corporate governance issues? Please explain your answer

Do you think the 1995 organisational culture of the sector is still relevant in today’s corporate governance challenges that face the sector? Please explain your answer

The Board of Directors is responsible for risk management in any organizational set-up. Why do you think the Alx FM Board of Director failed to save the station from closure? Why did they fail to pre-empt the situation? ***Note: reference made to ICASA’s decision to close the station down because it failed to submit application for the renewal of its broadcast license.***

General

In your view, what are the key principles of corporate governance that the community radio sector should adhere to?

What should be done to assist the sector to comply with corporate governance issues?

Do you think there is enough support from the NCRF Board of Directors and the national office to ensure that there is compliance with corporate governance issues at station levels? Please explain your answer

Any other comments or additional points?

Thanks