

**A model for privatisation of
state-owned enterprise: The
case of South African
Airways**

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DECLARATION

I, Annie Mojaesi Moletsane, hereby declare that this thesis is my own work and has not been submitted for any degree or examination at any other university, and that the sources I have used have been fully acknowledged by complete references. This thesis is submitted in fulfilment of a PhD in Public Management and Governance.

Signature: Date: 02/12/2022.....

DEDICATION

I dedicate this study to God Mighty Jesus, my husband David Moletsane, my children, Thabo and Rearabetsoe Moletsane and my grandchild Kananelo.

The dedication also goes to my late parents Isaac and Hermina Grace Molamu and my late parents-in-laws, Gert and Mpho Moletsane.

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ABSTRACT

Many State-owned enterprises (SOEs) in South Africa including South African Airways (SAA) are facing challenges associated with financial performance resulting in adverse effects on business sustainability. In an attempt to resolve the poor financial performance challenges that have affected SAA, this study established the financial performance of the enterprise between the years, 2010 and 2019. The intention was to design effective business strategies by way of making meaningful, practical and theoretical contributions towards developing SAA privatisation model in order for the company to retain good financial status. This also follows the realisation that state-owned approaches to business management have failed business operations of SAA.

The study utilised document analysis comprised of legal documents that guides the operations of South African state-owned enterprises including SAA and literature review which focused on the topic of the study from 2010 to 2019 since this was the period under study. Qualitative data from purposefully sampled interviewees comprising of the Deputy Director General and the Chief Risk Officer from the department of Public Enterprises, Director General and the Chief Director: Aviation, Safety and Security from the department of Transport, Chief Financial Officer and HoD: Financial Accounting from SAA and Three Political parties from ANC, DA and EFF making a total of 9 was also analysed and triangulated with results of document analysis and literature review.

The results indicated that although there is a supportive legal framework that govern public ownership of enterprises in South Africa including SAA, implementation is a challenge. Results also indicated that SAA financial performance was a failure between 2010 and 2019 because of the constant losses made during the same stipulated period. A Deregulated full privatisation model was developed and recommended for implementation in order to resolve SAA financial problems making use of the systems theory.

Key words

Privatisation, state-owned enterprise, Privatisation model, systems theory, South African Airways, financial performance, Legal framework.

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ACRONYMS

AFS	Annual Financial Statement
AGM	Annual general meeting
AMOS	Aircraft Maintenance and Engineering Operating System
ANC	African National Congress
BA	British Airways
BMI	Business Monitor International
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
CST	Close System Theory
DA	Democratic Alliance
DDG	Deputy Director General
DG	Director General
DoT	Department of Transport
DPE	Department of Public Enterprises
DVD	Digital Versatile Disc
EFF	Economic Freedom Fighters
FMPPI	Framework for Managing Programme Performance Information
HOD	Head of Department
IPO	Initial Public Offering
JSE	Johannesburg Stock Exchange
KLM	Koninklijke Luchtvaart Maatschappij
KPI	Key Performance Indicator
MEMIS	-----
OECD	Organization for Economic Cooperation and Development

OST	Open System Theory
PBMR	Pebble Bed Modular Reactor
PFM	Public Finance Management Act
PIC	Public Investment Corporation
PIPO	Privatization Initial Public Offerings
PWC	Price Water Coopers
SAA	South African Airways
SAE	Society of Automotive Engineers
SafcoL	South African Forestry Company Limited
SAP	Statutory Accounting Principles
SE	State Enterprise
SOC	State-Owned Companies
SOE	State-Owned Enterprises
TOC	Theory of Constraints
TQM	Total Quality Management
VAT	Value-Added Tax

CHAPTER 1

INTRODUCTION AND BACKGROUND OF THE STUDY

1.1 INTRODUCTION

The purpose of this study is to develop a privatisation model in the context of South African Airways, and the chapter provides a general overview of the study. The intention is to contribute innovative strategies geared towards solving financial challenges within the companies that are associated with mismanagement and corruptive practices assumed to emanate from the principles and practices of state ownership of the company, the market evolution and the changing of Key Performance Indicators (KPIs) for the airline in the democratic state. This chapter starts by providing the background of the study, and then highlights the problem statement. The researcher is of the view that the best way to put this study in its proper context is to have a brief overview of the theoretical context, socio-economic and political ideologies, and legal frameworks from a historical perspective. It is also important to mention from the outset, that developing a privatisation model is not an easy process. This is the reason why, in the context of this study, there is a need for constant referral to theoretical, ideological, and legal support, to back up academic controversies and debates during the process, though more detail will appear in later chapters. The aim and main research questions are then formulated from the problem statement linked to sub-questions and research objectives in line with the main research topic. A brief discussion of the theoretical statement has been done after which the significance of the study is reflected. Factors that have possible limitations during the study are highlighted before launching a brief discussion of the methodology in general. The chapter is then finalised by providing a chapter outline and the conclusion.

1.2 BACKGROUND OF THE PROBLEM

As already highlighted above, the controversy between Public/State and Private Ownership models of enterprises in many countries, from a global and South African perspective, has motivated discussions, arguments, and debates among socio-economic and political researchers. The motive behind this study is to lay a strong foundation for exploring relevant and effective theoretical and ideological views. This is done to provide a sufficient platform for the review, design, planning and evaluation of socio-economic and political growth and stability policies that are well implemented and monitored (England, 2010; Roland, 2008). For more and detailed discussion on the models proposed by other scholars, refer to chapter 2 and

chapter 3. Proponents of the ideological perspective of public/state ownership, underpinned by the theoretical framework of communism, claim to have radically improved the socio-economic status of many different nations and states to abolish private ownership. These are, however, critiqued by capitalist ideologists for being highly inefficient for reasons associated with pursuing strategies that protect political and personal agendas, characterised by mismanagement, incompetence, and corrupt practices geared towards economic downfall (Dean, 2013; Harvey, 2010). Taking into consideration human value and ethical principles, other researchers claim that it sounds insulting and hostile to use such negative terms, as corrupt political leaders, financial mismanagement, incompetent government, bureaucracy, and autocracy (Hundis, 2013; Negri, 2010). It is difficult for others to describe or understand South Africa's socio-economic, and political policies, principles, and practices without continually referring to and mentioning the same labels (Dean, 2013; Harvey, 2010).

In other words, public ownership models are, according to research, regarded as constantly undermining privatisation by associating it with economic, social and political inferiority (Dean, 2013.). The implication is that the controversial perceptions of state ownership and private ownership have created a gap that is demanding closure. This can be done by way of developing an integrated theoretical and practical model that ensures total involvement and mutual participation and understanding of officials from different sectors of the society, the economy and political stakeholders. The intention is to include participants who are fully engaged in both private and state sectors to solve current challenges of the designing and implementation of the social and political policies and practices, with special reference to the South African Airways.

This study is not intending, at this stage, to comprehensively go deeper into theoretical and ideological controversies and overviews, but only to draw attention to the so called systems theory, which, according to literature, strongly believes that any social, political or economic transformation, such as privatisation of SAA, is a complex process, which must involve every part/component of the whole system to potentially close the already existing contradictory gap (Rosenberg, 2006; Hammond, 2005; Kazer, 2013). In the context of this study, the rationality of integrating and closing this gap of whatever is referred to as state owned and private owned enterprises, calls for a need to develop an enterprise privatisation model with special reference to South African Airways, which is currently state owned and experiencing similar challenges (Mkhwanazi, 2015; McGregor, 2012; Chilenga, 2016). To maintain a better position of the

local privatisation status, including challenges, implications and opportunities, this study finds it necessary to also consider the global context regarding the current research problem under study. The following section puts the research into context from an international perspective, before relating to the South African perspective.

From an international perspective, there is consensus, according to literature, that many countries around the world still maintain the communist ideology, perceived as both a politically and economically motivated system (Csanádi, 2016). The means of production and resources in a society are under the ownership of the public or the state, under the pretext that the profits or benefits are divided among citizens equally or according to individual needs (Csanádi, 2016; Szamosszegi & Cole, 2011). In this regard, countries within the Middle East have been identified to be highly in favour of state ownership of airways more than privatisation (Belobaba, Odoni & Barnhart, 2015). What seems, however, unjustified is whether the wealth is really being divided equally among the societies, as one of the most important goals of communism, or not.

On the other hand, one would still wonder if a country such as South Africa's state ownership model really meets the social and economic demands and needs of the country without any form of privatisation considering the current challenges experienced. However, it has also been noted, that in other countries, such as North America, private sector ownership is the dominant model, even in airway industries, because of many factors. One of these is associated with maintenance of the status of the capital for the private sector, or the need to experience and maintain full management of private sectors (Bachwich & Wittman, 2017). This is, however, in line with the capitalist ideology, which is defined as a system of the economy based on private ownership of the means of production and their operation for profit (Bohle & Greskovits, 2012). Private ownership is generally characterized by forms of capitalism which, among others, include private ownership of resources and properties, accumulation of massive capital, engaging employees in labour services while they get wages in return for their subsistence, initiating activities associated with voluntary exchange, as well as stipulating a price system, and maintaining markets that must have competitive status (Zhang & Jamie, 2014).

From a comparative point of view, the European states are believed to have the highest rate of airways privatisation, although other regions are reported to be state owned. The model used by Western Europe on the privatisation process is that of the Initial Public Offering (IPO), whereby trading is structured in such a way that floating shares are exposed by the government for stock market exchange (Bohle & Greskovits, 2012). The noted benefits of such an approach was that of obtaining funds from the private sector, by way of providing opportunities for exchange with the government, whereby shares are put on sale (Csanádi, 2016). The other noted advantage of the same privatisation approach is that, through the sale of shares to a strategic partner, there is an increased chance of acquiring successful economic management skills and boosting the smooth operation of business sectors (Csanádi, 2016).

Reverting to the South African context, critical analysis of literature indicates that the economic circumstances forced an attempt to privatise SAA in 1999 for the first time. This was a temporary measure since the proposal was reversed in 2002. However, this transaction failed because of Swiss Air, which had purchased 20 per cent of SAA, then getting into financial troubles which eventually saw the airline group collapsing. This then forced the South African Government through Transnet (the parent company of SAA) to buy back the stake from Swiss Air. From 2004 onwards, the privatisation of SOEs gave way to a policy of restructuring of SOEs under full government ownership and, more recently, to an expanded role for government in the economy (OECD, 2015) based on a commitment to a ‘development state’, in which SOEs are expected to play an important role (Berman, 2016).

The South African Airways integrated report (2017) confirms that the SAA is currently a fully state-owned enterprise, characterized by a 100 per cent shareholding status entrusted within the National Treasury. The same report indicates that SAA was established by the South African Government way back in 1934, when it was taken over from the control of the Union Airways. Since then, there is evidence that SAA has been state-owned from 1999 up to 2002 (Mhlanga, 2016; Pirie, 2006:9). Following the same historical trends, previous studies have reported that the government came to the stage of making an initiation, that the SAA be part of the division of Transnet (the South African government's holding company for transportation enterprises) on April 1st, 1990 (Mhlanga, 2016; Pirie, 2006:9).

Surveys, such as that conducted by Mkhwanazi (2015); Mhlanga (2016) and Pirie (2006:9), report that SAA, in one way or another, experienced huge financial losses that ended up in a massive accumulation of severe debts, which have adversely impacted economic growth and

development. The South African Airways integrated report (2017), recorded a big loss of R2.6 billion in the year 2014, which, compared to the records of the previous financial year, was perceived to be more than double the loss of R1.2 billion. Critical analysis of related studies indicated that by the end of 2015, SAA's financial blow, in terms of losses for the year, reached an alarming figure of R4.7 billion (Mkhwanazi, 2015; Mhlanga, 2016; Pirie, 2006:9). As mentioned in the introduction, the same researchers associate some of these financial losses with corrupt or improper management practices within the company.

There is consensus among some of these research studies that most of the state's major SOEs are running at a loss which, in turn, is forcing the government to come to their rescue and bail them out of the huge financial crisis that they are currently trapped in (Mkhwanazi, 2015; Mhlanga, 2016; Pirie, 2006:9; Mkhwanazi & McGregor, 2012; Chilenga, 2016). SOEs can also be referred to as state owned entities or companies, which, according to Bolton (2010) are legal entities that tend to carry out business activities on behalf of the state. Although there are speculations by the South African government in its National Development Plan of 2030, that strategies of improving service delivery and structural socio-economic development and stability, were put in place. This vision, however, seems to be an embarrassment to the society, considering the reflected massive losses. This is the reason why this study proposes an urgent rescue in terms of designing applicable privatisation models.

Although there are several legal policies and programmes that have been put in place by the government to address these socio-economic problems, there is limited evidence or literature on the current formal privatisation process of the SAA. The privatisation of government airlines in South Africa was not successful following historical trends. The first attempt towards privatisation was in 1999. The first airline observed to enter the market after deregulation was Flitestar, in October 1991 (Chingosho, 2005:17). The threat of stiff market competition forced South Africa to violate the agreement. During the period between 1991 and the period of political transition in 1994, South Africa experienced coincidental airway operations and service of overseas airlines, such as KLM and BA, which attempted to prompt such changes as deregulation and privatisation of the airways systems (Pirie, 2006:4). Once more, private airlines were seen to be another threat in terms of business competition against SAA (Pirie, 1992:345). The conditions were that there was to be free entry into markets, promotion of choice and competition, and the encouragement of private airlines (Shaw, 2011:35).

However, with a long-standing economic position in the airways industry, characterized by a well-established strong relationship between airports and suppliers, as well as the Government ownership of the SAA, there was no choice, except experiencing a feeling of economic insult and humiliation on the part of the South African Government from the nasty effects of deregulation (Samula, 2008:11). Therefore, SAA continued to ‘bully’ private airlines in services for which it had the monopoly (Bennett, 2005:419). Although the context has changed over time, since SAA has lost its market dominance, it must be as competitive as any of the market participants to remain competitive in the market. Although there was speculation that in 2015 and 2016, discussions by senior government officials, which made provision for allowing private-sector investment into some of the more than 700 state-owned enterprises (SOEs), including SAA, no concrete action has been taken on the topic yet (Chilenga, 2016).

Recent evidence suggests that, as with other industries, airline privatisation tends to be motivated broadly by the desire to access private sector management or both (Ribeiro, 2015). Working against this is the desire of governments to retain ownership of their national airline as an extension of economic policy, whether for reasons of maintaining connectivity, or for less defined reasons of national pride (Ribeiro, 2015). It can be argued that, in the context of delivery on the developmental mandate, the private sector is mainly interested in the delivery of profits only. It is therefore important to annex developmental goals in the new model, including how to strike a balance between the commercial and developmental targets. SOCs can be considered the best vehicle to deliver on the developmental agenda, making use of policy to widen the obligation of development to the private sector participants in the economy. This may also be a possible tool for economic development. Such comprehensive decisions also demand intensive processes of monitoring and evaluation to ensure measuring the success or failure of any imposed interventions.

Critical analysis of the term “motivation”, which appeared in the introductory remarks, would also inspire from an academic point of view, how one could come up with an inspiring model of privatisation, convincing enough to transform the knowledge and attitudes of the South African Government officials towards privatisation, considering the current challenges being faced within the SAA. One of the possible obstacles is the identified gap between the researchers’ limited level of understanding of the differences and similarities between forms of privatisation and models of privatisation. A model is defined as an intentional depiction of reality in simple terms (Clarke, Gull & Shirley, 2005). A conceptual model is consequently a

system representation made up of concepts employed to assist people in knowing, understanding, or simulating a topic (Clarke, Gull & Shirley, 2005). The emphasis on ‘system, knowledge, understanding and simulating’, is important to take note of in this explanation. These will continually be referred to in the context of this study.

On the other hand, the term "form" is a method, approach, or practice derived from the application of a conceptual model in the context of privatisation (England, 2010). Although this may be argued and debated, there also appears to be a gap in what comes first, the conceptual model of privatisation, or the form of privatisation. This study is concerned to close this gap by developing a conceptual model of privatization that increases the motivation of stakeholders, enhancing their own knowledge and understanding about the privatisation processes and practices, until a proper form of privatisation is adopted.

Critical analysis of the above-mentioned literature requires an effective and relevant theoretical framework to cover and close the above identified gaps. The literature thus reflects the need for utilising the systems theory which, as part of its collective characteristics, focuses on the importance of the functionality of all components of a structure or system, with the aim of achieving common objectives. (Rosenberg, 2006; Hammond, 2005; Kazer, 2013). The systems theory perceives the notion that separating a single part of a structure is mostly likely to disrupt the smooth coordination of the system, which is supposed to operate in a holistic and mechanically related sequence (Kazer, 2013; Leveson, 2011; Best & Holmes, 2010).

The existence of systems theory, apart from serving the purpose of working towards accomplishment of (a) mutually shared goal/s, also gives assistance in supporting and maintaining the efficient function of any form of a system from failure (Leveson, 2011; Best & Holmes, 2010) As linked to developing a privatisation model, this study will build upon the systems theory, by integrating the theory of constraints with the intention of analytically identifying constraints that disrupt the smooth running of an organisation in terms of effectiveness; this, by way of initiating a well-co-ordinated link between all the components that make up the whole system (Trietsch, 2005; Linhares, 2009). Secondly, the study assumes that the process and practices of developing a privatisation model cannot be effectively done outside the guidance and support of legal frameworks and relevant theories.

In the context to the privatisation process, the corporate governance theoretical perspective, comprised of the agency theory, the stewardship theory, the enlightened shareholder theory, the new corporate governance theory and Wong's three pillars of SOC, are further bricks to be built upon the systems theory, to reflect constraints and challenges associated with SAA in line with the South African Companies Act, 71 of 2008, which informs some of the principles and practices of the Public Finance Management Act (PFMA) and the Protocol on Corporate Governance in the Public Sector. Further integration of the System Theory with the principles and characteristics of Deborah Auger (1999)'s Lessons Learned from the States Model, will assist this study to develop a form of privatisation from one, or a combination of the following forms, as the final stage: Contracting, Vouchers, public private partnership, franchise grants and subsidies, assets sale, volunteerism, private donations, service Shedding and Deregulation, or any other new form of privatisation (England, 2011). A more detailed description of the Systems theory will be presented in chapter 2 of this study, apart from the discussion under this section of the theoretical framework in this study.

1.3 PROBLEM STATEMENT

Research shows that since 1994, the South African state-owned companies, including South African Airways, have struggled to deliver services and structural growth (Chilenga, 2016; Steyn, 2016). While other researchers have consistently suggested privatising and/or selling state assets as a solution to this problem, no formal measures have yet been taken (Gumede, 2012; Shirley & Xu, 2001). There are large numbers of published studies worldwide that describe the role of privatisation as a possible tool for replacing public enterprises (SOCs) for lack of service delivery that encourages economic development and industrialisation. There is, however, limited research in the South African context on the development of economically motivating and effective privatisation models (Thabane & Snyman-van Deventer, 2018:1). In line with global, socio-economic development trends, South Africa has adopted the same principles of corporate state ownership, including SAA, with the aim of providing public goods, limiting domestic private and foreign control, generating tax revenue, increasing service delivery, and encouraging economic development and industrialisation (Ahunwan, 2003; Thabane & Snyman-van Deventer, 2018:1).

While the above view seemed to be a noble idea, research has shown that South Africa has continually faced many challenges within state-owned businesses, including a lack of management and technical skills, socio-political threats to the macro-economy, anticompetitive

practices, poor international trade access, criminal activities, and unethical business practices and, in particular, corruption (Chilenga, 2016; Steyn, 2016; Gumede 2012). For example, Thabane & Snyman-van Deventer (2018:1) 's current research indicates the ongoing challenges in SAA linked to corruption, political influence on the board, fraud, financial maladministration, and management incompetence on the part of the SAA executives. According to recent data from the same research, SAA has recorded its high management and executive turnover in a formal statistical report on financial losses; the National Treasury bailed out SAA with an amount of 550 million Rand over a 4-year period. Based on all these, the government is looking at the best solution to stop the failure of the SAA.

The identified challenges within the SAA, in the context of this study, demands a great need for researchers and other technical experts to explore and develop systemised privatisation models of SOC that will benefit the company, the society at large and the economy of the country. In the context of SAA, there seems to be a lack privatisation methods, strategies and processes that would work better for SAA. While the controversies between principles and practices of state ownership and private ownership of enterprises seems to have created a gap between private and state-owned companies, limited research has taken place to explore the impact of re-integrating the two perspectives by making use of the systems theory in developing a sustainable privatisation model.

As a result, it became evident that this area needs investigation. Because of the above expositions, this study investigated the best model of privatisation of the State-Owned Enterprises, focusing on South African Airways.

1.4 THE AIM OF THE STUDY

The aim of this study is to develop a model of privatisation of the State-Owned Enterprise for the South African Airways

The following are a set of questions outlined for this study:

1.5 MAIN RESEARCH QUESTION:

What is the best privatisation model for the State-Owned Enterprises in the context of South African Airways?

1.6 SUB-RESEARCH QUESTIONS

1. What is the legal framework governing public ownership in South Africa?
2. How is the financial performance of the South African Airways?
3. What are the factors which affect the financial performance of South African Airways?
4. What are the models for privatisation of state-owned enterprises?

1.7 MAIN RESEARCH OBJECTIVE

To investigate the best model of privatisation of the State-Owned Enterprises in the context of South African Airways.

1.8 SUB-RESEARCH OBJECTIVES

The following specific research objectives were formulated for the study, and they are to:

1. Explore the legal framework governing public ownership in South Africa.
2. Investigate the financial performance of the South African Airways.
3. Investigate factors which affect the financial performance of South African Airways.
4. Explore the frameworks and models for privatisation of state-owned enterprises

1.9 THEORETICAL STATEMENT IN THE CONTEXT OF PRIVATISATION

System theory is based on the approach of systems thinking, which recognises the idea that the only way to fully understand why a challenge/problem is present and persists is to understand the components as a whole. (Hammond, 2005). According to Senge (2006:68), this theoretical perception was developed to contradict the Scientific Reductionism Theory which believes in breaking a whole system into single parts when making an analysis (Roosnburg, 2006). In a business organization, this could see further divisions among different groups according to different positions working in a detached structure, yet where the same organizational goals are supposed to be achieved. Systems thinking is a conceptual framework, not a discipline, that

represents a world orientation and a model for thinking on all kinds of systems, scientific, organisational, personal, and public (Senge, 2006:93).

This study is supported by the theory of systems in the context of privatisation, based on several reasons, some of which have already been highlighted in earlier discussions. Firstly, it is seen as a platform to build a convincing, motivational model of privatisation, coordinating every component of the political and socio-economic structure in a holistic manner. Research has already confirmed that political threat and dominance have ruined the operations of the State-owned enterprises (Chilenga, 2016; Steyn, 2016). Total involvement of all stakeholders from different government departments and business sectors, in every stage of the implementation of the systems theory, is assumed to address identified challenges and constraints in the context of this study. Most studies that have failed to come up with effective privatisation models have focused more on the Scientific Reductionism Theory, which seems to dominate the current State-owned enterprises with reference to SAA (Gumede, 2012; Shirley & Xu, 2001).

This is because of the evidence of hierarchical structures, political decisions, political dominance, monopoly, corruption, and socio-economic instability, which show divisions and individualism in business operations. This shows that there is no teamwork and total involvement (Chilenga, 2016; Steyn, 2016; Gumede 2012; Shirley, 2001). Such divisions in the context of this study can be amended by application of the principles of the systems theory, where interrelationships are managed by the impression of wholeness to achieve common goals. Total involvement of politicians, economists, government officials, and business communities, for instance, in identifying constraints, would probably be one of the solutions. Another reason is to enhance the principles and practices of the systems theory by integrating with other theoretical components, such as the theory of constraints, to develop a strong SAA privatisation model that can also be applied globally to solve similar privatization challenges. It is also important therefore to understand that the study is building upon the systems theory to provide a comprehensive, theoretical base for developing the intended privatisation framework.

1.10 CONCEPTUAL FRAMEWORK

1.10.1 Differences and similarities between state owned and private owned enterprises.

Garrett (2017) defines privatisation as the process of transferring or re-assigning an enterprise, business, manufacturing industry or any form of means of production business from the public sector to the private sector. In simpler terms, the transfer of ownership, property, or business from the government to the private sector is what is known as privatisation (Swan, 2013; Németh & Schmidt, 2011; Garrett, 2017). Further elaboration indicates that during the privatisation process, the government, also known as the state, ceases to be the owner of the entity or business. Studies show that private market factors can efficiently deliver more goods or services than governments due to free market competition (Swan, 2013; Németh & Schmidt, 2011). In trying to pursue the stipulated objectives of the privatisation process in the context of SAA, it is expected that the results are eventually characterised by lower prices of air tickets, affordable by all classes of the society, improved quality of business operations, more choices, less acts of corruption by managers, politicians, economists, and any other related stakeholders, less red tape, and/or quicker delivery (Swan, 2013; Németh & Schmidt, 2011).

From a contradictory point of view, opponents of privatisation (State ownership theorists), believe that certain public goods and services should remain primarily in the hands of government to ensure that everyone in the society has access to them (Németh & Schmidt, 2011). In other words, state owned enterprises refer to the companies that are entirely owned and controlled by the government (Swan, 2013; Garrett, 2017).

Having given a brief background of the definitions of privatisation and state-owned enterprises, the next section will further give a conceptual meaning of different forms of privatisation.

1.10.2 Forms of Privatisation

There is consensus, according to consulted privatisation literature, that the following are the forms and meanings of privatisation:

Franchise – The state gives a private dealer (e.g., wholesaler, retailer, salesperson, firm or hawker) legal permission to perform certain services in a specified location. The private dealer benefits by revenue collection from the beneficiaries or the users of the facilities (Gilles & Combs, 2009; Gonzalez-Diaz & Solis-Rodriguez, 2012).

Contracting – This is where a private company is contracted for doing certain services paid for by the state. These types of services, in the context of South Africa, have been witnessed in such areas as collection and disposal of waste products, private security services and construction, among others (Hefetz & Warner, 2012; Iseki, 2010; Savas, 1987).

Grants and subsidies – The government and the private dealer/vendor makes an agreement whereby the government gives partial subsidy to cover the expenses of the service being rendered by the vendor (Gilles & Combs, 2009; Gonzalez-Diaz & Solis-Rodriguez, 2012)

Vouchers – Vouchers in the form of coupons, or receipts are obtained by public service beneficiaries to be in a position worth enough to acquire the type of services they qualify for (Gilles & Combs, 2009; Gonzalez-Diaz & Solis-Rodriguez, 2012).

Asset sale – This is a process whereby the governments boost their tax status and revenues by exposing their assets or capital goods for sale, to affording private companies (Butler, 1988).

Volunteerism – This refers to provision of volunteering services, mostly by non-profit organizations to the government, in such areas that need labour for public services (Gilles & Combs, 2009; Gonzalez-Diaz & Solis-Rodriguez, 2012).

Service Shedding – This refers to a situation whereby the governments withdraw from offering services to allow private enterprises a chance to provide similar services (Hefetz & Warner, 2012; Iseki, 2010; Savas, 1987).

1.11 SIGNIFICANT AND MOTIVATION OF THE STUDY

The first expected significant contribution of this study is the development of a privatisation model of the SAA, geared towards solving challenges associated with corporate, economic, and political governance associated with state owned enterprises that are disrupting socio-economic and political growth and development. A vast theoretical and practical contribution is also expected by way of incorporating the application of the systems theory in conjunction with the theory of constraints, which also demands brainstorming, critical thinking and action research, to come up with sustainable measures for the process of privatisation, through the involvement of officials of public and private enterprises.

The study was motivated by the lack of solutions by previous researchers in this field of privatisation of state-owned enterprises in South Africa. Additionally, the researcher is expected to provide relevant information to both national and international business officials, with a deeper understanding regarding the application of the systems theory during the privatisation processes. Finally, it is envisaged that findings of the study will contribute in terms of sharing information, knowledge, and ideas with other related scholars. This could be done by publishing the observed research findings in an accredited journal, or at academic conferences. Therefore, the study would attempt to contribute significantly to the current body of knowledge in the field of business privatisation.

1.12 LIMITATIONS

According to Patton (2002:223), all proposed research projects have limitations, none are perfectly designed. Patton further alluded that there are always trade-offs and discussion of the study's limitations and demonstrates that the researcher understands the reality that there will be no overwhelming claims about conclusiveness, about what was learned. Limited financial resources were one of the challenges of the outcome of the research, considering that the study does not currently have a sponsor to cover necessary expenses in terms of production of resource materials and travelling.

1.13 DELIMITATION OF THE STUDY

The study was concerned with responses from government officials from the Department of Transport, the Department of Public Enterprises, SAA Executives and politicians from the DA, EFF, and ANC officials. The researcher was also channelled by SAA to conduct Qualitative research only and cancel the Mixed Method Approach the researcher was taking. The study will only be limited to the South African context, focussing on the development of the privatisation model of the SAA, in the context of the systems theoretical framework.

1.14 RESEARCH METHODOLOGY

Qualitative research has been the methodological choice of this study aimed at exploring a privatisation model of a state-owned enterprise within the South African Airways. Denzin and Lincoln (2011) associate qualitative research with the interpretivist or phenomenological philosophical approaches, whereby researchers make sense of the subjective and socially constructed meanings expressed about the phenomenon being studied (Saunders, Lewis &

Thornhill, 2016:168). Taking note of this view, this study considered the significance of accessing an in-depth understanding of experiences of the respondents and their interpretation of the questions by way of describing, explaining, and discovering comprehensively and holistically matters related to privatisation of state-owned enterprises in relation to South African Airways (Denzin & Lincoln, 2011). Qualitative research assisted this study to follow an inductive approach to privatisation model development, following the principles of theory development. Saunders *et al* (2016:168) confirms that many varieties of qualitative research commence with an inductive approach to theory development, where a naturalistic and emergent research design is used to build theory, or to develop a richer theoretical perspective to what already exists in literature.

One of the major aspects to be noted in the qualitative research approach is that there must be a relationship that exists between the researcher and the participants (Saunders *et al*, 2020; Zukauskas, Vveinhardt & Andriukaitiene, 2018). In simple terms, this qualitative approach was used in this study since it provides room to explore human feelings and gain in-depth knowledge for the development of a privatisation framework for SAA.

1.14.1 Literature Review

A literature review, as defined by Wagner, Kawulich and Garner (2012:29), refers to an interpretation of a selection of relevant material, (either published or unpublished), that is available on a particular subject matter. This type of information can be extracted from documents, talks, observations, drawings, photography, and videos that involve either summarization, analysis, evaluation, or synthesis of the selected information.

A literature review was used in this study to outline sources relating to the research problem. Majam and Theron (2006:608) point out that the challenge of the literature study is the vast amount of information, perhaps not all directly related to the study, wherein the researcher will have to sift through what data or information is pertinent. A literature review of secondary sources was undertaken to achieve the theoretical objectives of the study. Secondary data sources were retrieved, which included different databases such as: Google scholar, Emerald, and the journals on Privatisation of State-Owned Enterprises across the world.

The study also sourced information from government publications, local and international journal articles and studies, relevant textbooks, full-text online academic databases and

legislative frameworks and policies. The study also reviewed several series of published and unpublished reports from different organisations. The Harvard method of source referencing and acknowledgement was applied in this study.

1.14.2 Research Design

Mouton (1996:175) views a research design as a blueprint, offering structural and systematic guidance in terms of procedures to be followed during the collection of the needed data, its interpretation and, finally, the way and the techniques of analysis. Processes of developing a privatisation model for public enterprises in the South African Airways are so complex and multi-dimensional, considering the numerous variables that affect them. There is a lot of theoretical, documentary and literature evaluation and analysis of strategies to launch association and relationships of the key variables related to the topic of the study. Because of the nature and complexity of the topic, this study used a case study research design to explore this conceptual framework, aimed at improving socio-economic and political instability within the SAA. This was achieved by collecting and analysing qualitative data using the case of SAA in collaboration with its supportive institutions, consisting of the Department of Transport, Department of Public Enterprises, and political institutions.

A case study, according to Yin (2017), is an in-depth study of a phenomenon in the context of its real-life settings by specifically referring to institutions, organisations, teams, individuals, or associations. The same research design provides insights as characterised by its comprehensive principles of research which leads to theoretic development (Yin, 2017), hence this research finds it suitable for the topic under review.

1.14.3 Research Methods

To develop a more comprehensive privatisation model, this research is going to make use of a multi-method qualitative study. This is whereby primary data was collected using detailed interviews, and secondary data through document analysis discussed in the following section for data collection techniques and strategies Saunders *et al*, (2016:168). Multi-method, in qualitative research, is a branch of multi -methods that uses more than one qualitative method. A mono-method qualitative study uses a single data collection method, such as, face to face interviews only. This must not be confused with mixed method research, which mixes quantitative and qualitative research techniques in one study Saunders *et al*. (2016:168).

1.14.4 The rationale for using the qualitative research methodology: Philosophically based rationality

Based on the influence of mixing the characteristics of the critical realism ontology and interpretivists epistemology, the nature of the research questions in this study demands analysis of qualitative data, which must be fully explored by use of the qualitative research method to explore perceptions (Saunders, Lewis & Thornhill, 2016), while critical realism believes that there is external, objective reality to the world in which we live. Interpretivist epistemology believes that the way each of us interprets the world is affected by social conditioning (Saunders et al, 2016). To accommodate realistic ontology and interpretivist epistemology into one research design, this study applies the two philosophical approaches (Saunders *et al*, 2016).

1.14.5 Rationality based on the research approach

This research has taken advantage of the inductive approach by using the two research techniques to enrich the results of the research questions. This approach is going to verify the theoretical perspectives of the developed privatisation model in the context of SAA.

1.14.6 Rationality based on the principle of complementarity and triangulation

The choice of the qualitative method design is purely based on the rationality of the principle of triangulation and complementarity (Creswell & Clark, 2011). Triangulation commonly uses multi-method approaches to data collection to avoid errors and biases inherent in any single methodology (Williamson, 2005:7). Document analysis is often used in combination with other qualitative research methods as a means of triangulation. The qualitative researcher was expected to draw upon multiple, (at least two), sources of evidence that are to seek convergence and validation using different data sources. By triangulating data, the researcher tries to provide a convergence of evidence that breeds credibility (Eisner, 1991:110c). Following the principle of triangulation, the triangulation process was then followed by making use of the qualitative findings that reflected subjectively the socio-economic constraints and possible strategies of the application of the developed privatisation conceptual framework. The qualitative findings were then synthesised to make sure that there is a complete research report with a comprehensive academic status (Creswell & Clark, 2011).

1.14.6 Target Population

A target population encompasses the whole pool of the elements or subjects who are supposed to undergo investigation in a research study (Creswell & Plano Clark, 2011; Saunders *et al.*, 2012). The theoretical framework of this study is characterised by the systems theory and demands that the target population include SAA top officials, the ministry top officials from the Department of Transport, Department of Public Enterprises, and political parties (ANC, DA and EFF). In other words, this theoretical approach determined the nature of the target population of this study. Since it is difficult to investigate the whole targeted population at once, a portion of the group was selected to represent the whole group. This selected sample is defined by Saunders et al. (2016) as a representation of the target population.

1.14.7 Sampling Methods

There are two distinct sampling methods identified in the research, probability and non-probability sampling. A non-probability purposive sampling was used for this study. Purposive sampling, (also known as judgment, selective or subjective sampling), is a sampling technique in which a researcher relies on his or her own judgment when choosing members of the population to participate in the study. Non-probability sampling applies to qualitative research (Creswell & Clark, 2011). Researchers often believe that they can obtain a representative sample by using sound judgment, which will result in saving time. Alternatively, using the purposive sampling method may prove to be effective when only limited numbers of people can serve as primary data sources due to the nature of the research design, aims and objectives. A research study such as this one, which is intended to explore intensively, matters and issues concerning the legal frameworks and financial matters of public owned enterprises in the context of SAA, demands consultation of highly knowledgeable and experienced senior officials in relevant departments with enough expertise.

Building on this view, the researcher had no option but to apply judgemental perceptions to choose Director Generals and their deputies or any experienced person under their Directorate in the Department of Public Enterprises and the Department of Transport, building on the assumptions that they have the much-needed knowledge and understanding in the area under study. It is well known that purposive sampling is the only suitable sampling strategy that has been widely used in research to select participants who possess these attributes, hence this study adopted the same sampling approach. The same approach was done to select SAA senior

officials. The Chief Financial Officer and their deputies were found to be the suitable participants, and Senior Political Officials purposively selected from ANC, DA and EFF respectively.

However, the Director General of the DPE nominated the Chief Risk Officer to be interviewed on his behalf. The Director General of the DoT nominated the Chief Director: Aviation, Safety and Security and the CFO nominated the HoD: Financial Accounting, on behalf of the COO. The sample of this study, as indicated in chapter one, was represented by two officials from the department of transport, two from the department of Public Enterprises, two from SAA executives, and three from Political parties, making a total of nine as shown in the table below.

Table 1.1: Sample size

Type	Sample	Designation	#
Qualitative	Dep. Of Public Enterprises	Deputy Director General	1
		Chief Risk Officer	1
	Dep. of Transport	Director General	1
		Chief Director: Aviation, Safety and Security	1
	SAA Executives	Chief Financial Officer	1
		HoD: Financial Accounting	1
	Political Parties	Politicians (ANC, DA, EFF)	3
	Total No. of Participants		

Certain procedures were followed in the selection, and they were in the following manner:

- An official consultation process was done by the researcher in selecting possible and relevant respondents from the Department of Public Enterprises, Department of Transport, SAA, and ANC, DA and EFF senior officials.
- The consultation process helped to thoroughly utilise the inclusion and exclusion criteria. Inclusion criteria are characteristics that the prospective subjects must have if they are to be included in the study, while exclusion criteria are those characteristics that disqualify prospective subjects from inclusion in the study. Based on this view, the consulted Director Generals and their Deputies officially acknowledged that the selected subjects, mentioned above for the interview participants, qualified for inclusion in the study on the grounds of their potentiality of contributing to the topic, based on

their knowledge and experience of the positions they occupy. The only challenge was their busy schedules. They, therefore, nominated people who are also subject matter experts to be interviewed on their behalf.

1.15 DATA COLLECTION STRATEGIES

Both primary and secondary data were collected for this study. Primary data was the original data collected by the researcher for the first time, while secondary data was the data that already exists from other documentary sources (Douglas, 2015). While this study collects primary data through face- to- face interviews, secondary data was collected by way of document analysis, to be highlighted later.

1.15.1 Interviews

A face-to-face interview was conducted to explore richly, the qualitative findings (McMillan & Schumacher, 1997:453). This, because of its characteristics associated with the abilities of exploring not only feelings, opinions, and experience, but also the insights and perceptions of the interviewees from a subjective perspective (Groenewald, 2004:6). The face-to-face interview approach is suited for this study since the selected participants are either directly or indirectly affected by the current challenges experienced by the SAA as a state-owned enterprise, which have indicated a direct impact on the socio-economic and political status in general. The other important reason for choosing face-to-face interviews is that the researcher can ask relevant questions that have already been prepared for the respondents.

Chapter Four will give more details on the rationality of choosing the face-to-face interview in this study. The interview guides, with interview questions for discussion, were constructed making use of the open-ended and closed questions (Zohrabi, 2013:254-255).

1.15.2 Existing Data

Table 2 below indicates the list of published data used to elaborate and clarify the primary data from the face- to- face interviews.

Table 1.2: Documents to be reviewed and analysed

DOCUMENT	PERIOD
South African Airways Annual Report	2010-2011
South African Airways Annual Report	2012-2013
South African Airways Annual Report	2014-2015
South African Airways Annual Report	2016-2017
South African Airways Annual Report	2018-2019
The Companies Act, Act No 71 of 2008	
The Public Finance Management Act, Act No 1 of 1999	
The South African Airways Act, Act No 5 of 2007	
The Airports Company Act, Act No 44 of 1993	
The Civil Aviation Act, Act 13 of 2007	
The King III Code on Corporate Governance	
The Department of Public Enterprises Strategic Plan	2005:5
Draft Revised White Paper on National Transport Policy	2017:8
National and International Published articles	

The above highlighted document will be used for a longitudinal analysis of SAA's financial performance including challenges and prospects. This, together with consulted literature, will also assist in analysing privatisation models following both international and national trends. This complies with the following document analysis principles advocated by Bryman *et al.* (2016) and Schwster (2015):

- Longitudinal research assumes that most reputable research organisations publish data on regular intervals.
- Limited ethical issues are associated with published reports
- Published reports provide high levels of reliability and validity.
- Published reports provide a basis for collecting primary data.

1.16 DATA ANALYSIS FOR FACE-TO-FACE INTERVIEWS

The data for the face-to-face interview sessions were recorded by means of a voice recorder. Transcription involved such activities as close observation of data through repeated careful listening (and/or watching), and this is an important first step in data analysis. During the interviews, relevant notes were taken by the researcher and close attention was noted on how the participants responded, including voice projection, facial expressions, eye contact, as well as nonverbal behaviour and gestures (Morgan & Krueger, 1998:3-7). In a tabular form, data was coded and sorted into categories using the thematic approach (Barbour & Kitzinger, 1999:16). Thematic analysis is one of the most common forms of analysis within qualitative research. It takes bodies of data, (which are often quite large), and groups them according to similarities, i.e., themes. These themes help to make sense of the content and derive meaning from it. Through its theoretical freedom, thematic analysis provides a flexible and useful research tool, which can potentially provide a rich and detailed, yet complex account of data.

This thematic approach involved analysing data by means of comparing answers, identifying similar themes and establishing the relationship of variation of the views of individuals (Barbour & Kitzinger, 1999:16). Analysis in this study involves drawing together and comparing discussions of similar themes and examining how these relate to the variation between individuals (Kitzinger & Barbour, 1999:16). The researcher used the ATLAS ti version 22 (the latest version released in December 2021), a computer-assisted qualitative data analysis software package. In summary, data analysis is comprised of the following stages:

- Transcribing,
- Coding or indexing
- Creating categories
- Coming up with themes from the categories
- Drawing together and comparing discussions of similar themes and examining how these relate to the variation between individuals

It is important to note that all these stages were done solely by the researcher.

1.17 ESTABLISHING RELIABILITY AND VALIDITY

In qualitative study, trustworthiness replaces validity and reliability. Trustworthiness incorporates credibility, transferability, dependability, and confirmability to determine the rigorousness of the study (Creswell, 2017).

- Credibility takes place through the engagement of the participants, continuous observations, adequate referrals, and member checking (Flick, 2016). The researcher engages the participants, carries out observations, s constant referrals and checks with the participants if what they said was correctly captured.
- Transferability relates to the generalisation of the findings of the study (Flick, 2016). Qualitative studies produce limited generalised results according to the way the data is collected and interpreted. Transferability will be achieved by ascertaining that the research problem and research objectives are well addressed to have generalised results.
- Dependability relates to the uniformity of the research findings and the research results. There will be a need for the researcher to constantly relate to changes that will be taking place to the phenomenon that is under study. Interaction with the participants, as well as the research processes, needs to effectively take place (Leedy & Omrod, 2015).
- Confirmability refers to the data that must be neutral instead of the researcher being neutral. Confirmable research facilitates the study to have the conclusions of the study that are grounded in the collected data (Neuman, 2014). Confirmability was ensured by making sure that the thematic analysis agrees with what the participants have said.

1.18 ETHICAL CONSIDERATIONS

This study adhered to ethical principles by strictly ensuring that confidentiality and anonymity of participants are well respected. The rights, dignity, and privacy, together with their personal experiences with the use of privatisation models into the Airways, was treated with a high level of confidentiality and privacy in the process of this study. Following research ethics, this study informed the sampled participants that the investigation is going to be carried out on a voluntary basis. This means that they were allowed, through the consent forms that they have read and signed, to discontinue with the responses if they so wish or, should they feel that ethical principles are not well observed by the researcher during the study. The researcher also ensured that participants were well informed in advance that there are no promises of financial and material benefits during the research process.

As highlighted above, the researcher also made sure no harm came to the participants. This was done by informing them, by requesting of a letter of consent from them, which allows them to remain as participants or withdraw. The researcher was supposed to physically hand deliver and collect the letters of consent; due to COVID 19, most of the participants were not comfortable to meet with the researcher face- to- face and the letters of consent were sent to them by e-mail a day before the interviews. Eight interview participants were emailed since there was a limited number per each department or organisation. Only one participant allowed the researcher to deliver the letter physically.

This study was undertaken with a high level of honesty and integrity by the researcher. Only findings which are relevant and enhance learning were documented. The researcher gave the respondents enough information about the study in terms of the research objectives, methodology and study participants. Since this study was conducting face-to face interviews, focussing on one respondent at a time in different departments, the researcher considered their respective offices as being acceptable for the sake of privacy and confidentiality. The COVID 19 pandemic forced the researcher to conduct the face-to-face interviews through Microsoft Teams.

Where the researcher uses recording instruments, such as a voice recorder, the participants were informed about it prior to the use. The researcher then ensured them that the recorded information will not be used for any purpose other than for this intended research study. The researcher ensured that the identities of the respondents would be concealed by only using codes, and information volunteered will not be used for anything else other than for the purposes of the research study. This complies with O’Leary (2013), who, in terms of research ethics, is of the notion that it is the responsibility of the researcher to make sure that participants are protected.

In terms of data storage, the researcher ensured that the study data sets were placed in encoded digital form and stored on a cloud platform. The saved information will be accessible online by the researcher and his supervisor, only by using a login account and password. The sample data is protected by the researcher by keeping the document in a secure location at the researcher’s home and, once the five years is completed, it will be shredded.

When writing this research study, the researcher made sure that all sources of every statement were well cited, to avoid the risk of plagiarism. By trying to be neutral, the personal opinion in

the data collection and analysis was reduced. Relative to this study, trustworthiness incorporated values such as honesty and integrity. This is the reason why this study tried to comply to the above ethical considerations (Driscoll, 2011:155; Dahlberg & McCaig, 2010).

1.19 CHAPTER DIVISION

This investigation is comprised of the following seven chapters:

Chapter 1: Introduction and Background to the study

This chapter embraces an introduction, motivation for the study, problem statement, research questions and objectives, significance of the study, delimitation and limitation of the study conceptual framework, demarcation of the study, research methods and techniques, ethical considerations, and chapter division.

Chapter 2: Theoretical Framework

This chapter focuses on the features of privatisation linked to essential features of the legal frameworks governing public ownership in the South African Airways, as linked to the corporate governance theories globally and locally. The literature discussion opened areas for further research on the need to determine the the implications of the systems theory, as a possible strategy for developing a privatisation model.

Chapter 3: Privatisation of State-Owned Airlines Globally

This chapter deals with the privatisation of State-Owned Airlines globally, by focussing on political, economic and social status and conceptual features of the privatisation model linked to the systems theory, the theory of constraints, the theory of good governance and the Auger's 7 Lessons Learned programme.

Chapter 4: Research Methodology and Design

This chapter involves the research design and methodology, which describes the research methodology to be used. This also includes reflecting the method used in this study, research design, data collection methods, population and sampling, research instruments, data analysis and ethics in research.

Chapter 5: Presentation and discussion of findings

This chapter gives attention to data analyses, presentation of data and interpretation of the results. It also discusses the research findings including the description of the case and data display. Based on the collected data, this chapter answered the four research issues.

Chapter 6: Appropriate privatisation model to be used in SAA.

This chapter focuses on identifying and discussing the appropriate privatisation model that can be used by South African Airways, to build upon the structure of the systems theory in solving challenges associated with State Owned Enterprises.

Chapter 7: Conclusion and recommendations

This chapter provides the final review of the study and presents the conclusions and recommendations based on the main objective, research problem and findings of the study. The implications and limitations of the study was discussed and suggestions for further research, as the study did not cover all aspects of the Privatisation Model for the State-Owned Enterprises.

CHAPTER 2

THEORETICAL FRAMEWORK OF THE STUDY

2.1 INTRODUCTION

This chapter starts by reflecting diagrammatically the conceptual framework of the study from a holistic point of view. Although all the main concepts and constructs related to the study in the context of state ownership and privatisation are made visible, this chapter will entirely focus on part A of the diagram. In other words, the whole chapter is dominated by critical literature discussions, whereby State/public ownership is defined first, by referring to an international perspective, an African perspective as a whole and, finally, the South African context consecutively before relating specifically to SAA. This is followed by contextualising these definitions into related legal frameworks governing public ownership in the South African perspective, including SAA. Literature discussions further highlight SAA financial performance to have a full overview of the factors affecting its current financials. The chapter is going to end up with a conclusion. Previous and current research related to the subject under study is to be consulted. In other words, a conceptual framework will be presented as a starting point to serve the purpose of identifying literature that reflects the knowledge and understanding of the main variables under study, their relationships and how they connect with each other (Saunders, Lewis & Thornhill, 2016:48) as a direction to the whole study.

The conceptual framework thus provides a roadmap to an investigation being carried out in terms of guidance and direction. Literature reviews related to exploring a Model for The Privatisation of State-Owned Enterprises demands not only conceptual perspectives towards literature reviews, but also contextual and chronological literature frameworks. This is the reason why the discussions in this study are constantly going to be related to international and national contexts regarding state ownership and privatisation matters. The chronological interpretation, on the other hand, contains literature about how the phenomenon has been analysed from a historical point of view in terms of time frames (Ebrahim, 2018c).

2.2 CONCEPTUAL FRAMEWORK

Taking the above explanation into consideration, this chapter provides part A of the conceptual framework of this study shown in the diagram below, focussing on the following first three objectives of the whole study.

1. Exploring the legal framework governing public ownership in South Africa in the context of SAA.
2. Investigating the financial performance of the South African Airways.
3. Investigating factors which affect the financial performance of South African Airways.

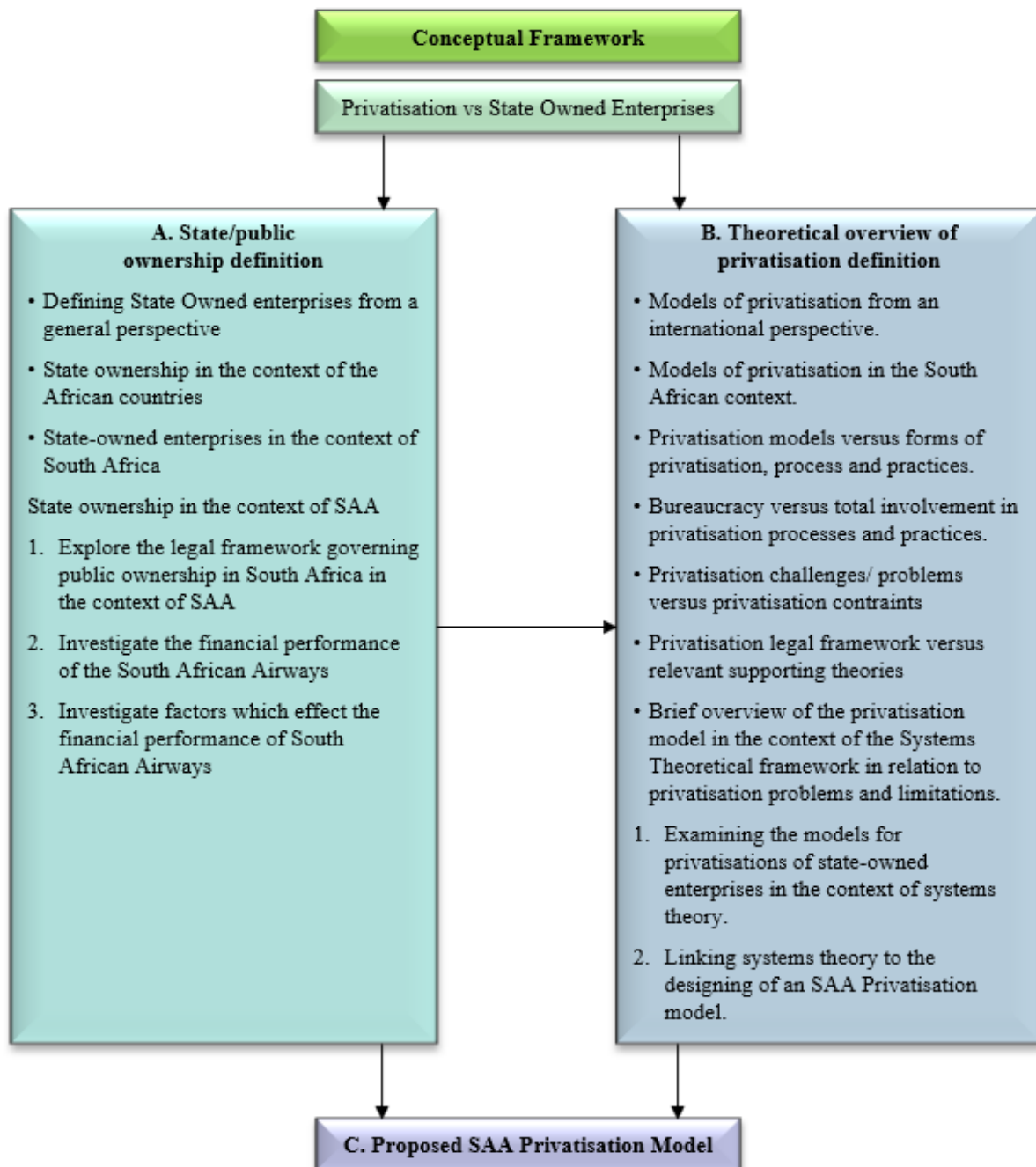


Figure 2.1: A Presentation of the Public Ownership and privatisation framework.

Before defining such concepts as privatisation and state ownership of enterprises and other concepts shown on the figure above, this study feels it is necessary to give a better glimpse of the significant roles to be played by experts in Economics, Finance & Investment and Business in stabilising economic controversies and challenges regarding the principles and practices of the two identified terms. The economic theorist in the context of either public or private ownership, claim that they play an important role studying how goods are produced, manufactured and processed. This also includes carrying out a study of the process and development of how the same goods are distributed and consumed (Bokajlo, 2008:14). This means that their main area of focus is on the processes and developments of production, distribution and consumption of goods and services (Bokajlo, 2008:14). Economists also pay attention to the behaviour of economic agents including their way of communication and daily interactions in such matters concerned with markets and trading. In other words, they analyse such activities as buying and selling, investment's, savings, controlling of profits, managing human and physical resources, including public policies that address finances, fiscal, and other relevant economic and financial obligations.

Financial theorists, in the context of public ownership and privatisation enterprises, claim that they play an important role by way of studying the aspect of monetary matters, its market flow and how it is utilised by organisations. Specifically, it deals with how money is acquired, spent, or invested. The aspect of "Finance" is grouped into three parts namely, "system", financial markets that allow the flow of money via investments and other financial instruments, between and within these areas; this "flow" is facilitated by the financial services sector (Lundberg & Mulaj, 2014:3). According to (Cherian & Jacob, 2013:56), a major focus within finance is thus investment management called money management for individuals, and asset management for institutions; finance then includes the associated activities of securities trading, investment banking, financial engineering, and risk management.

More abstractly, finance is concerned with the investment and deployment of assets and liabilities over "space and time": i.e., it is about performing valuation and asset allocation today, based on risk and uncertainty for future outcomes, incorporating the time value of money (determining the present value of these future values; "discounting", requires a risk-appropriate discount rate) (Cherian & Jacob, 2013:56).

Business administration and management theorists, in the context of private and public administration, claim that they play an important role in studying all aspects of overseeing and supervising all business operations (Shengelia, 2018:45).

Critical analysis of the above highlighted opinions seems to reflect that though public or state-owned enterprises can be discussed economically, financially, or from a business administration perspective as independent or different concepts, these, however, cannot be separated because they are one and the same. An economist deals with finance, market, and trading issues. A financial manager and administrator operate within the parameters of an economist and vice versa. The implication in the context of this study is that the concept of privatisation and state ownership is analysed in the context of economic, financial, and business principles and practices, in one way or the other. This means that anything to do with privatisation of state ownership of enterprises must be linked to economic, financial, and business operations, which is the focus in developing a model for privatisation. Another observation is that financial performance is the key to determine the economic performance and business operations when it comes to privatisation or state ownership.

Although the interlink between economy, business management and administration is reflected, one would need to establish the following assumptions:

- Financial performance of an enterprise, public or state owned has a negative or positive impact on economic development
- Business Management and administrative principles and practices have a positive or negative influence on the financial performance of an enterprise

Critical analysis of the above has propagated this study to consider financial performance of the SAA as the key variable that determines whether to privatise or not: hence, there is need in the context of SOEs in South Africa. In other words, financial performance is one of the most important variables that determines performance of the state in managing any form of a public owned enterprise. It is therefore, at this point, necessary to mention that analysis of financial framework can therefore not be detached from economic performance, business management, and administrative operations in conjunction with the legal framework governing public ownership.

Literature consultation has indicated that one cannot discuss the concept of privatisation without referring to the opposite side of the same concept. This is based on an opinion that there cannot be privatisation if there is no public or private ownership or vice versa. This is the reason why it is important to comprehensively define and analyse the two terms from both a conceptual, historical, and contextual perspective, interchangeably, to have a deeper understanding of privatisation principles and practices, which is the main concept under study.

2.3 DEFINING STATE-OWNED ENTERPRISES FROM A GENERAL PERSPECTIVE

To understand the definition of the term “state owned enterprises”, some researchers prefer splitting it into three terminological components, whereby the word state, ownership and enterprises are defined separately before combining their meanings. According to Joffé (2018: 3), the word “state” is perceived as sharing the same meaning with such terms as national, governmental, and public. From an archaeological point of view, Joffé (2018:4) defines state as “evidence for specialised bureaucracy, hierarchical organisation of settlements around a centre, and unique symbols of power”. This definition has always stimulated many researchers on identifying implications of hierarchical and bureaucratically oriented structures in managing business entities as related to power, authority, and control. This will, however, be discussed later in other sections. Owned/ownership refers to whatever is controlled or possessed by any single individual, a team of people, society, or the whole public at large Mohamad, Abdurrahman, Keong and kwong Wing Chong (2020). Other authors, such as Sadiq and Othman (2017), believe that ownership refers to a state of maintaining, preserving or, retaining control over something signifying some form of possession.

In line with the above views, Matsiliza (2017:38) gives a combined definition by mentioning that “State-owned Enterprises (SOEs)” refers to “the agencies/ organisations that have most of their shares owned by the state and are also controlled by government”. In this definition, it is important to take note of the emphasis put on government control as a way of regulating the running of business entities for the benefit of the public. In addition, many research reports, such as PWC (2015:9), from a global perspective, stipulates that “State Owned Enterprises (SOEs)” are known by many names – government corporations, government business enterprises, government-linked companies, parastatals, public enterprises, public sector units or enterprises, and so on.

In the opinion of Megginson (2017), regardless of whichever of the above terms is used, State enterprises (SEs) can be entities managed by the government to ensure that public goods and service are provided, while others claim they are government entities for profitmaking objectives. According to the analysis made by McLaughlin (2020), the World Bank and the Organisation for Economic Cooperation and Development (OECD) have remarkably advanced the definition of SOEs from an international perspective.

This is based on the perception that the two organisations, unlike other consulted sources, value the view of accepting an SOE as a corporate entity where the state takes ownership by recognising different degrees of control (McLaughlin, 2020).

In line with the above views regarding the levels of state control, Gumede (2009)'s definition gives a statistical benchmark which seems to stimulate the need for further analysis of the aspect of full or partial ownership and control of state ownership. According to Gumede (2009), a SOE is an enterprise where the government is the main shareholder. There is no other partner in the running of the SOE. If this is the case, one would still want to distinguish between full or partial state ownership, since the stipulated definition seems to be more inclined to what PWC (2015:9) refer to as majority state ownership. In this regard, Kerry (2018:134) points out that 100 per cent government-owned firms indicate a full ownership with the implication that anything less than stipulated percentage depicts partial ownership.

To understand the highlighted definitions of state ownership of enterprises from a broader overview and, in addition to what has been highlighted, state ownership is a term that is associated with socialism in the context of Marxist–Leninism theory (Rusu, 2019 & Morgan, 2015), who hold the notion that the term socialism sometimes refers to a collectivism that denotes a system in which the production, manufacturing, supply, distribution and delivery of goods and services is a joint apprehension of a group of people within the community or society. Many studies seem to agree that from the Marxist–Leninism theory, socialism evolved from communism. Socialism is, at its core, an economic philosophy, whereas Communism is economic and political in its requirement that government be the central owner and decision maker in all matters (Rusu, 2019). According to Çam and Kayaoğlu (2015:391), “socialism is an indispensable stage between capitalism and communism. The socialism stage is a transition stage for transition to the perfect stage (communism)”. This philosophy specifically states, from a theoretical point of view, that a capitalist economic structure must be developed by the

working class, using government power and government decisions (Liodakis, 2019). Countries whose political philosophies are largely governed by socialism are alluded to as socialist states.

In addition, in countries such as China and Russia, SOEs from a historical perspective were already controlled by socialist growth models in business operations, which seem to be even applied to present day. Russia has always been capped as the first socialist state Çam and Kayaoğlu (2015:391), These means that SOEs have not only been designed to meet corporate goals only, but also political goals. Other countries, such as China and Korea, at a later stage, followed the footsteps of the Soviet Union in adopting the socialist ideology (Rusu, 2019). The research carried out by Szarzec, Dombi and Matuszak (2019:2) and OECD, (2015) confirms that in the so-called BRICS countries (Brazil, Russia, India, China, South Africa), SOEs have been a significant part of the economy, and are explicitly regarded as vehicles of national development strategies (Lin & Milhaupt, 2013; Musacchio & Lazzarini, 2014). Socialism is characterized in the following ways (Liodakis, 2019):

- The means of production are owned by public enterprises or cooperatives (the state), and individuals are compensated based on the principle of individual contribution.
- There is equal opportunity for all. Large-scale industries are cooperative efforts, and thus, the returns from these industries must be returned to and benefit society.
- Economic activity and production are planned by the central planning authority and is based on human consumption needs and economic demands.
- Socialists believe economic inequality is bad for society, and the government is responsible for reducing it via programs that benefit the poor.

In theory, based on public benefits, socialism has the greatest goal of commonwealth; since the government controls almost all of society's functions, it can make better use of resources, labours and lands; it reduces disparity in wealth, not only in different areas, but also in all societal ranks and classes.

2.4 REASONS FOR STATE OWNERSHIP

Research reports done, according to the Organisation for Economic Cooperation and Development (2005) and World Bank (2006), have stated the following as the main reasons for state ownership from a global ownership perspective (PWC, 2015:15):

1. Provide public goods (e.g., national defence and public parks) and merit goods (e.g., public health and education), both of which benefit all individuals within a society and where collective payment through tax may be preferred to users paying individually.
2. Improve labour relations, particularly in strategic' sectors.
3. Limit private and foreign control in the domestic economy.
4. Generate public funds. For instance, the state could invest in certain sectors and control entry to impose monopoly prices and then use the resulting SOE revenues as income.
5. Increase access to public services. The state could enforce SOEs to sell certain good and services at reduced prices to targeted groups as a means of making certain services more affordable for the public good through cross-subsidisation.
7. Encourage economic development and industrialisation through:
8. Sustaining sectors of special interest for the economy, and to preserve employment.
9. Launching new and emerging industries by channelling capital into SOEs which are or can become large enough to achieve economies of scale in sectors where the start-up costs are otherwise significant. This might be seen as an alternative to regulation, especially where there are natural monopolies and oligopolies (e.g., electricity, gas and railways).
10. Controlling the decline of sunset industries, with the state receiving ownership stakes as part of enterprise restructuring.

According to Szarzec, DombiIn and Matuszak (2019:23), to add and elaborate the above highlighted views regarding benefits of state ownership, there are several economic arguments promoting state ownership. Other researchers posit that SOEs might address market failures by providing public goods and funding for key infrastructure projects (Vickers & Yarrow, 1991). Telegdy (2016) believes that SOEs contribute to the smoothing of four business cycles via counter-cyclical investment expenditures and employment. On the other hand, other researchers mention that SOEs support vulnerable social groups by maintaining employment

in sunset industries (Robinett, 2006; Christiansen *et al.*, 2013) and enhancing the aspect of access to public utilities at affordable prices (Fiorio & Florio, 2013); also support national security by limiting private and foreign ownership in sectors of particular national interests, such as the arms and network industries (Robinett, 2006). SOEs are frequently used to promote industrialisation, particularly by launching new industries with significant start-up costs and long-term investments needed (Lin & Milhaupt, 2013; Musacchio & Lazzarini, 2014). SOEs can be vehicles of innovation, knowledge dissemination, and technological spin-offs (Mazzucato, 2013; Tönurist, 2015; Zhang, 2018).

The Organisation for Economic Cooperation and Development (2018:4) stipulates that State-owned enterprises are an important element of most economies, including many more advanced economies. SOEs are most prevalent in strategic sectors such as energy, minerals infrastructure, other utilities and, in some countries, financial services. The presence of SOEs in the global economy has grown strongly in recent years and, today, they account for over a fifth of the world's largest enterprises as opposed to ten years ago where only one or two SOEs could be found at the top of the league table. This means that high standards of corporate governance of SOEs are critical to ensure financial stability and sustain global growth.

Table 2.1: Emerging sectors state ownership

Heading	Heading	Heading
Insurance: Life, Health (stock) Engineering, Construction Energy Mining, Crude-Oil Production Utilities Banks: Commercial and Savings Petroleum Refining Aviation	Tobacco Shipping Network and other communications equipment Pharmaceuticals Wholesalers: Diversified Miscellaneous Building materials, glass Insurance: Property and casualty (stock) Diversified financials	Mail, package and freight delivery Telecommunications Trading Motor vehicles and parts Metals Revenue from sector General merchandisers Industrial machinery Chemicals Railroads Aerospace & defence

Source (PWC, 2015:11)

In line with the identified state-owned entities according to Kowalski, Büge, Sztajerowska and Egeland (2013). PWC (2015:13), the top eight countries with the highest SOE shares are China, United Arab Emirates, Russia, Indonesia, Malaysia, Saudi Arabia, India and Brazil. which collectively accounted for more than 20% of world trade, with China alone on top of the situation.

While most literature discussions so far have been based on state ownership by relating to western and other international countries, there has also been a substantial heated debate as to why some African states have also adopted the same business principles. Although speculation among some of the studies are inclined to the view that African governments have copied western principles of economic and corporate governance, others perceive this notion as the creation of an opportunity whereby the African nationals were addressing the economic and political colonial ways of suppressing the African states. Although such controversies may seem to divide different perceptions towards western and African state ownership, there is still an agreement, according to research, that the intention of state ownership, right from the beginning, assumed that State-owned enterprises would play a significant role in the African economies.

2.5 STATE OWNERSHIP IN THE CONTEXT OF THE AFRICAN COUNTRIES

A state-owned enterprise in the African context is still defined as a legal commercial business entity operated and controlled by the government Nkosi (2020:118). The word “legal” implies that that there must be stipulated public policies to guide and control these commercial activities including the management aspect (Nkosi, 2020). That’s why, in the context of this study, evaluation of legal frameworks of public entities is important to assess the success or failures of business entities in terms of financial performance. Below are a few examples of African countries including their companies under state ownership. Close analysis of the table below indicates one common feature whereby National Airways, power utilities, railway transport, oil pipelines and telecommunications, to mention but a few, seem to be common entities under state ownership. International statistics seem to reflect the same trends.

Table 2.2: Common entities under State-Ownership

Algeria	Egypt	Kenya	Namibia	Tanzania	South Africa
<i>Air Algérie</i> Anesrif Sonatrach Sonel gaz	Egypt Post <i>Egypt Airways</i> Egyptian National Railways Nile TV Suez Canal Authority Telecom Egypt EGPC ERTU EGAS Arab Contractors National Bank of Egypt Banque Misr Banque Du Caire	Broadcasting Corporation Kenya Electricity Generating Company Kenya Pipeline Company Kenya Railways Corporation National Oil Corporation of Kenya	<i>Air Namibia</i> Bank of Namibia NamWater Otavi Mining and Railway Company TransNamibia	Air Tanzania Arusha International Conference Centre Marine Services Company Limited Tanzania Electric Supply Company Limited Tanzania Railways Limited Tanzania Telecommunications Company Limited (65%) TAZARA Railway (50%) Tanzanian and Italian Petroleum Refining Company Limited (50%)	<i>Alexkor (diamonds),</i> <i>Denel (military equipment),</i> <i>Eskom (electricity generation)</i> <i>Transnet (railway transport & pipelines)</i> <i>South African Express Airways, South African Forestry Company (SAFCOL) (forestry),</i> <i>South African Broadcasting Corporation</i> <i>Transnet (transportation).</i>

Source: (Edoun, 2015:352).

It is also important to observe that the Airway line industry, in the broad context of aviation, dominates the number of companies under state ownership even from the international perspective. Studies have found that even African countries, as with the international communities, state ownership of companies were established for ensuring socio-economic transformation and development (Edoun, 2015:352). This was done for improving public service delivery, improving labour relations, limiting private and foreign control in the domestic economy, generating public funds, creating employment opportunities and increasing access to public services. The Republic of South Africa, which is highlighted in pink in the above table, identifies the southernmost country in Africa with a population of 57 million, and it is the largest country in Southern Africa (Nattrass, 2020). According to Schwab (2010), in global competitiveness rankings, South Africa is one of the most competitive economies in Sub-Saharan Africa, second to Mauritius, and maintains its leadership in terms of financial markets, competition, infrastructure, and education. While all these economic and social

motives seem noble, Edoun (2015:352), in research entitled “The Impact of Governance on State Owned Enterprises (SOEs) in Africa”, found a totally different view regarding the aspect of state ownership in African countries. The research believes that since many African countries acceded to independence in the late 50s and early 60s (Edoun, 2015:352), African leaders have been struggling for years to put Africa on the path for economic development.

All the above certainly have a negative impact in the management of public affairs, including the management of State-Owned Enterprises (SOEs) that are expected to be engines in social transformation. Edoun (2015) argues that, in Africa, the absence of effective management of state affairs, governance and credible institutions is at the centre of the failure of SOEs to fulfil the mandate for which they were created. SOEs in Africa were created to stimulate economic development and contribute to the long-term vision of modern democratic governments which, is to contribute to economic growth, the reduction of the unemployment rate, and the eradication of extreme poverty.

In support of the above views, research conducted by Limbo (2019:1) and Grossi, Papenfuss and Tremblay (2015) indicate that there is a broad interest internationally in better performance measurement and management in the public sector, linked to questions around corporate governance of SOEs and the continuing search for appropriate ways to deliver public services effectively and efficiently. Despite this long list of reasons for state ownership and the impact on the global economy, challenges have been found to exist to develop a comprehensive theory of SOEs (Peng, Bruton, Stan & Huang, 2016; Limbo, 2019).

Despite South Africa being labelled as one of the most competitive economies in Sub-Saharan Africa, recent research reports indicate that financial troubles and corruption are currently rampant within South African state-owned enterprises. This has resulted in deepening financial issues enterprises such as the South African Broadcasting Corporation and South African Airways, Eskom, and Transnet. If that is the case, there is also the need to develop a comprehensive theory of SOEs in Africa by focusing on the case of the South African Airline industry, SAA, which is one of the most common state-owned enterprises globally, including the African continent, in the context of Peng, Bruton, Stan and Huang (2016) and (Limbo, 2019).

2.6 STATE-OWNED ENTERPRISES IN THE CONTEXT OF SOUTH AFRICA

The South African economy has independent companies which include State-Owned enterprises that are companies in which the government owns significant equity and influence (Kikeri, 2018; Coetzee & Bezuidenhout, 2019). After apartheid, the Department of Public Enterprises officially adopted and openly announced that South African SOEs must promote macroeconomic policies, industrial development as well as international trade. Corruption experienced by SOEs are in the billions of Rands, yet most are still afloat due to massive government bailouts. More than R243.25 billion was utilised to support SOEs in 2009; for example, the SABC received R1.4 billion in 2009, with this amount increasing to 2.24 billion within 4 years (Harris, 2009; Coetzee & Bezuidenhout, 2019:2).

Eskom is a state-owned vertically integrated monopoly that supplies about 90 per cent of South African electricity. Its generating capacity makes it the world's eleventh largest power source, and Africa's sixth largest organization in all the economic sectors. With a business model originating from its history as industrialisation's central pillar, Eskom's main aim was producing low- cost electricity from plentiful coal reserves in South Africa, supplying the mines and heavy industries of the country with cheaper power (Harris, 2009). However, recent studies have shown that Eskom's business has increasingly become unviable, a reduction in electricity demand, more financial costs, and an increase in debts. For example, to strengthen the liquidity position of Eskom, a bridging loan of R5 billion was advanced by the PIC (Public Investment Corporation) in 2018. Despite the existing R360 billion debt and a transaction ratio of more than seventy percent (i.e., the debt-to - equity ratio), Eskom's position forced it to pursue further funding. To add to this concern, the enterprise also must deal with decreasing volumes in sales and increased debts of municipal arrears (Mondi, 2018:1-2).

One can then surely agree that the South African state-owned enterprises' performance has been discouraging. While these organisations receive large budgets, they ultimately become taxpayers' burdens through lack of transparency, corporate governance, and a lower level of productivity (Mutize, 2015). The continuing and serious financial weakening of state-owned corporations poses a major risk to the country's financial state. According to Business Monitor International (BMI) Research (2017), about its questionable leadership and lack of financial performance, South African Airways has been at the forefront of the BMI Research (2017). Studies have shown SAA have been running more losses than profits over the years. In fact, ,

South African Airways was last profitable in 2011, and has ever since been granted government bailouts/guarantees (Cohen, 2017).

On the other hand, partly government-owned, Telkom has been the longest standing South African communication service provider since 1991 (Telkom SA SOC Limited, 2017; Cheteni & Khamfula, 2018:6). Telkom is a company which was wholly state owned until 1997 when 30 per cent of the firm was sold to private investors. With the government not in full control, Telkom has been able to grow its independent part of the business to keep its customer base but has also recently been under criticism of not being able to deliver the promised service efficiently (Cheteni & Khamfula, 2018).

One can then agree with Metsing 's (2018:4) argument that no overemphasis can be placed on the role and importance of state-owned companies as platforms for revenue collection and economic development. Firstly, State-owned corporations help governments to retain social equity, which is usually overlooked in the market. Secondly, some past researchers observed that these state-owned enterprises might have been created or are becoming a tool to push political agendas while the SOE's core mandate becomes of less focus. For example, having unnecessary overemployment and underestimating budgets allocated to some of these public services might be one of the reasons delivery and financial problems occur in these enterprises (Metsing, 2018:6-10).

Whatever expectations are associated with the economic and social impact of SOEs, one must not forget the role played by business legal frameworks and policies in directing the process of achieving the intended goals. The following section is set to discuss these Legal and Regulatory Framework for State-Owned Enterprises in the South African contexts.

2.7 THE LEGAL FRAMEWORK GOVERNING PUBLIC OWNERSHIP IN SOUTH AFRICA

2.7.1 Legal and Regulatory Framework for State-Owned Enterprises

According to (Chilenga, 2016), the literature on SOEs emphasises the importance of having a legal and regulatory framework for SOEs in place. For key expectations to be communicated, there must be a well-defined regulatory and legal framework that can guide the obligations of

SOEs (World Bank Group, 2014). In summary, legal framework is expected to have the following benefits in the context of system ownership:

- The primary purpose of regulatory and legal frameworks is to ensure that everyone is clear about the policy direction of the state.
- The boundaries of, and the relationship between government shareholders the Board of Directors of SOEs, need legal reference.
- The roles and responsibilities of SOE Boards and SOE Managers need government oversight and control to enforce SOE accountability (World Bank Group, 2014).

In other words, the legal framework governing public ownership in South Africa, as with any other country is set to ensure that business operations are adhered in the context of the set policies, and laws that determine the rights and obligations of companies in accordance with the country's constitution (World Bank Group, 2014). Critical policy analysis refers to a form of policy studies where the focus is upon exposing inconsistencies between what policy says and what policy does, particularly in terms of power relationships in society (Diem, Young, Welton, Mansfield & Lee, 2014).

Studies carried out by other researchers such as Chilenga (2016) found out that the year 1994 brought about several policies in South Africa geared towards resolving economic and developmental disparities from the Apartheid regime. The commonly mentioned Legislative Framework comprises the Public Finance Management Act and Companies Act. The Public Finance Management Amendment Act 29 of 1999 was established to regulate financial management in the national government; to ensure that all revenue, expenditure, , and liabilities of that government are managed efficiently and effectively managed, to provide for the responsibilities of persons entrusted with financial (PFMA, 1999:1).

2.7.2 The Public Finance Management Act 29 of 1999

In the context of state-owned enterprises, the PFMA policy document (1999:1) stipulates that:

- The fiduciary duties and general responsibilities of governing bodies, heads of departments, accounting officers, managers and employees of boards, or the accounting authorities, must provide for personal liability in instances where there is a potential breach of legislative duties.

- Must regulate financial management in the national government and provincial governments; ensure that all revenue, expenditure, assets, and liabilities of those governments are managed efficiently and effectively; provide for the responsibilities of persons entrusted with financial management in those governments; and provide for matters connected therewith (PFMA, 1999:1).
- The object of the Act is to secure transparency, accountability and sound management of the revenue, expenditure, assets, and liabilities of the institutions to which the Act applies (PFMA, 1999:1).

In response to the above stipulations, there seems to be a critical demand for further research to determine the level of compliance of state ownership to the above legal stipulations considering the challenges associated with poor financial performance daily. Many researchers have constantly recommended strict monitoring and evaluation processes regarding policy implementation for organisational efficiency and effectiveness (Chilenga, 2016). This may be one of the problems in the management of state-owned entities in South Africa.

2.7.3 The Companies Act 71 of 2008 in the context of accountability and transparency

Financial reporting is anticipated to maintain a high-quality level characterised by clear, elaborate, and sound information that is easy to interpret, follow and understand. In the context of financial management, financial transparency forms the main area of focus in any form of business openness, and honesty must be demonstrated in all respects (Pelekha, Khochaa & Holovchak, 2019). Pelekh *et al* (2019:197) proclaim that:

“Financial statements are a comprehensive description of the enterprise, which characterise not only their financial and property status, but also the risks and prospects that allow a comprehensive picture of the market activities”.

Financial transparency enables “managers of different levels to determine the future variants of development of various production situations, forecast trends and dynamics, formulate appropriate tactical or strategic steps for business development. Accordingly, there is a need to study the essence of financial statements as a management tool (Pelekh *et al.*, 2019:197).

According to the Explanatory Guide (2010:34) of the Companies Act, 71 of 2008, rights and obligations of companies, are in accordance to the country's constitution. Studies carried out by other researchers such as Chilenga (2016) found out that the year 1994 brought about several policies in South Africa geared towards resolving economic and developmental disparities from the Apartheid regime. The commonly mentioned Legislative framework is comprised of the Public Finance Management Act and Companies Act. This flexibility is illustrated by the following provisions (PFMA, 1999:1):

- All companies must prepare annual financial statements (AFSs), unless the company can satisfy the Commission that it meets certain criteria.
- Public companies are subjected to a more demanding regime, with the added requirement that their AFSs must undergo an annual audit.
- All companies must file annual returns with the Commission.
- Public companies must file a copy of their audited AFSs with their annual return.
- Public companies must appoint a company secretary, auditors, and an audit committee.
- Certain private companies with a greater responsibility to the wider public because of their significant social or economic impact may be required to have their AFSs audited.
- All other companies must be either voluntarily audited or independently reviewed.
- All financial statements, or a summary thereof, must satisfy the prescribed financial reporting standards. These standards may vary for different categories of companies but must be consistent with International Financial Reporting Standards as set by the International Accounting Standards Board.
- All public and certain private companies must appoint an auditor.

Gwanyanya (2015) summarises the above legal framework by stating that Companies Act effectively reinforces a duty for companies to ensure that they should always seek to prevent violations of human rights, particularly those human rights that are directly linked to their operations. Gwanyanya (2015) looks at certain provisions in the Companies Act and argues that the inclusion of these provisions if interpreted in a certain manner, will reconcile the values and practices of company law with the related human rights concerns. Gwanyanya (2015) further argues that the inclusion of the Bill of Rights in the application of company law ensures that human rights concerns are also considered within the functioning of the company. The article then looks at the various provisions in the Act which have the potential to ensure that this position is achieved in the application of company law.

In the context of state-owned companies, the same question remains as to whether the policy implementation process is monitored or not, considering the encored financial challenges. According to the Protocol on Corporate Governance in the Public Sector (2002:3), SOEs operate within the framework of a variety of legislation including, inter alia, PFMA (which is part of Government's broader strategy to improve financial management in the public sector), Companies Act 61 of 1973, as amended, and the relevant legislation under which an SOE operates. It is, therefore, important that directors of SOEs develop working knowledge of this framework and ensure that the SOEs comply with their legal obligations.

Grounding on the above stipulation, The Corporate Governance, Legal and Policy Framework was established.

2.7.4 Corporate Governance, Legal and Policy Framework

Corporate governance embodies processes and systems by which corporate enterprises are directed, controlled, and held to account. Corporate governance in South Africa was institutionalised by the publication of the King Report on Corporate Governance in November 1994, which has subsequently been superseded by the King Code of 2002 (Protocol on Corporate Governance in the Public Sector, 2002:3). The purpose of the King Report is to promote the highest standards of corporate governance in South Africa. The Code of Corporate Practices and Conduct contained in the King Report applies, inter alia, to SOEs and agencies that fall under the PFMA (Protocol on Corporate Governance in the Public Sector, 2002:3).

The Corporate Governance, Legal and Policy Framework tries to control SOEs, by reducing a wide range of risks associated with the operations of SOEs, including financial, reputation, political and operational risks (Protocol on Corporate Governance in the Public Sector, 2002:3). It is the responsibility of each Executive Authority (in whom the primary responsibility for appropriate SOE oversight and accountability to Parliament rests) to ensure that these risks are identified, reduced, and managed. In this regard, a key requirement of SOEs is to report and account for their performance to the relevant Executive Authority in respect of financial and non-financial matters, at the same time, maintaining independence in the conduct of their duties and free from day- to- day involvement by the Executive Authority (Protocol on Corporate Governance in the Public Sector, 2002:3).

In other words, corporate governance is the system by which companies are directed and controlled. Hence, boards of directors are assigned the responsibility for the governance of their companies (Castrillón, 2021). In compliance with the theory of shareholding, Castrillón (2021) supports the view that the shareholders' role in governance is to ensure that making use of appropriate governance structures, directors as well as auditors are appointed for legal control, and ensuring that behaviours are monitored for effectiveness and efficiency. Hebble and Ramaswamy (2005), who also mention that the structure of the corporate governance reflects the distribution of rights and responsibilities, including shareholders, boards of directors, committees, Heads of Department, Managers, and Employees, whose duties and roles are stipulated by their Job description. In addition, a study conducted by Castrillón (2021:182) stipulates that:

It is also important to bear in mind that the concept of corporate (Castrillón, 2021) governance is framed within business ethics. Business ethics is the ethics applied to the organizational field, which refers to human quality, the excellence of people and their actions, within the framework of their work in them. Good business conduct practices are embodied in codes of ethics, which contemplate the set of values that are established in the same system or code to benefit the company as a whole.

2.7.5 The legal framework governing public ownership in South Africa in the Context of SAA

Mhlanga and Steyn (2016), in their study, made a thorough analysis of the South African aviation historical overview. The following table, according to the same authors, reflects the history of airlines operating in South Africa. Two airlines, namely SAA and Comair, have been operating for a lengthy period (82 years and 70 years, respectively) while the majority have had very short lifespans, and of them survived for only a matter of months (See table 3 below).

Table 2.3: The history of airlines in the South African domestic market on a timeline.

#	AIRLINE	OPERATIONAL	
		FROM	UNTIL
1	Union Airways Ltd	August 1929	February 1934
2	SAA	February 1934	Still operating
3	Comair	February 1946	Still operating
4	Link Airways	April 1978	May 1992
5	SA Airlink	March 1992	Still operating
6	Bop Air	July 1979	September 1992
7	Flitestar	October 1991	April 1994
8	SA Express (SAX)	April 1994	Still operating
9	Sun Air	November 1994	August 1999
10	Phoenix Airways	December 1994	August 1995
11	Atlantic Airways	August 1995	October 1995
12	Nationwide Airways	December 1995	April 2008
13	Kulula.com	August 2001	Still operating
14	1time	February 2004	November 2012
15	CemAir	March 2006	Still operating
16	Mango	October 2006	Still operating
17	Velvet Sky	March 2011	February 2012
18	Fly Go Air	February 2012	Still operating
19	FlySaFair	October 2014	Still operating
20	Skywise	March 2015	December 2015
21	Fly Blue Crane	September 2015	Still operating

Source: Steyn & Mhlanga (2016:5)

The findings of Steyn and Mhlanga (2016:5) Table 2.3. above, indicates that in the development of the airline industry in South Africa from 1929 to date, twenty-one airlines have entered the airline industry, eleven have folded and ten are still operational. Various factors have impacted upon the demise and success of airlines during the development of the airline industry in South

Africa. It is also important that any business operation is obliged to operate within the National legal frameworks. This makes it an important role to evaluate, monitor and control business operations with a hope that legal principles enhance business performance, including financial matters. In other words, analysis of success or failure of any business can be done by making an assessment regarding the level of compliance to business policy stipulations. Although some researchers in business admiration and management argue that some of the policies are misleading and difficult to interpret and implement, other studies have realised that, in most cases, many business enterprises, whether public or private, violate or misinterpret the legitimacy, hence they experience many challenges, including financial failure (Steyn & Mhlanga, 2016:5)

According to the SAA Annual report (2017:12-14), SAA must abide by a series of Acts. Some of these Acts pertain to the public sector in general (such as the Public Financial Management Act, Act 1 of 1999); and some Acts are sector specific (such as the Airports Company Act, Act 44 of 1993; the Air Services and Licensing Act, Act 115 of 1990; the Air Traffic and Navigation Services Company Act, Act 45 of 1993; the Carriage by Air Act, Act 17 of 1946; the Civil Aviation Act, Act 13 of 2007; the Convention on International Interests in Mobile Equipment Act, Act 4 of 2007; the International Air Services Act, Act 60 of 1993; the Shipping and Civil Aviation Laws Rationalisation Act, Act 28 of 1994; the South African Airways Act, Act 5 of 2007; the South African Civil Aviation Authority Act, Act 41 of 1998; the South African Maritime and Aeronautical Search and Rescue Act, Act 44 of 2002; and the Transport Advisory Council Abolition Act, Act 9 of 1996. Below is a summary of some of the main Acts which apply to SAA (Chilenga, 2016:39).

Chilenga (2016) is one of the South African researchers who did an intensive study of the Legal and Regulatory Framework for State-Owned Enterprises. This is the reason why this section constantly refers to some of his findings during the process of assessing the legal impact of the SAA financial performance. The table below gives a summary of the legal framework that governs SAA in line with Chilenga's (2016) findings, and the critical analysis of the above highlighted policy documents. It is also important to mention from the onset that the highlighted stipulations of the Legislative framework comprising the Public Finance Management Amendment Act 29 of 1999, and the companies Act, also apply to SAA in terms of regulating financial management in the national government, to ensure that all revenue, expenditure, assets, and liabilities of the government are managed efficiently and effectively (PFMA, 1999:1). The Corporate Governance, legal framework is not an exception. The below

table hence gives a summary of the policies directly linked to SAA without making a repetition of the above policies.

Table 2.4: Policies linked to SAA

Policy	Summary
The South African Airways Act, Act 5 of 2007	The Act facilitates key aspects of SAA, namely: • the transfer of SAA shares and SAA interests from Transnet to the State. • the conversion of South African Airways (Pty.) Ltd. into a public company with share capital. and • the listing of SAA as a major public entity in Schedule 2 to the PFMA.
The Airports Company Act, Act 44 of 1993	This Act was put in place to provide for the transfer of certain assets and functions of the State to a public company to be established and for matters connected therewith (Airports Company Act, 1993). It ensures that companies know their objectives which are: the acquisition, establishment, development, provision, maintenance, management, control or operation of any airport, any part of any airport or any facility or service at any airport normally related to the functioning of an airport (Airports Company Act, 1993).
The Air Services and Licensing Act, Act 115 of 1990	The Air Service and Licensing Act provides for the establishment of an Air Service Licensing Council; for the licensing and control of domestic air services; and for matters connected therewith (Air Services and Licensing Act, 1990). This Act applies only to the operation of a domestic air service. Subject to the provisions of this Act, no person shall operate an air service, unless it is operated under and in accordance with the terms and subject to the conditions of an air service licence issued to that person in terms of this Act (Air Services and Licensing Act, 1990). The Act states that the Licensing Council shall issue a licence in respect of the prescribed class of air service. Air Services and Licensing Act, 1990). According to Section 16 of the Act all representations, information, evidence, and other documents relating to such application and at the disposal of the Council will then only be a licence to operate an aircraft be issued.
The Air Traffic and Navigation Services Company Act, Act 45 of 1993	This Act seeks to provide for the transfer of certain assets and functions of the State to a public company to be established and for matters connected therewith (Air Traffic and Navigation Services Company Act, 1993). The objects of the company according to the Act are the acquisition, establishment, development, provision, maintenance, management, control or operation of air navigation infrastructures, air traffic services or air navigation services (Air Traffic and Navigation Services Company Act, 1993).

Policy	Summary
The Carriage by Air Act, Act 17 of 1946	This Act states that the Governor-General may make regulations prescribing the procedure to be followed by a carrier in connection with the payment, before action has been brought, of claims under Article seventeen of the Schedule to this Act, in respect of the death of any passenger, and all other matters which he considers necessary or expedient to prescribe in order that the purposes of this Act may be achieved (Carriage by Air Act, 1946). This Act according to Schedule 1 regulates the following: (i) Liability of the carrier and extent of compensation for damage. (ii) Combined carriage. (iii) Carriage by air performed by a person other than the contracting carrier. (iv) Other provisions such as: (a) mandatory application, (b) insurance, (c) Carriage performed in extraordinary circumstances, and (d) definition of days.
The Civil Aviation Act, Act 13 of 2007	This Act was created to repeal, consolidate, and amend the aviation laws giving effect to certain International Aviation Conventions: (i) to provide for the control and regulation of aviation within the Republic. (ii) to provide for the establishment of a South African Civil Aviation Authority with safety and security oversight functions, to provide for the establishment of an independent Aviation Safety Investigation Board in compliance with Annex 13 of the Chicago Convention, to give effect to certain provisions of the Convention on Offences and Certain Other Acts Committed on Board Aircraft. (iii) to give effect to the Convention for the Suppression of Unlawful Seizure of Aircraft and the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation. (iv) to provide for the National Aviation Security Program. (v) to provide for additional measures directed at more effective control of the safety and security of aircraft, airports and the like, and (vi) to provide for matters connected thereto. protocols and conventions are made clear in schedule one and two in the Act.
The Convention on International Interests in Mobile Equipment Act, Act 4 of 2007	This Act gives effect to the Convention on International Interests in Mobile Equipment and the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment. It provides for the constitution and effects of an international interest in certain categories of mobile equipment and associated rights. This Convention applies when, at the time of the conclusion of the agreement creating or providing for the international interest, the debtor is situated in a Contracting State (Convention on International Interests in Mobile Equipment Act, 2007).

Policy	Summary
The International Air Services Act, Act 60 of 1993	Since SAA does international flights, it must comply with international regulations such as the International Air Services Act. This Act provides for the establishment of an international air services council for the regulation and control of international air services. The Act ensures there is a promotion of trade with, and tourism to and from, the Republic. It also promotes competition between persons who operate international air services. The Act must also ensure the promotion of high standards of safety in the operation of international air services as well as promote the development and interests of the local international air services industry, including promoting the interests and needs of users or potential users of air services with the Republic.

Source (Chilenga 2016:49-55)

Reconciling the content and context of the above table and the previous theoretical literature discussions pertaining to the purpose of any Legal and Regulatory Framework for State-Owned enterprises, one would confirm that SAA has a well-defined and comprehensive regulatory and legal framework which, in one way or the other, is expected to enjoy the following benefits of any legal stipulations in running SOEs:

- Ensuring that everyone is clear about the policy direction of the state.
- Legal guidance in terms of business operations including financial management principles and practices.
- Guided business ethics.
- Guided business operations and good trade relationships.
- Provision ways of combatting corruption, mismanagement, and indecency.
- Ensuring full knowledge and understanding of the boundaries of, and the relationship between government shareholders the Board of Directors of SOEs and legal reference. The roles and responsibilities of SOE Boards and SOE managers need government oversight and control to enforce SOE accountability (World Bank Group, 2014).

In other words, the legal framework governing public ownership in South Africa, as with any other country, is set to ensure that business operations are adhered to in the context of the set policies, and laws that determine the rights and obligations of companies in accordance with the country's constitution.

Surprisingly, many researchers, including Chilenga (2016), made an analysis and found out that despite the presence of the widely legalised business frameworks, most of which have clearly and well elaborated stipulations, instructions and declarations, there is still evidence of financial failures regarding SAA financial performance. This follows current reports suggesting that the government should close the SAA. To support this view, The Annual Report (SAA Annual report, 2017/2018) recorded a loss of R5.7 billion in the 2017/18 financial year. The above legal framework, in the context of this study, is used as a platform of assessing the financial performance of SAA in terms of compliance. This also gives an opportunity to assess what other authors say about policy implementation. Other researchers are of the notion that designing and developing policies is an easy process compared to the implementation process (Khan, 2016). In other words, for as much as policies are clearly stipulated on paper, implementation is commonly found to fail. This is probably the reason why there is need in the context of SAA to analyse financial performance in compliance with the stipulated legal framework. The following section deals with this aspect.

2.8 FINANCIAL PERFORMANCE OF THE SOUTH AFRICAN AIRWAYS.

South African researchers such as Vermooten (2018) are convinced that the SAA group is 100 per cent owned by the state. Although this is going to be elaborated in the proceeding sections, a brief overview in the following sections indicate the financial performance of South Africa from a historical perspective:

Table 2.5: Summary of SAA Group Annual Financial Statement since 2010 to 2018

FINANCIAL YEAR	PROFIT OR LOSS
2010/2011	<u>R782 million profit</u>
2011/2012	<u>R843 million loss</u>
2012/2013	<u>R1.2 billion loss</u>
2013/2014	<u>R2.6 billion loss</u>
2014/2015	<u>R5.6 billion loss</u>
2015/2016	<u>R1.5 billion loss</u>
2016/2017	<u>R5.6 billion loss</u>
2017/2018	<u>R5.7 billion loss*</u>

Source: SAA Parliamentary Report (2018)

Critical analysis of the above table clearly indicates that the SAA last enjoyed profits during the 2010/11 financial year. The above financial summary reflects a brief overview of the current financial challenges facing SAA. Both national and international studies agree that financial performance determines the success or failure of any business entity (Rizzo, 2019). Isolating the concept “performance”, one cannot dismiss visualising related terms as activities, actions, engagements, or interactions associated with human behaviour. From an international perspective, a study made by Albulescu (2020) argues that although financial performance refers to the act of performing financial activities, in the broader sense, it is also important to link human behaviour in the process of performing and handling these financial activities, since this has a direct impact on the success or failure of any form of a business in general.

Fatihudin’s (2018:553) point of view brings an elaborated explanation when they state that financial performance is the achievement of the company's financial performance for a certain period covering the collection and allocation of finance measured by capital adequacy, liquidity, solvency, efficiency, leverage, and profitability. Cash flow, balance sheet, profit-loss, capital change can be the basis of information for corporate managers to make decisions. It is important to understand fundamental analysis and technical analysis; it is necessary to learn finance to understand the company's financial behaviour through economics, financial management and accounting (Fatihudin, 2018).

Based on the above definitions, the implication in the context of this study is that as much as authors agree that financial performance refers to the degree to which financial objectives are being, or have been accomplished, it is also the process of measuring the results of a firm's implementation of policies (Albulescu, 2020). This also includes operations in monetary terms in line with the national legal framework as linked to these activities, actions and attitudes associated with human behaviour, in or out of the same organisation (Rizzo, 2019).

A question that can be drawn by referring to the above table of the financial report is how the SAA parliamentary financial report was processed and finalised to come up with the indicated financial figures reflecting profit and a lot of losses. The answer is simple; patterns of financial performance, by way of consulting official SAA reports from a historical trend, was done during the indicated periods by way of assessing and evaluation of financial matters. In the opinion of Kotane and Kuzmina-Merlino, (2012:216), the evaluation of small-company’s performance includes financial and non-financial indicators. The main source of information about financial indicators of business activities is the financial statements of a company;

constructing from the statements, there an evaluation of the company's business activities and financial status is performed. The evaluation of small company's business performance and financial status have a significant role in making financial managerial decisions, as it helps assessing the risks and potential benefits planning the perspective performance of the company (Kotane & Kuzmina-Merlino, 2012).

Based on the above view, assessment, and evaluation in the perspective of financial indicators involve a measure of the profitability of a company in terms of net profit and the return on assets. This is done by using relevant accounting systems and applications to calculate the percentage of net profit, which is the amount of net profit divided by the amount of sales times one hundred. Financial performance is therefore defined as a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. Primary key indicators (KPIs), therefore, identified as the net profit, or the current ratio (liquidity and cash availability) (Kotane & Kuzmina-Merlino, 2012).

It is important to note that the SAA report for the 2019 financial year was not available from all concerned stake holders when this study was being conducted. The reasons for this unavailability are stated in a letter from the Minister of Public Enterprises to the Speaker of the National Assembly exactly as it is below:

“The Boards of South African Airways SOC Limited (SAA) and South African Express Airways SOC Limited (SA Express) have not been able to finalise and submit the annual reports to me within the PFMA prescribed timelines. Both airlines are experiencing serious financial challenges and are unable to meet going concerns. SAA Board has informed me that the newly appointed Interim CEO and the Interim CFO need more time to submit the required information for audit, to the Auditor General SA for the 2018/19 financial year”. SAA, simultaneously, submitted a request to the Companies Tribunal, requesting an extension to hold its Annual General Meeting (AGM), in terms of section 61(7)(b) of the Companies Act, No. 71 of 2008, due to its inability to finalise the annual financial statements on a going concern basis. The Companies Tribunal has granted SAA an extension to hold its AGM by no later than the end of March 2020. SAE express Board, due to financial constraints has been unable to finalise the annual three financial statements for 2018/19 financial year. Government remains committed to find a sustainable solution to the challenges facing the airlines. The Minister further said, “I therefore wish to inform the Honourable Speaker that, in light of the abovementioned situations, I am not in a position to table the SAA and SA Express's annual

reports, the audited financial statements and the audit reports, for the 2018/19 financial year, by 30 September 2019. The annual financial statements will be tabled as soon as the going concern challenges are resolved (Parliament of the Republic of South Africa, 2019:2)". Even if the financial report was not available, the contents of the letter clearly confirms that the performance of SAA was still questionable.

2.8.1 Financial and performance management

According to the SAA Financial report (2016/2017), the entity did not implement proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support financial reporting:

- Regular reconciliations were not always adequately prepared for financial items during the year. This resulted in reliance on manual reconciliations at year-end. Due to the volume of manual reconciliation required, assurance processes were not implemented in time to ensure that information was accurate and complete. As a result, several errors were identified in the reconciliations by the external auditors.
- Effective financial systems of internal controls and their management had not been implemented to ensure accurate financial statements. The preparation and review of the financial statements was not adequately planned to ensure a comprehensive review of year-end adjustments and reconciliation, resulting in errors.
- The quality of the annual performance report was poor, as significant audit findings were identified in usefulness and reliability of performance indicators and targets. This is because SAA did not have a policy on performance information clarifying standard operating procedures on performance reporting, as well as the lack of understanding by management of the National Treasury Framework for Programme Performance Information (FMPPI). This is also due to the lack of oversight and monitoring of performance reporting by senior leadership and poor record keeping at SAA.
- Controls have not been implemented to create a control environment that supports useful and reliable reporting of performance information.
- Performance indicators and targets on the corporate plan, shareholders compact, and annual performance report were not adequately reviewed by leadership to ensure

compliance with FMPPI before approval and submission for audit. The staff within the reporting units also do not fully understand the performance information requirements as set out in the FMPPI.

- The asset management unit is understaffed; as a result, basic disciplines, such as physical verifications and conditional assessment of the assets, are not performed periodically to ensure that the assets are accounted for in accordance with the applicable financial reporting framework.
- The accounting system used to maintain spare parts during the year under review is outdated (MEMIS). A new system (AMOS) became live on 1 April 2017 and the unreliable data from the old system was migrated to the new system. These spare parts could not be uniquely identifiable in the accounting system (SAP) used by SAA for financial reporting purposes. Reconciliation between the two-accounting system resulted in differences on a quarterly basis, and the reconciling items are not adequately investigated.
- The design and implementation of formal controls over information technology systems were not adequate to ensure the reliability of the systems and the availability, accuracy, and protection of information.

2.8.2 Governance

According to the SAA Financial report (2016/2017 :104) regarding governance, although a risk assessment framework was in place, management did not adequately monitor and report on the progress of controls implemented or respond to new risks that may arise. Therefore, the entity's risk management processes were not considered adequate or effective. The leadership did not act on a timely basis on the internal audit unit's recommendations or reports, thus negatively affecting its effectiveness as an assurance provider to the leadership of the entity. More losses are still being expected in 2020. The airline informed the parliament that it hopes to break even by 2021 (SAA parliamentary report, 2019). In the context of this study, such a situation calls for a prostrations model, which must be prompted by a very strategic process

2.9 FACTORS WHICH AFFECT THE FINANCIAL PERFORMANCE OF SOUTH AFRICAN AIRWAYS

This section explains the factors that affect financial performance. This also draws an assumption that the same factors that affect financial performance of any SOE are the same factors that prompt need and demand for privatisation.

2.9.1 Economic, political and Social Governance factors

Mhlangu (2013) confirms that the SAA board is constantly implicated in several corruption related controversies. Most notable are allegations of corrupt or irregular activities by then SAA top officials, politicians, and non-Executives. According to the SAA annual report (2017), South African Airways experienced a wave of hit strike action by unions, with 2019 experiencing the worst. Reports indicate that the strike action reportedly cost the airline R50 million per day (SAA annual report, 2017). The above factors, grouped under the main following primary factors for poor financial performance that initiates privatisation, are as follows:

- Economic Reasons
- Political Reasons
- Social Reasons

According to Hope (2002), governance is divided into three categories namely, corporate governance, economic governance, and political governance. Good governance then implies adherence to good corporate, economic and political governance. The assumption is that there is a correlation between good governance, good democratic practices, proper social justice practices and economic and social growth and development. Literature analysis indicates that political governance, in the context of South Africa, is characterised by oppressive practices when it comes to management of SOEs, including SAA (Mhiripiri 2008:152,156). Economic governance refers, among other things, the state capacity to engage in transparent management and implementation of internationally acceptable standards and mechanisms related to public accountability in fiscal policy, public expenditure management, debt management, monetary policy, banking regulations, and data dissemination; and, to develop and empower institutions to prevent and combat fraud and embezzlement of public funds and laundering of ill-gotten gains or other monetary rewards and, corporate governance refers to the mechanism through which corporations, including companies and other organizations, whether private or public,

are governed (Hope, 2002a). In other words, corporate governance is linked to patterns, as well as a set of relationships that exists among a company's management, its board, its shareholders, and other stakeholders (Hope, 2002). It is also important to note that it's not only about relationships that characterise corporate governance, but also the provision of goals setting and, together with a plan of the process of monitoring and evaluation of the performance and achievement of the objectives (Hope, 2002).

SAA status, in terms of corporate and economic governance, has been described as full of corruption, rising inflation, declining savings and investment, inadequate foreign exchange – affecting import capacity and erratic fuel prices as being some of the factors affecting growth and development. As highlighted before, Hope (2002) confirms that proper adherence to good corporate, economic and political governance is one of the expected duties of the SOEs for the purpose of promoting financial growth and stability. The implication is that strategies to ensure democracy and promoting governance should be put in place in terms of ensuring good governance. Participatory governance involves co-operation between state institutions and civil society groups in policy planning, designing implementation and innovation regarding corporate governance, economic governance, and political governance (Khan, 2006). In other words, the model allows citizen groups to become partners in governing. Participative governance theorists believe that social partnerships and co-operation are the most important devices to prevent resistance and attain democracy by means of allowing citizens to be engaged directly, or indirectly, in influencing government decisions (Khan, 2006). From a political point of view, democracy is a system whereby the public is also given an opportunity to contribute their views towards the country's social, political, and economic developments without the ruling party exercising authority (Khan, 2006). Similarly, members of the political community must also be granted an opportunity to make decisions in public affairs (Khan, 2006).

Linking this study in the context of the participatory governance approach, may also give insight into SAA in planning, designing and implementation strategies by way of encouraging its member states to include people who are marginalised in political decisions to minimise political problems at grassroots interference in the smooth running of business entities. In almost all circumstances, this includes those with limited incomes; it also includes those groups facing discrimination based on gender or ethnicity. Government's engagement with citizens in individualized consultation and decision-making processes may be considered part of good

governance, but it is not considered in South Africa as participatory governance (Dwiyanto, 2003; Edgington, 2000).

2.9.2 Anti-competitive practices

A study conducted by Robb and Mondliwa (2018:1) confirms that “state owned corporations have been serial offenders of competition law. Of the 21 complaints about abuse of dominance referred to the Tribunal between October 1999 and September 2016, 13 involved former or current State-Owned Companies. SOCs often hold monopoly positions and control essential infrastructure, and the record has been one of abuse of monopoly positions and even leveraging market power into adjacent markets (Mondliwa, 2018:1).

Robb and Mondliwa (2018:3) added by acknowledging the above view, stating that “to the cost of the conduct and reduced competition, SOCs found guilty of such conduct face further costs in terms of penalties and damages claims which, by virtue of their state ownership, are ultimately costs to the state, either in the form of reduced dividends or higher requirements for financing or guarantees”. There are also reports that SAA was fined a total of R45 million and ordered to pay R1.16 billion and R325 million respectively in damages to competitors Comair and Nationwide. Telkom was fined a total of R649 million by the competition authorities (Chilenga, 2016; Steyn & Mhlanga, 2016:5). Telkom, for example, raised a jurisdictional dispute with the Competition Tribunal, which led to years of litigation (and legal fees) before it was ultimately found to have contravened the Act. SAA appealed the second finding against it to the Competition Appeal Court, which dismissed its appeal with costs. It also faced the costs of fighting damages litigation against Comair and Nationwide. These examples illustrate that anti-competitive conduct by SOCs impose heavy costs on consumers, the economy and the fiscus (Steyn & Mhlanga, 2016).

However, Roberts (2019:1) argues that “competition requires rivals. While this rivalry may come from imports, the development of local capabilities and productive capacity, including by black industrialists in the South African context, it implies understanding barriers to entry for local producers”. Anti-competitive practices are commercial activities that restricts or lessens market competition. These can include dumping, exclusive dealing, price fixing, refusal to deal, dividing territories and limiting pricing.

Thompson (2007) found that anti-combative practices within the SAA is one of the factors that is adversely affecting its financial performance. According to the SAA Annual Report (2017), SAA paid R55 million to the Competition Commission of South Africa because of anti-competitive behaviour such as price fixing. This fine was in addition to a R45 million fine paid by SAA on 31 May 2006 as a penalty for SAA's attempts to prevent travel agents from dealing with rival air carriers. It is also reported that many other companies such as Flitestar, SunAir and Nationwide had failed because they could not compete with the state-funded SAA. "State re-nationalisation of the industry will continue to be destructive to free and fair competition". The company said it was "bizarre" that the proceeds of its income tax, fuel taxes, VAT, import duties and other government levies then were paid over to a state-owned competitor (SAA Annual Report, 2017)

2.9.3 Racism Controversy

Though still a controversial issue in business operations, most African researchers view racial discrimination as a reason for business failure among SOEs in the African continent. Blacks, despite their technical competence, are still regarded as an inferior group compared to whites, who still retain roles of superiority; a superiority when it comes to employment opportunities based on their membership of a particular racial or ethnic group, typically one that is a minority or marginalised. Thompson (2007) supports this view by mentioning that SAA has been accused of racism for rejecting white cadet pilots on the grounds of race, who met the educational and physical criteria.

2.10 CHAPTER SUMMARY

This chapter started by reflecting diagrammatically the conceptual framework of the study from a holistic point of view. Although the main concepts and constructs related to the study in the context of state ownership and privatisation were made visible, this chapter entirely focused on part A of the diagram highlighted in blue. The whole chapter was dominated by critical literature discussions whereby state/public ownership is defined first. The definitions were contextualised into related legal frameworks governing public ownership in the South African perspective, before relating specifically to SAA. Literature discussions further highlight SAA financial performance to have a full overview of the factors currently affecting SAA financial performance.

The following chapter focuses on Part B and C of the conceptual framework by way of literature discussions, geared towards fulfilling the following objective of this study: Exploring the models for privatisation of state-owned enterprises.

CHAPTER 3

PRIVATISATION OF STATE-OWNED AIRLINES GLOBALLY

3.1 INTRODUCTION

This chapter entirely focuses on literature discussions related to the models of privatisation of state-owned enterprises to develop a privatisation model for SAA. The intention of the study is to try and resolve highlighted challenges of SAA financial performance discussed in Chapter Two. The critical literature review will start by defining the term “privatisation”. This will be done by justifying controversial issues between certain aspects assumed to reflect the need and process for privatisation. One of these include controversial issues associated with the features and structures associated with models of privatisation versus forms and process of privatisation. This will be followed by discussions focusing on the aspect of bureaucracy versus total involvement in privatisation processes and practices. This will be based on structures of bureaucracy versus total involvement in privatisation processes and practices. Furthermore, the chapter discusses and identifies privatisation challenges and problems versus privatisation constraints. This will be followed by critical discussions related to privatisation, legal frameworks versus relevant supporting theories, and a privatisation model in the context of the Systems Theoretical framework in relation to privatisation problems and limitations.

A comprehensive literature discussion of the development of a process of the SAA privatisation model in the context of the systems theory is to be done. The Chapter focuses on part B and C of the provided construal framework in Chapter two.

3.2 PRIVATISATION

3.2.1 Theoretical background of Privatisation

According to Nuti (2018: 4), capitalism is an economic system based on the private ownership of the means of production and their operation for profit. Characteristics central to capitalism include private property, capital accumulation, wage labour, voluntary exchange, a price system, and competitive markets Nuti (2018:4). In a capitalist market economy, decision-making and investments are determined by every owner of wealth, property, or production ability in financial and capital markets, whereas prices and the distribution of goods and services are mainly determined by competition in goods and services markets (Kolodko, 2002).

Reuten (2019:9) postulates that economists, political economists, sociologists, and historians have adopted different perspectives in their analyses of capitalism and have recognized various forms of it in practice. These include laissez-faire or free-market capitalism, welfare capitalism and state capitalism (Reuten, 2019:9). Different forms of capitalism feature varying degrees of free markets, public ownership, obstacles to free competition and state-sanctioned social policies. The degree of competition in markets, the role of intervention and regulation, and the scope of state ownership vary across different models of capitalism. The extent to which different markets are free, as well as the rules defining private property, are matters of politics and policy. Most existing capitalist economies are mixed economies, which combine elements of free markets with state intervention and, in some cases, economic planning (Reuten, 2019:9).

Market economies have existed under many forms of government and in many different times, places, and cultures. Modern capitalist societies are marked by a universalization of money-based social relations, a consistently large and system-wide class of workers who must work for wages, and a capitalist class who own the means of production, were developed in Western Europe in a process that led to the Industrial Revolution. Capitalist systems, with varying degrees of direct government intervention have since become dominant in the Western world and continue to spread over time; capitalist countries have experienced consistent economic growth and an increase in the standard of living (Haskel & Westlake, 2017).

Critics of capitalism argue that it establishes power in the hands of a minority capitalist class that exists through the exploitation of the majority working class and their labour; it prioritizes profit over social good, natural resources and the environment and, it is an engine of inequality, corruption and economic instabilities (Haskel & Westlake (2017). Supporters argue that it provides better products and innovation through competition, disperses wealth to all productive people, promotes pluralism and decentralization of power, creates strong economic growth and yields productivity and prosperity that greatly benefits society (Haskel & Westlake (2017).

According to Akomea-Frimpong, Sebia and Olaniyan (2019:139, privatisation is a global phenomenon with much emphasis on transactions happening in developing countries. Countries that have announced their intention of launching a privatisation program allow for the possibility of private ownership of the means of production, and for the operation of markets as an essential feature of the economy's functioning (Weiss, 2014, Raco, 2016). Sometimes privatization is construed very narrowly to mean just the sale and legal transfer of the ownership of public enterprises to private entrepreneurs and, sometimes more broadly, to include the legal

transfer of just the control of public enterprises and services, but not outright ownership (Kerlin, 2012).

Amoako and Goh (2015) considered privatisation as the transfer of assets from the public sector to the private sector, from the domain of public ordering to that of private ordering, which appears to fit more into the narrower view of the term. Starr (1988) defined the term as: Any shift of activities or functions from the state to the private sector and, more specifically, any shift of the production of goods and services from public to private which would fit more into the broader view of the term. The shifting of a function, either in whole or in part, from the public sector to the private sector, is privatisation. The World Bank has defined privatization as a transaction or transactions utilizing one or more of the methods resulting in either the sale to private parties of a controlling interest in the share capital of a public enterprise, or of a substantial part of its assets or, the transfer to private parties of operational control of a public enterprise or, a substantial part of its assets (Bonin, Hasan & Wachtel, 2005). Appiah-Kubi (2001) posits that privatisation refers to all initiatives designed to increase the role of private entities for applying society resources to produce products and services by decreasing and restricting government or official's roles. Ginsburg (2005) saw privatization as being the creation of freedom from direct state control and the transfer of business undertakings to private hands. To understand the term privatisation in a more detailed way, the following section defines it by categorising the definitions as full, semi, no privatisation or public privatisation.

3.2.2 Full Privatisation

Privatisation aims at achieving improved productivity by increasing, or potentially extending, the private sector's role in the procurement of public sector goods and services. Privatisation may involve operating government units in accordance with full business principles, with a corporate structure (commercializing), but maintaining public ownership, running government units based on commercial principles using the frameworks of a public services and of business principle, but contracting out public services to the private sector. This, then finally leads to change of ownership of the enterprise, from public sector to private sector (Losilla, Engler & Otter, 2019:32). Full privatisation is the transfer of full control and ownership rights from a State-Owned Enterprise to private investors (Belkhir & Ben-Nasr, 2016; Boggio, 2016). This can also then be defined as 100 per cent privatisation.

3.2.3 Semi privatisation

While some may refer to it as partial privatization (Belkhira & Ben-Nasr, 2016), semi privatisation, according to Dawley (2019:12), allows for some state regulations as well as some private services. In other words, semi or partial privatisation refers to part ownership being transferred to the private sector, but the state or government remains in control of the organisation (Belkhir & Ben-Nasr, 2016). Zhou (2018) also defines it as the type of privatisation in which only the organisation's non-controlling shares are sold on the stock market, and the management control remains with the firm, not transferred to the private owners. One of the most complicated processes of partial privatisation is one for state-owned enterprises. The key aspect of this process is sequential and gradual privatisation, but also the transfer of privatised assets (Zhou, 2018).

3.2.4 No privatisation

With privatisation being the giving of a part or a majority share or, full control of the firm, no privatisation means that the public firm or government firm has full ownership of the production services and managing control without having to sell a part to private investors (Estrin & Pelletier, 2018).

3.2.5 Public-private partnership

Public-private partnership is defined by Wang, Xiong, Wu and Zhu (2018), as a contract between the government entity and a private party on a long-term basis to provide a public service or asset, in which the management responsibility and significant risk is left for the private party to bear, and remuneration is rewarded according to performance. In this instance, it means that the type and quantity of the service is selected and paid for by the consumers through the government which, in turn, the private firms are contracted by the government to produce the category and amount of service that is desired. Even though the service is provided for by the government, the actual execution of the service is carried out by the private firm. This means that the service level is determined by the government, and it only pays the amount of money stipulated in the contract, while the decisions about the production remain with the private firm (Kolesnikov, Pavlyuk, Radachinsky & Rodionova, 2018).

3.3 MODELS FOR PRIVATISATION OF STATE-OWNED ENTERPRISES

3.3.1 Models of privatisation from an international perspective

Defined in this chapter are the identified forms/methods of privatisation. Adopting a method/form of privatisation is a process from previous discussions that calls for a systematic construction of a conceptual privatisation model. International studies, for example, indicate that the 'Marković privatisation' model in Bosnia and Herzegovina, opened the possibility for the transformation of enterprises in social ownership into private hands through the issue and sale of internal shares, and through the sale of a complete enterprise, or part thereof (Ristič, 2005). Before adopting the privatisation model, the process started by making attractive conditions for privatisation based on enterprises' decision-making autonomy, decentralisation, and liberalisation in carrying out procedures, and the involvement of the government only through the educational and information activity of its Privatisation Agency (Vukčević, 2001). Although reports indicate that the model experienced hiccups on implementation for no clear reasons, at least there was evidence of consultation and involvement participative decision making (Djukič, 2003). Implementation in the context of this could have been delayed by a lack of a systematic process of identifying constraints, which have, from previous discussions, been an important stage in trying to eliminate issues that disrupt the privatisation process.

Similarly, by way of applying the same principles of the 'Marković privatisation' model, Montenegro proceeded in several stages, beginning with the preparation, announcement, opening of debates and the education of the public to solicit support and reduce resistance through activities on the valuation of enterprises to organisational, managerial and ownership transformation, as the first phase of the privatisation process (Ristič, 2005; Dukič, 2018). After that, the so-called fund privatisation followed, i.e., many years of the functioning of transformed enterprises without actual privatisation. In this way, social ownership was eliminated and distributed between employees (Ristič, 2005, 2003; Dukič, 2018)

Although research indicates that in Albania the privatisation models failed because of a lack of knowledge, and short-term policies, the lack of vision and corruption all influenced the Albanian model of privatisation. This is an indication that the process involved was not convincing and motivational enough to change the attitude of the government officials running state owned enterprises to privatisation (Ristič, 2005).

3.4 MODELS OF PRIVATISATION IN THE SOUTH AFRICAN CONTEXT

From previous discussions, ever since SAA's efforts to privatise were frozen, this implies that South Africa did not avail itself of the capital investment and economic benefits associated with the global privatisation trends identified above. By the retention of full ownership over SAA and prescribing non-commercial mandates, the government's shareholding lost all its value, and the government is committed to support SAA's losses, which cannot be accommodated (appropriated) in the national budget (Megginson, 2010:2). However, SAA's escalating losses prompted the Minister of Finance and National Treasury to make a privatisation proposal of introducing a strategic equity partner (SEP) to invest in a minority shareholding in SAA. The hope was that the SEP would provide the capital required to turn around SAA's problems (Megginson *et al.*, 2000:19).

The proposal never showed evidence of a systematic plan of a conceptual model with well stipulated processes and practices. This is probably why the proposal never materialised. The Minister, in the context of this study, is also critiqued for failing to understand that strategies of privatisation within the SAA requires mandatory corporate governance compliance with the 75 key principles of the King Code, and it imposes strict financial disciplines for all companies listed on the JSE (Vermooten, 2018)

3.4.1 Privatisation models versus forms of privatisation, processes, and practices

Recent evidence suggests that, as with other industries, airline privatisation tends to be motivated broadly by the desire to access private sector management, or both (Ribeiro, 2015). Working against this, is the desire of governments to retain ownership of their national airline as an extension of economic policy, whether for reasons of maintaining connectivity, or for less defined reasons of national pride (Ribeiro, 2015). Critical analysis of the term "motivation", which appeared in the introductory remarks of chapter one, would also inspire, from an academic point of view, how one could come up with an inspiring model of privatisation, convincing enough to transform the knowledge and attitudes of the South African Government officials towards privatisation considering the current challenges being faced within the SAA. One of the possible obstacles is the identified gap between the researchers' limited level of understanding of the differences and similarities between forms of privatisation and models of privatisation. A model, in simple terms, is defined as a purposeful representation of reality (Clarke, 2005). A conceptual model is therefore a representation of a system, made of the

composition of concepts used to help people know, understand, or simulate a subject (Clarke, 2005). In this explanation, it is important to take note of the emphasis put on the following terms: “system, “know, understand, and stimulate. These will continually be referred to in the context of this study.

On the other hand, the term “form” in the context of privatisation is a method, an approach or practice that comes out of the implementation of a conceptual model (England, 2010). Although this can be subject to arguments and further debate, there also seems to be a gap in terms of what comes first, the conceptual model of privatisation, or the form of privatisation. To close this gap, this study perceives in designing a conceptual privatisation model that increases the stake holders’ motivational attitude by increasing their knowledge and understanding of the processes and practices of privatisation, until correct privatisation forms are adopted. The study believes in the conceptual model before the form.

Building on the above views, this study has also been stimulated by international researchers such as one offered by Deborah Auger, as analysed by England (2010), who proposes that the lessons learned from past privatisation successes and failures have led to identification of seven recommendations for building a successful privatization program (see table below):

Table 3.1: Auger’s Lessons Learned from the States

Auger’s Lessons Learned from the States	
Lesson 1:	Recognise that opportunities for privatisation are wide ranging, but experiences are varied and complex.
Lesson 2:	Create an organisational support system capable of providing sound information and advice.
Lesson 3:	Emphasise strategies encouraging public-private competition for service delivery.
Lesson 4:	Understand how to assess feasibility and conduct effective cost analysis.
Lesson 5:	Anticipate and respond to public employee issues and concerns.
Lesson 6:	Commit priority attention to contract administration and monitoring systems.
Lesson 7:	Look beyond contracting to public-private partnership, volunteerism, and other privatisation approaches.

Source: Deborah Auger, Lessons Learned from the States, 1999:79

Although this privatisation process makes vast contribution on paper, it seems to lack theoretical and practical support as well as proof of successful implementation. The above findings, which already reflect a structured model, are, however, appreciated in the context of this study for encouraging further research for the development of privatisation innovative strategies that can be sustainable, based on the belief that the lessons learned from past privatisation successes and failures have led to identification of seven recommendations on which to build a successful program.

England (2013), on the other hand, admits that forms of privatisation are not synonymous with privatisations models in analysing the merits and implementation of privatisation programs. However, literature identifies franchising, contracting, grants and subsidies voucher, asset sale and deregulation as being forms of privatisation. These were explained in detail in the section under conceptual framework in this study. Many countries that have undergone the privatisation process were seen to finally adopt the forms of privatisation; consulted literature so far indicates research to date has tended to focus more on forms of privatisation rather than designing models of privatisation. There is, however, no evidence of their application in the SAA except a failed attempt at *deregulation*, as highlighted before. England (2013) is of the view that while virtually all governments, at any level, seek some form of service from private service providers, whether for-profit or not-for-profit, the true scope of privatisation is widely misunderstood and, as a result, political discourse regarding privatisation has adopted a simplistic, contentious and often inaccurate understanding of the merits and implementation of the practice (England, 2013).

The past twenty years have seen numerous instances of partisan debates over privatisation which embrace universal ideologies, either in favour of, or opposed to privatisation being misunderstood (England, 2013). Furthermore, literature review in the context of this study, also identifies gaps associated with the characteristics of bureaucratic forms of leadership compared to the aspect of total involvement when it comes to how they affect business practices. The section below gives a brief overview of this perception.

3.4.2 Bureaucracy versus total involvement in privatisation processes and practices

Proponents of privatisation argue that state-run industries tend to be bureaucratic. This idea comes after observations made by other researchers that state-owned enterprises are still using hierarchical models of business operations characterised by top-down approaches. (Khanye,

2017:6; Creasy, 2007:2). Research indicates that such non-collaborative approaches to management practices disrupt business performance (Blomqvist & Qian, 2017; Creasy, 2007:2). This is probably the reason why many studies have established a strong relationship between total involvement in business decision making and business growth and stability. Very little was found in literature that support effectiveness of decisions from a minority group on business growth. To ensure a sustainable privatisation process, Rosenberg (2006), Hammond (2005) and Kazer (2013) strongly support the idea that all components of a whole should not be left out to solve problems holistically and permanently for the purpose of continuous growth and development in running business affairs. A conceptual model of privatisation, composed of all relevant stake holders in decision making, is assumed to motivate people to know, understand, or stimulate desire to adopt a sustainable privatisation model in the context of this study.

3.4.3 Privatisation challenges, and problems, versus privatisation constraints

Before going deeper into privatisation challenges and privatisation constraints, one of the contentious issues to be addressed first is an understanding of whether challenges and constraints from a general perspective mean the same or not, or whether they should be treated separately, or not. Most of the consulted literature seems to fail to differentiate the two, hence they are problems in designing a privatisation model (Linhares, 2009).

Based on the above view, the theory of constraints does not focus on challenges but on constraints that brings about challenges (Trietsch, 2005). This theory perceives that goal achievement, of a systematic structure, is disrupted by one or many constraints in the functionality of a system. The constraints theory, therefore, focuses on identifying and reducing constraints which seem to be preventing a system from achieving intended goals Linhares (2009). Identification of a constraint is not supposed to be an individual task in an organisation. In view of the above highlighted opinions, Rosenberg (2006); Hammond (2005) and Kazer (2013) strongly support the idea that all components of a whole should not be left out to solve problems holistically and permanently for the purpose of continuous growth and development in running business affairs, because they form interrelated parts of a system. If one part of the whole system has a constraint, the normal function of the structure will stop unless the constraint is identified and fixed. This is the reason in the context of this study why application of the theory of constraint during privatisation process and practices should be applied.

3.4.4 Privatisation legal framework and versus relevant supporting theories.

Building on the above discussions, it can be perceived, in the context of this study, that there is a gap between stipulations of business policies, strategies and interventions of privatisation frameworks that have been projected and recommended, and relevant supporting theories and implementation. For instance, Van Deventer (2018), in a related study, critically used the corporate governance theoretical perspective comprised of the agency theory, the stewardship theory, the enlightened shareholder theory, the new corporate governance theory and Kings three pillars of SOC reform to reflect challenges associated with SAA by analysing implementation of the South African Companies Act 71 of 2008, which dictates the principles and practices of Public Finance Management Act (PFMA). According to this legal framework, public-sector corporations are expected to implement the Protocol on Corporate Governance in the Public Sector.

Though the study makes vast contributions to the reflection of current challenges, there is no evidence of possible solutions focusing on a motivational and sustainable privatisation model as a possible tool for addressing the identified challenges. Similarly, in a study entitled “State Owned Enterprises: A Policy Analysis of South African Airways (SAA)” Chilenga (2017), also applied the same theory (Corporate governance) to analyse its implementation. Although the findings had notable contributions in terms of reflecting challenges, there were still notable flaws for solving the same identified challenges.

In other words, good governance, in terms of privatisation, is not about the corporate governance theories only, but includes the economic and political governance component also in terms of holistic approaches to solve business and marketing challenges in a country such as South Africa. However, the impression and implications of the above examples of related studies evidently show that South Africa Airways is one of the state-owned enterprises that is currently deprived of the benefits of privatisation. Based on these views, South African researchers are criticised for entirely relying on corporate governance theoretical perspective only in trying to expose and solve challenges faced by the South African Airways.

In contrast to the reversal of privatisation of SAA and the freeze on the privatisation of SOEs in South Africa in 2004, an increasing trend in privatisation transactions worldwide, from 2012 to 2016, reached record high transaction values in 2015 (Megginson, 2016:3). This trend included notable airline privatisation transactions in the form of share issue privatisations

(SIPs), also referred to as privatisation initial public offerings (PIPOs), which are especially notable in China (Jones et al. 1999:2; Megginson & Netter 2000:19). The increased extent of privatisation of most major EU national airlines is also considered an important indicator.

3.4.5 Privatisation model in the context of the Systems Theoretical Framework in relation to privatisation problems and limitations

Critical analysis of the above literature reflects the demand of the systems theory that underpins this study. This is because of its characteristics, which collectively focus on the significance of the functionality of each component of a structure, or system, with the hope of achieving common goals (Kazer, 2013). In other words, the systems theory perceives the notion that separating a single part of a structure is most likely to disrupt the smooth coordination of the system, which is supposed to operate in a holistic and mechanically related sequence (Rosenberg, 2006). The existence of the systems theory, apart from serving the purpose of working towards accomplishment of (a) mutually shared goal/s, also gives assistance in supporting and maintaining the efficient function of any form of a system from failure (Leveson, 2011; Best & Holmes, 2010; Arnold & Wade, 2015). As linked to developing a privatisation model, this study builds upon the systems theory by integrating the theory of constraints with the intention of analytically identifying constraints that disrupt the smooth running of an organisation in terms of effectiveness, by way of initiating a well-co-ordinated link between all the components that makes up the whole system (Linhares, 2009).

The process and practices of developing a privatisation model cannot be effectively done outside the guidance and support of legal frameworks and relevant theories. The corporate governance theoretical perspective comprised of the agency theory, the stewardship theory, the enlightened shareholder theory, the new corporate governance theory and Kings three pillars of SOC, are further bricks to be built upon the systems theory to reflect constraints and challenges associated with SAA in line with the South African Companies Act 71 of 2008, which dictates the principles and practices of Public Finance Management Act (PFMA), and the Protocol on Corporate Governance in the Public Sector.

Further integration of the System Theory with the principles and characteristics of Deborah Auger (1999)'s Lessons Learned from the States Model, will assist this study to develop a form of privatisation from one, or a combination of the following forms as the final stage: contracting, vouchers, public/ private partnership, franchise grants and subsidies, assets sale,

volunteerism, private donations, service Shedding and Deregulation (England, 2011). A more detailed description of the Systems Theory will be presented below, apart from the discussion under this section of the theoretical framework in this chapter.

3.5 THE SYSTEMS THEORY

The Systems theory was proposed in the 1940s by biologist Ludwig von Bertalanffy, say Francis Heylighen and Cliff Joslyn in their article, "What Is Systems Theory," published on *Principia Cybernetica*. Heylighen and Joslyn note: "The systems theory (1960-1980) states that the structures of organisations are open systems that are influenced by interdependent variables that rely on openness and feedback" (Scott, 1981: 407-419). A systems organisation provides every worker with consciously coordinated activities or forces them to achieve an agreed-upon outcome. Systems consist of more than just the sum of its parts and are made up of three parts, which are, elements, interconnections, and purpose (Meadows & Wright, 2008: 11).

The purpose of a system is the most important part of a system's behaviour as it reveals itself through the series of events of the time, by uncovering the interactions and connections between how information flows from one event or element to the other (Meadows, 2008: 188). Also, Bertalanffy (1968:37 & 91) explained general systems theory as the science of wholeness and the complex interacting of components. Therefore, moving toward understanding wholeness as an integration and focusing on developing a unifying principle within the universe (Bertalanffy, 1968: 38). Consequently, both Bertalanffy (1968); and Meadows & Wright (2008) explained that systems theory is instrumental in developing a clearer understanding of elements and their interrelationships while the system operates under the constraints of specific conditions, although Bertalanffy (1968) took a more mathematical approach.

The Systems Theory was not originally a business theory. The reason it is gradually finding its place in business entities is because of the business structures, systems and operations that also characterise system approach principles and characteristics, which places individual system elements in their environments and observes the relationships between them. This study is underpinned by the systems theoretical framework. It is common in research that arguments and debates always erupt on the origin of different theoretical perspectives (Nicholson & Snyder, 2012). For instance, Engineering Science theorists, from the systems theoretical perspective claim, that concepts drawn from mechanical and electrical engineering have now been adopted and applied in social systems. From a controversial point of view, social science

theorists argue that such terms as systems engineering, dynamic systems, systems thinking, hard and soft systems, cadastral and management systems, to mention just a few examples of engineering systems, originated from social science systems approach (Borum, 2011). In the context of this study, focusing and giving attention to such debates compromises time to dwell on Logic-Based approaches to System Improvement development, as advocated by the Theory of Constraints (TOC), developed by Dr. Eliyahu M. Goldratt, which is more focused on system optimization versus process maximisation (Wasson, 2015; Blanchard & Blyler, 2016). This will, however, be elaborated on later.

Social science is associated with science discipline and is biased more to human behaviour in the context of social and cultural phenomena (Thomas, 2011; Sayer, 2010). Disciplines that are more aligned to social sciences include sociology, political science, anthropology, social psychology, political science, and economics. It is reasonable to say business and management disciplines are both social sciences, considering their direct links to economic sciences. According to Devos, Strydom, Fouche and Delport (2012), it is also important to note that the definition of social sciences refers to the study of humans and their relationships. Similarly, in both management and business, including state owned and private owned enterprises, people and relationships are important. A large part of successful management includes dealing with other people. It is these relationships, including the structural components of the relationships and their interaction, that the systems focus on, together with the co-ordination with internal and external structures.

Accepting the above views in the context of this study, the application of system theory is assumed to have a profound role in business. The current use of system theory in business defines a potential way to explain the workings of any corporation or organization. Instead of studying a specific phenomenon first – an automobile assembly line or a tribal hierarchy, the system approach includes studying how each system works and how it relates to its environment, both in the present and historically. Indeed, for example, systems engineering, which is a part of systems theory, considers both the business and technical needs of all customers, with the goal of providing a quality product that meets the user's need (Blockley & Godfrey, 2017).

3.5.1 Systems theory in the context of Systems thinking

To add and elaborate on what has been highlighted in chapter One and Two, there is a consensus, according to research that, during the implementation of systems approaches, other theoretical systems should be strategically adopted and applied (Leveson, 2011; Best & Holmes, 2010; & Arnold & Wade, 2015). To understand the world and its behaviour, the system approach uses systems thinking. System Thinking is the mindset and the philosophy of thinking about whole systems instead of symptoms and event sequences (Sterman, 2000). What is important for System Thinking is the willingness to have a broad overview and the ability to define system boundaries, as well as to communicate them (Sterman, 2000). This involves the use of systems concepts (ideas) and system methodologies that lead to the construction of models of the system (Leveson, 2011). A system model is a set of organised assumptions about a particular aspect of the world and the way it works, which have been identified as a system (Best & Holmes, 2010;). Identifying the system is not a purely objective process, since the purposes and interests of the researcher will be involved.

The system approach is not an attempt to understand everything about a system, rather it tries to include all factors relevant to the topic or problem under consideration. This helps to highlight the requirements of the system (Arnold & Wade, 2015). The system approach by itself is not a methodology but involves the use of systems methodologies. Jenkins (1969) states that systems methodology comprises stages of system analysis, systems design, implementation and operation, formulation of the problem or objective is the starting point.

Changing one part of the system affects other parts and the whole system, with predictable patterns of behaviour (Arnold & Wade, 2015). It is believed that positive growth, and the way the system adapts, all depends upon how well it is adjusted to the environment (Leveson, 2011). Systems are found to often exist with the purpose of accomplishing a common purpose (a work function) that also gives assistance in maintaining the system to avoid system failure (Best & Holmes, 2010; & Arnold & Wade, 2015).

Some businesses entities are applying the systems approach to management, based on the idea that "everything is interrelated and interdependent". In other words, business has the potential of utilising this theory by being embedded in a broader social structure that is seen to constantly interact with customers. The theory also applies when firms must adapt to changes in their environment. A system is composed of related and dependent elements, which, when in

interaction, form a united whole. One important component of the systems theory is its application of the Theory of Constraints (TOC), which is a system improvement approach that focuses on the way constraints limit the system performance. TOC adopts a cause-and-effect approach to problem solving to improve the overall system performance. This is one of the central areas of the systems theory that has stimulated this study to utilise it as an attempt to solve the SAA financial challenges by way of developing a privatisation model. The theory applies to many organizations, ranging from big, multinational enterprises, to small local companies, and its methodology can help small business managers identify and remedy the root cause of performance problems.

The main elements in general systems are stock, flow, and feedback. A stock is the history and record of information exchanged dependent upon flow and feedback (Meadows, 2008:12-18). These elements make it possible to maintain equilibrium, observe dominance, observe delays and oscillations, manipulate constraints, and monitor the world and function from a different perspective (Meadows, 2008:188-191). The flow and feedback elements are known as interconnections.

When these elements and interconnections take place in an isolated environment, it is called a closed system (Bertalanffy, 2006:39). Although, Bertalanffy (2006) later explained that through that definition of systems, “every living organism is essentially an open system”, that fluctuates, dependent upon the continuous flow and feedback from other elements and level of focus (Bertalanffy, 1969:39, 102). Poincare (2001:231) first uncovered this phenomenon when discussing the notion of space and dimensions with their relationship to a continuum, by therefore creating divide lines, points, and surfaces to interact. Mason (2008) summarizes Bertalanffy’s concept of a closed system as being “determined by the internal conditions” and, an open system, as being a long-term interaction and emergence of events from other conditions. In short, demonstrating the importance of understanding these interconnections, how they operate, and lead to purpose.

The last important part of systems theory is the purpose, known as the element behaviour or goal (Meadows, 2008:14-5). Knowing the role, or purpose of an element within a system, will help interpret the interconnections. Combining that knowledge, purpose and function of an element will increase the understanding of the whole situation and environment, by giving way to the larger picture. All elements, interconnections, and purposes are essential and are equally critically important in systems theory (Meadows, 2008:14-5). A systems theory perspective

will allow a deeper understanding of a general nature and society as a whole. This knowledge of elements, interconnections, and purposes of people, organisations, and communities will help in understanding the larger picture of the relationships and functions of the society (Meadows, 2008:14-5). The next sections will uncover the basic development of systems theory through the evolution of causal theory, nonlinear theory, and complex systems theory that led to the chaos theory, to create a foundation of knowledge to later relate to the educational system.

To understand the assumptions of this study, it is also important to give an overview of understanding research philosophy and approaches to the theory development research philosophy that refers to a system of beliefs, assumptions and the development of knowledge. To be clearer, this may not be so dramatic, as developing a new theory of the systems theory, and even answering a specific problem in a particular organisation, one is, nonetheless, developing new knowledge. Whether consciously aware or not, at every stage of the research, one is likely to make several assumptions (Burrell & Morgan, 1979). These include assumptions about human knowledge (epistemological assumptions), about the realities encountered in the research, (ontological assumptions) and the extent one's values influence the research (anthological assumptions, and the external ways one values influence research - axiological assumption).

3.5.2 Characteristic Patterns of the Systems Theory

Critical analysis of the system theory indicates that it is characterised by organisations that function like a living organization, whereby all parts of the organization are interdependent. Research has indicated that organizations also face challenges, as do human beings.

Organizations must balance stability and adaption to compete with competitors. In the context of this study, it has been realised that privatisation models development models have failed because of the lack of connecting all the parts (different public and private entities stake holders) which are highlighted in the diagram below.

Figure 3.1: Presentation of the structure of the stakeholder theory



Source: Adapted from Caputo (2016:75).

One of the most important components of the systems theory is its connection to the stakeholder's theory which, in the context of the study, is assumed to play an important role as part of designing a privatisation model. The stakeholder theory is a theory of organisational management and business ethics that accounts for multiple constituencies impacted by business entities such as employees, suppliers, local communities, creditors, and others. It addresses morals and values in managing an organization, such as those related to corporate social responsibility, market economy, and social contract theory. The stakeholder view of strategy integrates a resource-based view and a market-based view, and adds a socio-political level (Caputo, 2016:75).

One common version of the stakeholder theory seeks to define the specific stakeholders of a company (the normative theory of stakeholder identification) and then examine the conditions under which managers treat these parties as stakeholders (the descriptive theory of stakeholder salience (Caputo, 2016). In fields such as law, management, and human resources, stakeholder theory succeeded in challenging the usual analysis frameworks, by suggesting that stakeholders' needs should be put at the beginning of any action (Caputo, 2016).

This study is of the opinion that a critical analysis of literature consulted so far has indicated that, in the context of SAA, economic, financial and development interventions have failed because of separating and isolating some of the components of the privatisation process, including the stake holder component. With special reference to the above diagram, this study

further feels that the potential and crucial stakeholders responsible for privatisation related innovations and developments, should not be neglected in privatisation processes and practices. The stakeholder's theory is sometimes referred to as the Negotiation Theory in the context of the systems theory (Caputo, 2016). The researcher assumes that there is a positive relationship between designing a privatisation model, stakeholder negotiation, and joint group decision-making. Systems theory focuses on correlations, supra- and sub-systems, chains of influence, and cause and effect (Meadows, 2008; Bertalanffy, 1968; Poincare, 2001). Communication is perceived to be an integrated process rather than an isolated event. Each part of the organization affects and is affected by the other parts. Achievement of goals is determined by the total involvement of every part in a cause- and- effect linear structure (Kazer, 2013). There are two main types of systems in organisations according to the systems theory, namely, closed systems and open systems. Other sub-systems appear in between. An open system interacts with its environment through giving and receiving information. Closed systems are closed off from the outside environment, and all interaction and knowledge are transmitted within the closed system only (Merton, 2001).

3.5.3 Alternative Organisational Models in the context of closed and open systems.

In this section, four organisational models are put forward in the context of the privatisation process. These models range from a closed system characterised by one operator to an open system with a high level of participation by other relevant stakeholders.

Each model is based on different conceptions of the different roles played by individual actors on the assumption that the actors involved have different levels of authority and fulfil them. Even though the four models are aimed at achieving the same objective (better provision), each of them prioritizes different variables, which will have implications for how that objective is achieved, and how it will be managed in the future. These models are not designed to be adapted exactly to all situations due to the heterogeneity of the communities to be served. Therefore, the authors suggest that the model selected should allow enough flexibility for the incorporation of such variations.

3.5.4 Closed system model

In the context of the privatisation process, a closed model, though characterised by interrelation and co-ordination of elements and structures that detects the functionality of the organisation, it is, however, associated with bureaucratic and hierarchical structures.

According to Merton (2001:10), Bureaucratic Structure and Personality is a formal, rationally organized social structure that deals with clearly defined patterns of activity in which actions are functionally related to the purposes of the organization. In such an organization, there is an integrated series of offices of hierarchised statuses, in which several obligations and privileges are closely explained by limited and specific rules. Each of these offices considers an area of imputed competence and responsibility. Merton (2001:10) states that authority, the power of control that comes from an acknowledged status, exist in the office and not in the person who implements the official role. Official action ordinarily exists within the framework of pre-existing rules of the organisation. The system of prescribed relations between the different offices involves a considerable degree of formality, and a clearly defined social distance exists between the occupants of these positions (Merton, 2001:10). Formality is manifested by means of complicated social ritual which symbolises and supports the pecking order of the various offices. Such formality, which is integrated with the distribution of authority within the system, serves to minimise friction by largely restricting contact to modes that are previously defined by the rules of the organisation.

Merton (2001), further argued that the meaning of organisation depended upon the personalities and groupings of individuals within the bureaucracy. He went on by speculating that the individual that tried to act according to the stipulations of classic bureaucracy would have a dysfunctional personality, especially in public service organisations.

Merton's underlying assumptions of a bureaucratic structure are as follows:

- “Bureaucracy is administration which almost completely voids public discussion of its techniques, although there may be public discussions of its policies”.
- “Another feature of the bureaucratic structure, the stress on depersonalization of relationship also plays its part in the bureaucrat’s trained incapacity”.
- “Discusses dysfunctions of bureaucracy and problems and this creates research”.
- “Proclaimed that the ‘ideal type’ bureaucracy as described by Max Weber inhibiting dysfunctions – characteristics that prevented it from being optimally efficient and, negative effects on the people who worked in it”

Close analysis of the above assumptions clearly indicates some form of control, power, and authority, is exercised by a few minorities to solve business challenges and achieve organisational goals. The implication is that there is a negative relation between a closed

system, efficiency and effectiveness, and the financial performance of a business entity (Merton, 2001).

From an economic point of view, Bernard (1938), the pioneer of management theories and organisational studies, supplied organisational theories based on some structural concepts of the worker and cooperation, formal & informal organisation. Barnard emphasised different theories:

- The channels of communication must be defined.
- Everyone must be involved in all channels of communication.
- Everyone should have access to the official channels of communication.
- Channels of communication should not be authoritative whereby high personal of a
- company's hierarchy creates communication with their co-workers.

Close analysis of the above views seems to go against the features and characteristics of the closed system model of privatisation. In other words, privatisation models designed by Government officials only, in the context of politicians and parliamentarians in decision making, are associated with the closed system model. These are against the principles and practices of the stakeholder theory whose proponents believe in total involvement and participation, such as with economists, politicians, business private owners, employees, suppliers, local communities, creditors, and others (both internal and external stakeholders).

Criticism has already been highlighted in the previous chapter, arguing that State-run industries in the South African context, with special reference to SAA, are characterised by bureaucracy, in the form of hierarchical trends in business operations characterised by top-down approaches. (Khanye, 2018:6). The implication is that there is a negative relationship between non-collaborative approaches to management practices and disruption of business performance.

3.5.5 Open system Model

This model, in the context of systems theory and the context of privatisation, allows the entrance of independent stakeholders who can offer more innovative, personalized, and economical services, with constant quality control by the regulator, which allows the faster recovery of investment costs (Katz & Kahn, 1978). There is participatory management at all stages with the situation being under the control of the board of representatives. An open system

is hence a theoretical perspective that analyses a phenomenon seen as a whole, and not as simply the sum of elementary parts. The focus is on the interactions and on the relationships between parts to understand an entity's organization, functioning and outcomes (Katz & Kahn, 1978).

This perspective implies a dialogue between holism and reductionism. In open systems, there are exchanges of energy, matter, people, and information with the external environment (Boulding, 1956; Katz & Kahn, 1978). In closed systems there are no exchanges of information and matter, just exchanges of energy. The Open system theory (OST) looks at the relationships between the organisations and the environment in which they are involved. This focus reflects on organisations' ability to adapt to changes in environmental conditions with, or without, the need for information processing (Boulding, 1956; Katz & Kahn, 1978). This theory assumes that entities able of processing information about their own environment, show more adaptation skills to shifts in contextual conditions. Competitive firm behaviour is strictly linked to the viable systems focus on the ability to identify and manage functions and relationships, thereby establishing communication channels, organising information flow, and rationalising and harmonising a firm's development aligned with all external relationships (Christopher, 2007).

The governance of the open organisations then must address and direct the system towards a final goal by transforming static structural relationships into dynamic interactions with other viable systems. The ability to organise relationships delineates the efficiency of governmental action, which is a central characteristic of viable systems, contributing to the equilibrium of the system from one side, and to the satisfaction of supra-systems' expectations from the other.

For the organisations, it is fundamental to consider the compatibility between systemic stakeholders (consonance) and to improve the effective harmonic interaction between them (resonance). Consonance is linked to the concept of relations; it refers to a static vision and represents the potential harmonic relation (Christopher, 2007).

The open systems, therefore, resemble the stakeholder theory and the Total Quality Management Theory, which puts more emphasis on total involvement and full participation of both internal and external stake holders in decisions aimed at transforming the operations of business entities for customer satisfaction. Taking the above views into consideration, this study adopts the open system of the systems theoretical framework during the process of designing a SAA privatisation model. With special reference to the open systems model of

privatisation in conjunction with the stakeholder theory, the implication is that all the elements and subjects indicated should be involved in identifying all the challenges and constraints that are associated with the poor financial performance of the SAA.

Having dealt with the stakeholders as the first important components of the systems theory in business matters, it is also important to mention that the goal of the systems theory is to systematically discover a system's dynamics and constraints aimed at achieving organisational efficiency and effectiveness by involving every relevant stake holder. The following section discusses the theory of constraints. The dynamics of every system have its constraints that interfere with the smooth operation of the same system, such that it is necessary to identify and uproot the constraints. In the previous sections, it has already been mentioned that identifying constraints is one of the goals of the systems theory. (Linhares, 2009; Trietsch, 2005).

3.6 THE THEORY OF CONSTRAINTS

The previous chapter has highlighted the confusion put across by many studies in differentiating between privatisation challenges and privatisation constraints. Although they are interrelated with one another, some of the consulted literature seems to pick up some differences and similarities. Though many studies have dwelt more on identifying privatisation challenges, this study puts more weight on making use of the theory of constraints as a component of the systems theory to identify both challenges and constraints.

Anything that hinders a system to attain intended goals, either internally or externally, is referred to as a constraint. Although the concept of the Theory of Constraints may analytically seem different from the process of optimisation, many writers agree that they are analogous (Linhares, 2009; Trietsch, 2005).

Following the stages below:

1. Identifying the system's constraint(s).
2. Decide how to exploit the system's constraint(s).
3. Subordinate everything else to the above decision(s).
4. Elevate the system's constraint(s).
5. In the event of failure in the previous steps or a constraint has been broken, it is recommended to go back to step 1.

3.6.1 Application of the theory of constraints during the process of designing a privatisation model in the context of the stakeholder theory

Stage 1: Identifying the system's constraint(s) that have created the following gaps:

- Privatisation challenges and problems versus privatisation constraints
- Bureaucracy versus total involvement in privatisation processes and practices
- Privatisation legal framework and versus relevant supporting theories.
- Models of privatisation in relationship to full privatisation, semi privatisation, no privatisation, public-private partnership in the context of the following forms of privatisation:
 - *Contracting*
 - *Public-private partnerships*
 - *Franchise*
 - *Grants and subsidies*
 - *Asset sale*
 - *Volunteerism*
 - *Private donation*
 - *Service Shedding*
 - *Deregulation.*

Stage 2: Deciding on how to exploit the system's constraint(s).

Ater the stage of brainstorming and identifying the constraints related to the above factors, the second stage involves finding ways of exploiting the identified systems' constraints. In the context of this study, this is the stage where all the stakeholders sit together to debate, probe, brainstorm and come up with effective decisions of ways to resolving the constraints. The decisions must accord consensus to all the groups of people in the system.

Stage 3: Subordinating everything else to the above decision(s)

Stage 3 is emphasising the idea that the agreed decisions must guide any other action.

Stage 4: Elevating the system's constraint(s)

In the context of this study, the word elevate means resolving the constraints so that the system becomes functional.

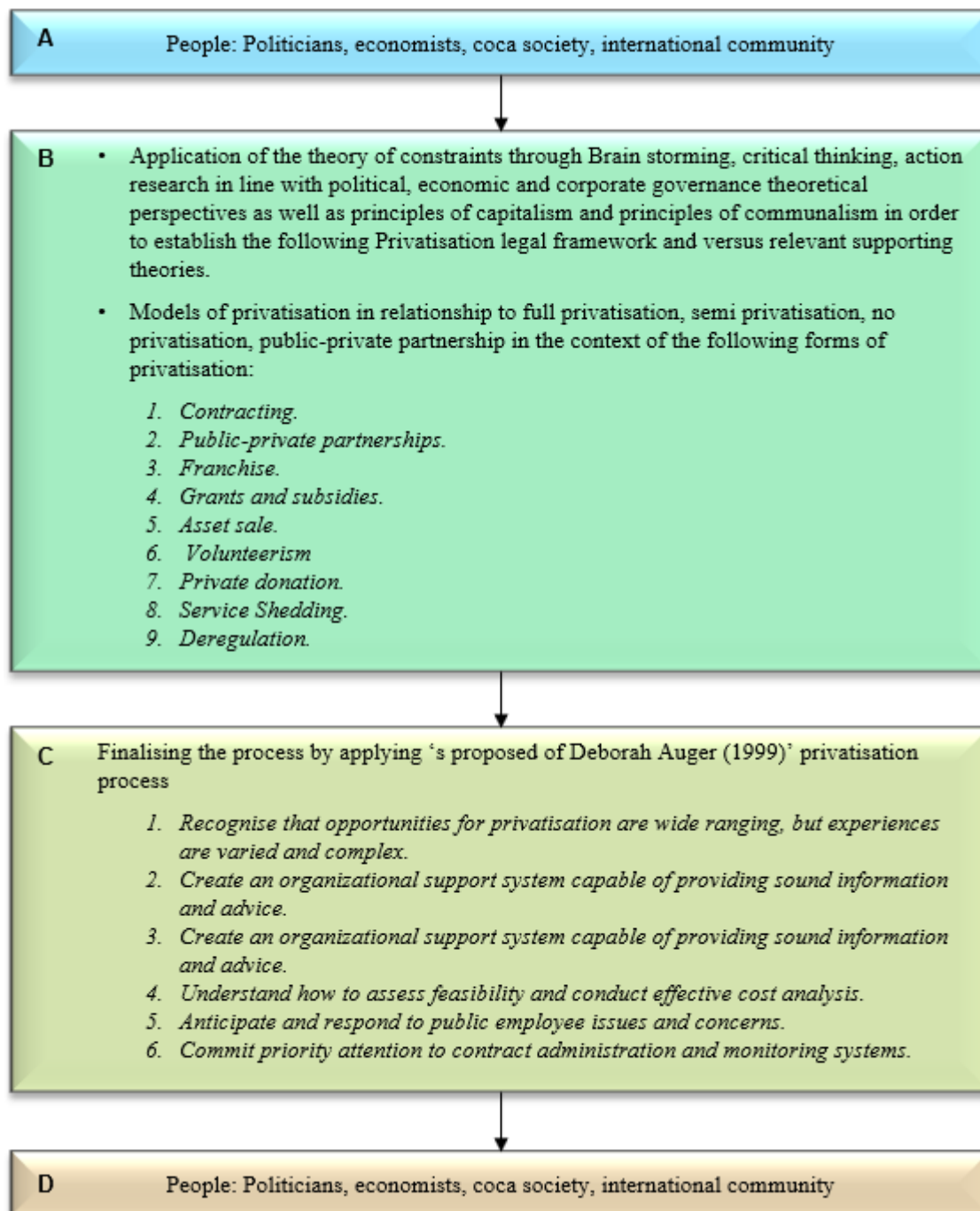
Stage 5: In the event of a failure in the previous steps or a constraint has been broken, it is recommended to go back to step 1.

This stage is emphasising that, for as long as there still exists a constraint within the system, in the process of implementing all the stages of the theory of constraints, the outcome is always negative. The only way is to go back to stage one and start afresh.

3.7 BUILDING A FRAMEWORK OF THE OF SAA PRIVATISATION MODEL FROM THE SYSTEMS THEORETICAL PERSPECTIVE

Considering that there are problematic political, economic, and corporate governance challenges within the SAA, situations in this study gives the theoretical framework below whereby the representatives from state owned enterprises and private enterprises, economist, politicians, the civil society, business, non-governmental organisations, and international communities, identify constraints related to effective running of the company. This helps strategies of eliminating the constraints in a systematic manner. This also involves reflecting and eliminating theoretical controversies between state owned and private owned enterprises.

Figure 3.2: A provisional framework of the SAA privatisation



Source: Own diagram (ideas adapted from Leveson, 2011; Best & Holmes, 2010; Linhares, 2009; Trietsch, 2005; Vygotsky, 1978).

Table 3.2 illustrates a complete synthesis and summary of all the literature discussions of chapter 2 and 3 that was geared towards providing a provisional theoretical process to the building of a provisional framework of the SAA privatisation model from the systems theoretical perspective, which is the main theory underpinning this study. Part A represents the categories of relevant stakeholders to be fully involved during the process of forming the

framework of privatisation development. This follows the stipulations of the systems theory that focuses more on the aspect of achieving an agreed-upon outcome making use of relevant stakeholders, including all elements and interconnections of the organisational systems (Meadows & Wright, 2008). Bertalanffy (2006:37 & 91) also confirmed the significance of the wholeness and the complex interacting of organisational components. Part B of table 3.2, indicates the theoretical application of the systems theory by means of the theory of constraints, which is structured by means of chronological stages towards collecting necessary information for a proposed framework of privatisation as recommended by Linhares (2009). Part C indicates the stages to finalise the process of designing the proposed privatisation model. Part D involves the process of adopting the proposed model.

On a serious note, Table 3.2 plays an important role in guiding the methodology to be used in this study, which is going to be discussed in detail in the next chapter. In other words, the table is directly linked to chapter 4, which is going to determine how the final hybrid of the privatisation model is going to be finalised. It is also important to mention that the literature review has played an important role during the process of developing a privatisation model, which is directly linked to the preceding chapters.

3.8 CHAPTER SUMMARY

This chapter entirely focused on literature discussions related to the models of privatisation of state-owned enterprises to develop a privatisation model for SAA. Critical literature review started by defining the term “privatisation”. This was followed by a discussion of controversial issues between models of privatisation and forms and process of privatisation. Critical analysis of literature concerning bureaucratic organisational structures versus total involvement in privatisation processes and practices has been done. This also involves highlighting privatisation challenges/problems versus privatisation constraints during literature discussions. The consulted literature also reflected the principles and practices of the privatisation legal framework by relating to relevant supporting theories. The most important aspects of the privatisation model, in the context of the Systems Theoretical framework in relation to privatisation problems and limitations, were discussed and exposed.

Although further investigation is to be done after data collection and analysis, comprehensive literature discussion of the possible ways of development of a process of the SAA privatisation model in the context of the systems theory towards was done. The next chapter focuses on the research methodology.

CHAPTER 4

RESEARCH DESIGN AND METHODOLOGY

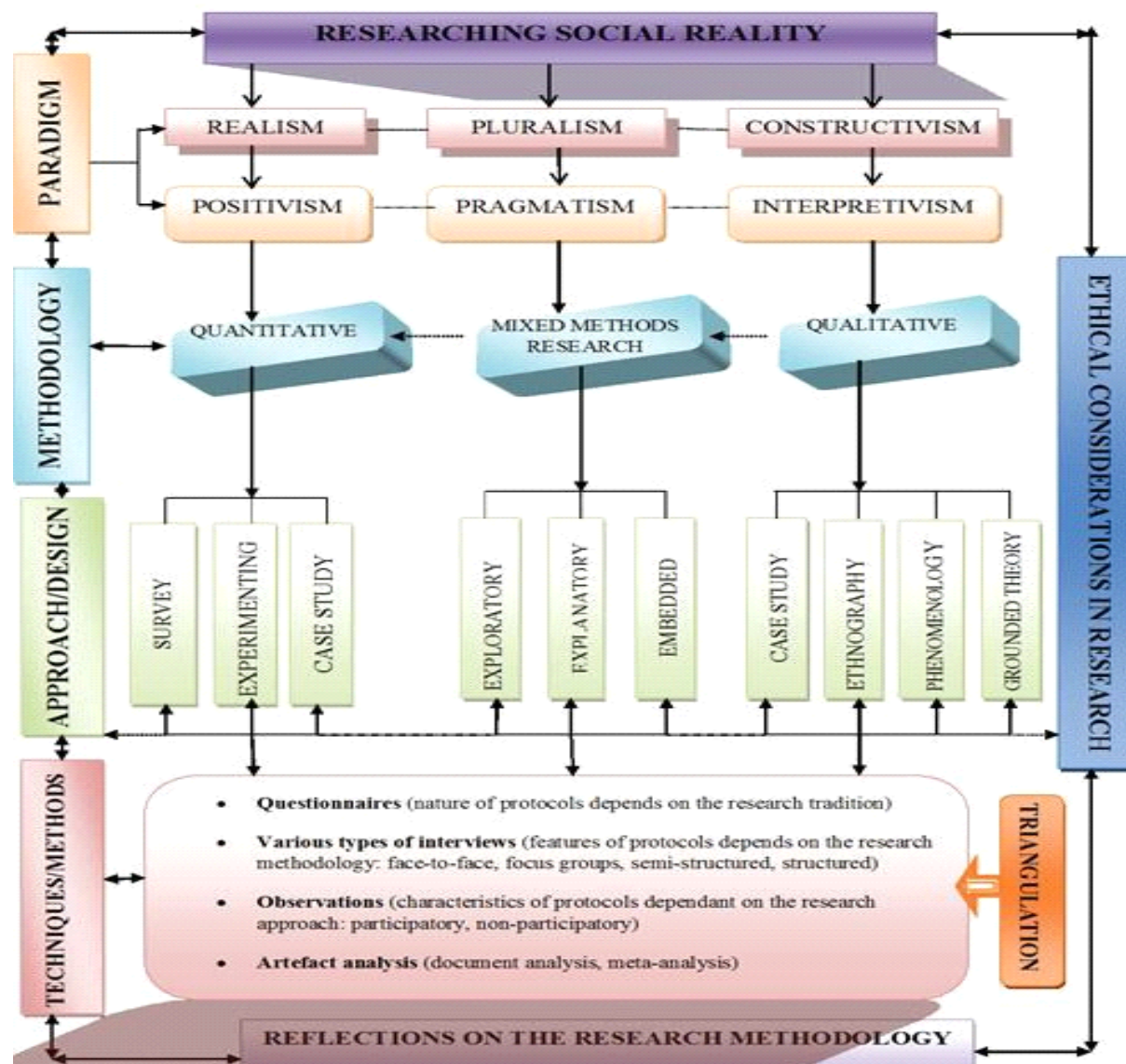
4.1 INTRODUCTION

Designing a model for privatisation of a state-owned enterprise is a comprehensive task during a research process, hence there is need to reflect on the logical steps to follow right from the onset to achieve the objectives of the study, as well as answer the research questions accordingly. This chapter discusses the research design and methodology, starting by representing the theory of how research is going to be undertaken, including the theoretical and philosophical assumption upon which research is based. This is also going to include their implications to the study. Furthermore, the chapter reflects the research approaches to be adopted, followed by a discussion of the strategies, including their link to research methods/techniques target population sampling methods, research instruments, data analysis and ethics.

4.2 METHODOLOGY

Methodology represents the theory of how research should be undertaken, including the theoretical and philosophical assumption upon which research is based and the implications of these methods adopted (Saunders, Lewis & Thornhill, 2016; Ngulube, 2015). As highlighted in the introduction, this study integrates the views of the illustrations of the diagrams below:

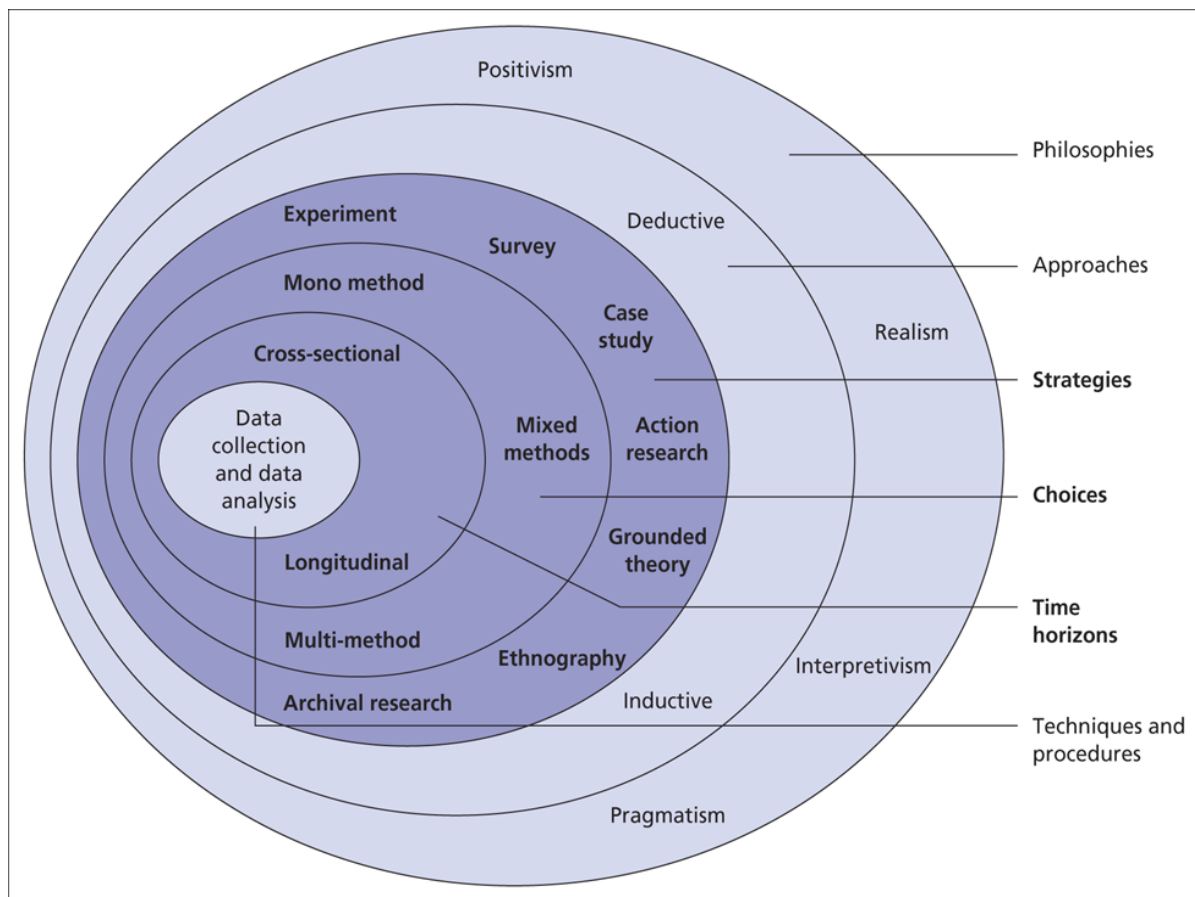
Figure 4.1: Illustration of research methodology



Source: Ngulube 2015

The diagram above is an illustration of the research methodology as advocated by Ngulube (2015). An outline of the methodological sequence has been provided in a categorical manner, starting with the research paradigms in the context of positivism, pragmatism and interpretivism, all rooted from the realism, pluralism, and constructivism philosophical perspectives. The next category represents the methodological approaches characterised by either the quantitative research methodology, the mixed methods research, or the quantitative research. The research approaches/ design art of the illustration followed by the research techniques/methods forms the last part of the structure presented in a chronological order to guide and direct the flow of a formal research study. This study implements the principles of this research methodology in conjunction with the one to be discussed below.

Figure 4.2: Research Union



Source: Adapted from: Saunders et al (2016: 124)

In line with the methodological illustration in figure 4.1, Saunders (Year) provides the research methodological framework in the form of an onion, which is made up of layers that can be peeled, one after the other, from outside until the inner core is reached. As with Figure 4.1, the outside of the onion comprises the positivism, interpretivism and the pragmatism, and are well known philosophical perspectives to research which, in the context of Nkulume (2015), are referred to as paradigms. The next peel is made up of research approaches which, in this framework, are referred to as either inductive or deductive. The other peels come in as research strategy, research choice, time horizons and finally data collection and data analysis.

4.3 OVERVIEW OF THE THEORETICAL FRAMEWORK OF PARADIGM/ PHILOSOPHY

From the illustrations of figure 4. and 4.2 above, Ngulube (2015) and Saunders et al., (2016), also contributed a lot in unpacking the nature and characteristics of philosophy/paradigm. According to Saunders et al., (2016), a research philosophy is all about the development of knowledge through pursued beliefs and assumptions. Barker (2003) directly links a paradigm

to certain identified and legitimate assumptions comprising a design for collecting and interpreting data. McGregor and Murnane (2010:419); (Ngulube, 2015), defined paradigm as a set of assumptions, concepts, values, and practices that constitutes a way of viewing reality. A paradigm in the view of (Babbie, 2007:43), provides a general view of philosophies and assumptions, on how the community views the world from a social perspective, and how reality is interpreted. To be more specific, assumptions are categorised in the following manner:

- Assumptions about human knowledge (Epistemological assumptions)
- Realities encountered in the research (ontological assumptions)
- The extent and ways the researcher's own values and beliefs influence the research process (axiological assumptions (Creswell, 2007:19, Ngulube (2015) Saunders et al., 2016, Babbie, 2007:43).

As highlighted above, two well-known paradigms that are used and preferred by researchers are realism, which is directly linked to positivism, and constructivism which is linked to interpretivism (Ngulube, 2015). The two philosophical perspectives are distinguished by the views of natural scientists versus those of social scientists. While natural scientists, on one hand, strongly believe that data must be collected and analysed to find out the degree of consistency in deducing scientific laws, social scientists, on the other hand, are interested in how human beings behave and act when collecting data to inductively reason for proper decision making. In short, interpretivism seeks to interpret the social lie-world from a cultural and historical point of view (Saunders et al., 2016; Ngulube, 2015). In other words, natural scientists believe in the positivism philosophical approach to research. Social scientists are oriented to interpretivism, positivists assume that reality is measured objectively (Saunders et al., 2016; Ngulube, 2015). Interpretivists seek to interpret the social lie-world from a cultural and historical point of view (Saunders et al., 2016; Ngulube, 2015). In other words, natural scientists mix both paradigms, positivism and interpretivism.

Based on these definitions and the researcher's understanding of research paradigms as illustrated in Figure 4.1 above, this study adopts the constructivists/interpretivists perspective. Interpretivism seeks to interpret the social world from a cultural and historical point of view (Saunders et al., 2016; Ngulube, 2015). The assumption underlying interpretivism is that reality in knowledge development and understanding is through social interaction, whereby meanings are constructed and interpreted to establish the truth about social phenomenon. This is only

established through human communication, and interaction to confirm and establish social reality. The understanding is that all truth is because of systematic construction of information and ideas through societal interaction. Since this study investigates designing a model for privatisation of a state-owned enterprise, there is need to follow logical research procedures right from the onset.

The interpretivist research philosophy is therefore suitable for this study, which allows the researcher to generate information about designing a model for privatisation of a state-owned enterprise, direct from participants in their natural settings in the field of state owned and public enterprises, in view of SAA previous status up to 2019. In the view of Burney and Saleem (2008) and Tichapondwa (2013), interpretivists assume that knowledge and meaning are acts of interpretation; making use of this philosophy will enable the researcher to have an overview and an in-depth understanding of the SAA problems from the participants' point of view.

According to this research, this approach is also expected to be a steppingstone towards designing the expected model, unlike in positivism, where data is collected and analysed from a distance by way of posting and collecting questionnaires without the researcher's direct interference with the participants.

While the natural sciences, from a positivist philosophical point of view, are looking for consistencies in the data to deduce prescribed laws using quantitative research methodologies, qualitative research is often associated with an interpretive philosophy, recommended by many researchers in making subjective remarks, conclusions, and recommendations (Denzin and Lincoln 2001). It is interpretive, because researchers need to make sense of the subjective and socially constructed meanings expressed about the phenomenon being studied. In this study, one of the advantages of using the qualitative study is to analyse the participants' meanings and the relationships using interviews and document analysis to develop a conceptual framework and theoretical contribution of the privatisation process of SAA (Saunders et al., 2016; Ngulube, 2015). This study considered the following advantages of using the qualitative research:

- The advantage with the qualitative methodology, unlike the quantitative approach, is that it allows non-standardisation, so that questions and procedures may result in emerging themes during a research process that is both naturalistic and interactive

(Saunders et al., 2016; Ngulube, 2018). Qualitative research uses non-probability sampling techniques.

- The other advantage with the qualitative research methodology is that the researcher is given an opportunity to not only physically interact with the participants, but also build a rapport and demonstrate sensitivity to gain access to their data (Saunders et al., 2016; Ngulube, 2015).
- The qualitative research methodology allows the participants to disclose their feelings, opinions, experiences and gives an opportunity to the researcher to interpret the meaning of their actions (Denzin, 1989).
- Qualitative methodology embraces epistemological methods and interpretive techniques of understanding human experiences (Denzin 1989). It is against this background that the researcher chooses the qualitative research approach, because this study seeks to design a model for privatisation of state-owned enterprises.

To understand the assumptions of this study, the introduction highlighted that it is also important to give an overview of understanding research philosophy and approaches to theory development. Research philosophy refers to a system of beliefs, assumptions and the development of knowledge. To be clearer, this may not be as dramatic as developing a new theory of the systems theory, but even answering a specific problem in a particular organisation, the researcher is building upon the existing System Theory. Whether consciously aware or not, at every stage of the research, one is most likely to make several assumptions (Burrell & Morgan, 1979).

4.3.1 Epistemological perspective of the study

The research methodology chosen determines choice of the theoretical perspective which, in turn, determines the selection of research methods and data collection procedures. Methodological approach, therefore, is influenced by the researcher's epistemological, Ontological and Axiological stance.

From an epistemological interpretivism point of view, this study assumes that the reality of designing a model for privatisation of a state-owned enterprise has no single external reality but concentrates on the understanding and interpretation of specific contexts through perceived knowledge, free from quantitative methodologies. For this study, the researcher has decided to use interviews and document analysis research techniques that are free from quantitative

approaches as part of data collection to understand what strategies are required for privatisation of a state-owned enterprise. Ways to acquire knowledge (epistemology) in interpretive means acquiring knowledge by investigating the phenomena in many ways, in this case, using one on one interviews and document analysis.

4.3.2 Ontological perspective of the study

From an ontological interpretivism perspective, this study assumes that the reality of designing a model for privatisation of a state-owned enterprise is constructed subjectively through social interaction and interpretation, not only of human beings, but also meanings and understanding of primary sources and secondary sources (document analysis). As highlighted before, ontology assumes that reality is socially constructed and interpreted, while the research is part of the group, and not from outside observations.

4.3.3 Axiological perspective of the study

In this study, the researcher assumes that the values and ethical considerations play an important part in designing a model for privatisation of a state-owned enterprise within the research process, as a way of also respecting the roles and values of the participants from an axiological perspective (Saunders et al., 2016: 136).

4.4 RESEARCH APPROACH

A research approach is a designed plan that involves logical reasoning confined to data analysis following procedural steps associated with assumptions, data collection methods, analysis, and interpretation (Creswell, 2013, Creswell & Clark, 2011). There are three distinguishable approaches in research namely deductive, inductive, and adductive which are illustrated by the diagram below:

Table 4.1: Illustration of research approaches

	DEDUCTION	INDUCTION	ABDUCTION
Logic	In a deductive inference, when the premises are true, the conclusion must also be true	In an inductive interference, known premises are used to generate untested conclusions.	In an abductive inference, known premises are used to generate testable conclusions
Generalisability	Generalising from the general to the specific	Researcher looks for broader patterns, generalisation, or theories from themes and categories	Generalising from the interactions between the specific and the general
Use of data	Data collected is used to evaluate propositions or hypothesis related to an existing theory.	Data collected is used to explore a phenomenon, identify themes and patterns, and create a conceptual framework.	Data is used to explore a phenomenon, identify themes, locate these in a conceptual framework and test this through subsequent data collection, and so forth.
Theory	Theory falsification or verification.	Theory generation and building.	Theory generalisation or modification.

Source: Saunders et al., 2016: 145

The above table clearly gives a brief overview of the deductive, inductive, and abductive research approaches according to the logic, generalisability, use of data and theory development approaches. Since the study is using the constructivism/interpretivism in the context of the qualitative research methodology, the inductive approach will be adopted. This approach allows collecting and analysing data in designing a privatisation model to be generalised from the specific to the general (Saunders et al., 2016:145). The data collected from interviews and document analysis will be used to explore a phenomenon, to identify themes and patterns, and create a conceptual framework in the form of a privatisation model for a state-owned enterprise, with special reference to SAA. This, in other words, is directly linked to theory generation and building (Ngulube, 2015). The deductive approach was not suitable for this study since it was not going to test a theory using the quantitative research approach. Quantitative research is used to evaluate propositions or hypothesis related to an existing theory as indicated in the above diagram (Saunders et al., 2016:145). The abduction approach could not apply to this study since this is only applied in mixed research methodology, whereby both the quantitative and qualitative research methodologies are used in the same study (Saunders et al., 2016:145, Ngulube, 2015).

4.5 RESEARCH STRATEGIES

Qualitative research is associated with a variety of strategies. While these share ontological and epistemological roots and common characteristics, each strategy has a specific emphasis and scope, as well as a particular set of procedures (Saunders et al., 2016:169). Some of the principal strategies used with qualitative research are, action research, case study research, ethnography, Grounded Theory, archival and documentary research, and narrative research (Saunders et al., 2016: 169). This study chose the case study and the documentary research for reasons to be highlighted later.

This study is suitable for a case study research strategy which, according to Saunders et al., (2016: 169), allows the researcher to focus on a single enterprise in a chronological order. In this study, the SAA's financial performance trends during the period 2010 to 2019 are going to be evaluated in a chronological order to identify and resolve financial challenges experienced so far, including privatisation policies. This approach will give a better platform for designing a privatisation model, which is the main aim of the research. According to Saunders et al., (2016), case studies are basically intensive investigation of the factors that contribute to the characteristics of the case under investigation. Case studies are meant to make use of many sources that follow a chronological order for the purpose of creating rich and well-structured descriptions and methods (Saunders et al., 2016:145, Ngulube, 2015). Although data collection methods employed in case study research include questionnaires, in-depth interviews, documentary records, direct observation, participant observation, narrative/log, and focus groups (Thomas, 2011; Flyvbjerg; 201; Astalin, 2013), this study will make use of document analysis and face to face interviews, which allows provision of well-structured how, what and why questions in a real life context (Saunders et al., 2016:145, Ngulube, 2018). Phenomena over which the researcher has little control, or phenomena embedded in a real-life context will be questioned.

The case study design contrasts sharply with other research strategies in that an attempt is made to study a multitude of factors by limiting the number of cases observed. Another distinguishing feature is that in a case study, the researcher tends to be an in-depth investigator of phenomena as they exist in the natural setting. According to Saunders (2016), a case study research strategy involves the empirical investigation of a particular contemporary phenomenon within its real-life context, using multi sources of evidence over a sustained period. Case studies may be descriptive or explanatory.

4.5.1 Archival and documentary research strategy

To support, confirm or refute the findings of the case study, the archival and document research strategy is going to be used in this study. This involves a process of detecting, tracing, and interpreting documents that are suitable and relevant to the topic under study. Operations and practices of public and privately-owned enterprises, including SAA, are guided and protected by policies that are clearly and officially stipulated in official documents. This also includes annual and/or quarterly reports of financial management and performance practices of the same enterprises. This information plays an important role in this study during the process of designing a privatisation model for a public enterprise in the context of SAA. According to Saunders et al., (2016:183), it is not easy to adequately describe the range of archival and documentary sources that are potentially available. However, categories of textual documents include:

- Communications between individuals or within groups such as email, letters, social media, and blog postings.
- Individual records such as diaries, electronic calendars, and notes.
- Organisational sources such as administrative records, agendas and minutes of meetings, agreements, contracts, memos, personnel records, plans, policy statements, press releases, reports, and strategy documents.
- Government sources such as publications, reports, and national statistics.
- Media sources including printed and online articles and other data.
- Visual and audio sources including advertising posters, artefacts, audio recordings, audio-visual corporate communications, digital recordings, DVDs, films, photographs, products, promotional advertisements and recordings, television and radio programmes and web images (Saunders et al., 2016:183).

This study is particularly focusing on Government sources such as publications, reports, national statistics and company policies that are directly or indirectly linked to SAA. It is also important to know that all documents used for research are considered secondary sources because they were originally created for a different purpose than merely research (Saunders et al., 2016:183-184). While great care needs to be taken when using documents for research purposes, they potentially offer a rich source of data for analysis (Saunders et al., 2016:184).

Table 4.2: Illustration of research strategies

STRATEGY	CHARACTERISTICS
Ethnography research strategy	Focuses upon describing and interpreting the social world through first hand field study (Saunders 2016:716). Mostly linked to researchers who demand the full-time involvement of a researcher over a lengthy period (typically unspecified) and consists mostly of ongoing interactions with the human targets of study on their home ground The cultural parameter is that the people under investigation have something in common in terms of geographical location, a particular region or country, life- style and shared experience.
Grounded theory research strategy	The Grounded theory is entirely regarded as a research strategy that allows theory/theories to emerge from the data that is collected (Saunders et al., 2016; Ngulube, 2015)

Source (Saunders et al., 2016; Ngulube, 2015).

The table above provides an overview of other research strategies within the qualitative methodology that were found not suitable for this study.

In the context of this study, the grounded theory could not apply because the systems theory, underpinning this study theory, was used only to develop a conceptual and practical framework of the privatisation model. The Grounded Theory is entirely regarded as a research strategy that allows theory/theories to emerge from the data that is collected (Saunders et al., 2016; Ngulube, 2018). Since this study was intended to build upon the systems theory, the Grounded Theory strategy was not suitable for the study under the pretext that it does not commence the process of research with a predetermined theory in mind, but the formulation of theories stems from the data that allows one to explain how people experience and respond to events (Andrews, 2007; Charmaz, 2006).

From the descriptions highlighted in the diagram above, ethnographical research strategy was not suitable for this study since the researcher was not going to have an opportunity to be fully involved with the participants over a lengthy period, whereby ongoing interaction with the human targets of study on their home ground is expected (Astalin, 2013; Lewis, 2003).

4.6 DATA COLLECTION TECHNIQUES/METHODS

Even if research claims that questionnaires and interviews are the most prominent methods of data collection, it is, however, important to note that observation and other data collection procedures may also be more appropriate for other forms of research. According to Saunders et al., (2016), a research strategy communicates what type of methods and procedures ought to be used for the purpose of data collection, measurements as well as analysis. In other words, the research method refers to a technique through which data collection and data analysis is directly related to the methodology accepted (Saunders et al., (2007). This study will use the research methods as determined by the qualitative research strategies highlighted above. In fact, observations, interviews, direct observations, and record description techniques are the most commonly used research techniques for data collection using these qualitative methodologies. These are illustrated in the following table:

Table 4.3: Illustration of qualitative data collection methods

DATA COLLECTION TYPE	OPTIONS WITHIN TYPES
Observations	Researcher has first-hand experience with the participants. Researcher can record information as it occurs. Unusual aspects can be noticed during observation. Useful in exploring topics that may be uncomfortable for participants to discuss.
Interviews	Useful when participants cannot be directly observed. Participants can provide historical information. Allows researcher control over the line of questioning.
Documents	Enables a researcher to obtain the language and words and words of participants. Can be accessed at a time convenient to researcher –an unobtrusive source of information. Represents data to which participants have given attention. As written evidence, it saves a researcher the time and expense of transcribing.

Source (Creswell and Creswell (2018:188)

This study is going to use a multi-method qualitative study. A qualitative research design may also use more than one qualitative data collection technique and corresponding analytical procedures (Saunders et al., 2016:168). This study, as highlighted before, has opted to use face-to-face interviews and document analysis. According to Creswell and Creswell (2018:185), unstructured and semi-structured observations, interviews and documents are data collection and analysis techniques that are applied in qualitative research.

4.6.1 Interviews

As highlighted in chapter one, face-to-face interviews are used in this study. The face-to-face interview approach in this study allows the selected participants and the researcher to interact with participants who are directly, or indirectly affected by the current challenges experienced by the SAA as a state-owned enterprise, which have indicated a direct impact on the socio-economic and political status in general. The other important reason for choosing face-to-face interviews is that the researcher can ask relevant questions that had already been prepared for the respondents. Face-to-face interviews are associated with abilities of exploring not only feelings, opinions, and experiences, but also the insights and perceptions of the interviewees from a subjective perspective (Groenewald, 2004:6). The face-to-face interviews will therefore be conducted to explore richly, provide a platform to design a privatisation model for SAA that may also assist other public owned enterprises (McMillan & Schumacher, 1997:453).

Saunders et al., (2016:390) mention that “Interviews may be highly formalised and structured using standardised questions for each research participant, or they may be informal and unstructured conversations. An interview may contain highly structured sections and some unstructured parts depending on its purpose”. Interviews are categorised as either structured interviews, semi-structured interviews, or unstructured interviews (Saunders et al., 2016:390)

4.6.2 Structured interviews

These are questionnaires based, although they may vary from interview to interview on predetermined and standardised or an identical set of questions (Saunders et al., 2016:390). This study is, however, not suitable for structured questions based on the view that it does not give provision for collecting enough information about the legal framework of SAA and other factors which affect the financial performance of South African Airways, as well as exploring the models for privatisation of state-owned enterprises from the participants. The technique is rather limited in terms of collecting qualitative research data.

4.6.3 Semi structured interviews

This technique is characterised by a researcher having a list of themes and possibly some key questions to be covered. This means that the researcher may omit some questions in particular interviews, given a particular organisational context that is encountered in relationship to the research question (Saunders et al., 2016:390). The order of the questions may also vary depending on the flow of the conversation (Saunders et al., 2016:390). On the other hand, additional questions may be required to explore the research question and objectives given the nature of events within particular organisations. In the case of this study, the department of Public Enterprises and the Department of Transport belong to different institutions/organisations with different structures purposes and context. This is the reason why the interview questions are likely to differ t as they are in one way, or the other, linked to the daily operations of the SAA (Saunders et al., 2016:390). The nature of questions and the ensuing discussions mean that data will be captured by audio-recording or perhaps note taking (Saunders et al., 2016:390). Apart from containing a list of themes and questions to be covered, the interview schedule will, for this type of interview, will also likely contain some comments to open the discussion., a possible list of prompts to prompt further discussion, and some comments to close it.

4.6.4 Unstructured interviews

Unstructured interviews are informal type of interviews that may be used to explore, in-depth, a general area in which the researcher is interested in. There is no predetermined list of questions to ask, although one needs to have a clear idea of the aspect that one is interested in (Saunders et al., 2016:390). Exploring the legal framework governing public ownership, the financial performance and factors affecting the financial performance of SAA, also requires unstructured interviews in one way, or the other, so as to have an in-depth overview of models of privatisation.

Interviews are also different according to the number of participants. Interviews may be conducted on a one-to-one basis, between the researcher and a single participant. Such interviews are mostly conducted by meeting the participant, face-to-face or telephonically (Saunders et al., 2016:390; Creswell and Creswell, 2018). This study used both one-to-one and face-face semi-structured interviews as well as Microsoft Teams interviews based on the above views and the ones that follow:

4.6.5 The purpose of choosing semi-structured and in-depth interview for this study

The purpose of this study is to investigate the best model of privatisation for the State-Owned Enterprise in the context of South African Airways. Such type of a research, according to Saunders et al., (2016:394), requires semi-structured in-depth interviews. The researcher needs to understand the reasons for the participants' attitudes and opinions. Semi-structured and in-depth interviews also provide an opportunity to "probe" answers, where the researcher interviews to explain, or build on, their responses (Saunders et al., 2016:394). In the context of this study, both semi-structured and in-depth interviews are suitable to probe, explain and build responses related to the following broad questions:

1. What is the legal framework governing public ownership in South Africa?
2. How is the financial performance of the South African Airways?
3. What are the factors that affect the financial performance of South African Airways?
4. What are the models for privatisation of state-owned enterprises?

This approach is usually recommended when the interpretivists philosophy has been adopted, whereby the researcher of this study is concerned with understanding the meanings that participants, comprising SAA Executives, the Ministry top officials from the Department of Transport, Department of Public Enterprise, and politicians ascribe to various aspects of the above stated research questions (Saunders et al., 2016:394). Furthermore, these participants will be able to have an opportunity to use words or ideas in a particular way that will provide meanings through probing to add significance in depth to the obtained data (Saunders et al., 2016:394).

4.6.6 The importance of establishing personal contact

Face-to-face interviews have an advantage of a high response rate compared to the completion of a questionnaire that has been posted or emailed (Saunders et al., 2016:394). The researcher found out that managers and other top officials in different organisations are more likely to agree to be interviewed, rather than complete a questionnaire, especially where the interview topic is seen to be interesting and relevant to their current work. An interview, in this study, provided SAA Executives, top officials from the Department of Transport, the Department of Public Enterprises and politicians an opportunity to answer questions without writing anything

down (Saunders et al., 2016:394). The situation also provided these participants an opportunity to receive feedback from the researcher and personal assurance about the way in which information will be used (Saunders et al., 2016:394).

4.6.7 The nature of data collection questions

In the context of this study, the nature of the data collection questions for the face-to face interviews will serve the following advantages:

- Allow large numbers of questions to be answered
- Questions may be either complex or open ended but, the researcher will be able to simplify them for the participants.
- Questions are logic and varied (Saunders et al., 2016:394).

4.6.8 Length of time required and completeness of the process

Face-to face interviews are time consuming and data is collected timeously according to agreed time frames between the researcher and the participant. The participants were asked for only an hour to be interviewed.

4.6.9 Overcoming bias

To avoid interview bias, the researcher made use of the guidance of Saunders et al., (2016:397) which is as follows:

- The researcher ensures that the tone or non-verbal behaviour are not misleading to the respondent.
- The researcher made sure that there is no room for imposing personal beliefs.
- The researcher also made sure that she interprets data in such a way that there is gained trust by avoiding unnecessary gestures.
- The researcher avoided asking sensitive questions that might have distracted the respondents' attention.
- The researcher also made sure that the agreed time for the interview is respected.
- The researcher made sure that the location of the interview be discussed and agreed upon before the interview.

4.7 TARGET POPULATION

Chapter one of this study has already indicated that a target population encompasses the whole pool of the elements or subjects who are supposed to undergo an investigation in a research study (Creswell & Plano Clark, 2011; Saunders et al., 2012). In simple terms, a target population refers to certain group of people whereby a population to undergo study are going to be selected to come up with research findings to draw conclusions from. The target population of this study included two top officials from SAA, two top officials from the Department of Transport, two top officials from Department of Public Enterprises and three Politicians from DA, EFF and ANC. Apart from considering other factors, geographical locations, travelling costs and accessibility of the relevant population, and the systems theory underpinning the study also contributed to the selection of the target population, realising that all stake holders concerned with the operation of SAA determined the selection of the target population.

4.8 SAMPLING METHODS

After determining a target population, sampling is the next important part of any research process of the study. This selected sample is defined by Saunders et al., (2016) as a representation of the target population. Quantitative research applies non-probability sampling that is represented namely Convenience Sampling, Judgmental, Purposive Sampling, Quota Sampling and Snowball Sampling, defined and explained below:

4.8.1 Convenience Sampling

Haphazard / Convenience sampling: This is a form of non-probability sampling that involves the selection of respondents based on easy accessibility of the respondents. The researcher chooses a sample at his/her convenience making use of those respondents who are readily available. The only challenge with this method is the researcher may be forced to select participants who are likely to provide misleading information that is not relevant to the study (Saunders et al., 2026).

4.8.2 Quota Sampling

Quota Sampling: This is a non-probability sampling method whereby a population is apportioned in groups, and, from each group, the researcher assigns quotas to each group.

Selection is biased. The problem with this method is that the sample is not a true representative of the population and cannot be applied in this study (Saunders et al., 2016).

4.8.3 Snowball Sampling

Snowball Sampling: This method involves selection of a group from the population. This is followed by giving an opportunity to provide names of additional respondents (Saunders et al., 2016).

4.8.4 Judgmental/ Purposive Sampling

Purposive sampling (also known as judgment, selective or subjective sampling), is a sampling technique applied in this study as previously highlighted in chapter one. This study allowed the researcher to use own judgment to choose members of population to participate, Purposive sampling is a non-probability sampling method, and it occurs when elements selected for the sample are chosen by the judgment of the researcher (Creswell & Clark, 2011; Gay & Airasian, 2003). This study believes that the researcher can obtain a representative sample by using sound judgment, which will result in saving time (Creswell & Clark, 2011; Gay & Airasian, 2003).

The purposive sampling method has been recommended to be an effective sampling method in this study where only limited numbers of people have been selected as primary data sources due to the nature of research design, aims and objectives (Creswell & Clark, 2011; Gay & Airasian, 2003). A research study such as this, is intended to explore intensively matters and issues concerning the legal frameworks, financial matters of a public owned enterprise in the context of SAA and demands consultation of highly' knowledgeable and experienced senior officials in relevant departments with enough expertise. This is one of the reasons why the researcher opted to apply the judgmental research method as a way of selecting the Deputy Director General and other top officials in the Department of Public Enterprises, the Department of Transport, and political officials on the assumption that they have the much-needed knowledge and understanding in the area under study.

Apart from the advantages highlighted above, alternatively, the purposive sampling method has been recommended to be an effective sampling method in this study where only limited numbers of people have been selected as primary data sources due to the nature of the research design, aims and objectives (Creswell & Clark, 2011; Gay & Airasian, 2003). It is strongly believed that, in this study, unlike all the methods of non-probability sampling highlighted in

the table above, a research study such as this one is intended to explore intensely matters and issues concerning the legal frameworks, financial matters of public owned enterprises in the context of SAA, and requires consultation of highly knowledgeable and experienced senior officials in relevant departments with enough expertise as stated above.

It is well known that purposive sampling is the only suitable sampling strategy that has been widely used in research to select participants who possess such type of attributes, hence this study adopts the same sampling approach (Creswell & Clark, 2011; Gay & Airasian, 2003). The same approach was done to select the target population. The Director General and their Deputies were found to be the suitable participants, and senior political officials purposively selected from ANC, DA and EFF respectively. However, the Director General of the DPE, nominated the Chief Risk Officer to be interviewed on his behalf. The Director General of DoT nominated the Chief Director; Aviation, Safety and Security and the CFO nominated the HoD, Financial Accounting on behalf of the COO. The sample of this study, as indicated in chapter one, was represented by two officials from the department of transport, two from the department of Public Enterprises, two from SAA executives and three from Political parties, making a total of nine as shown in the table below.

Table 4.4: Sample size

Type	Sample	Designation	#
Qualitative	Dep. Of Public Enterprises	Deputy Director General Chief Risk Officer	1 1
	Dep. of Transport	Director General Chief Director: Aviation, Safety and Security	1 1
	SAA Executives	Chief Financial Officer HoD: Financial Accounting	1 1
	Political Parties	Politicians (ANC, DA, EFF)	3
Total No. of Participants			9

The selection of the representative sample size was officially done by way of applying proper research processes and certain procedures. Relevant departments with participants to be included in face-to-face interviews were consulted to be part of the selection process. The selection focuses more on inclusion of participants who have the potential of contributing to the topic based on their knowledge and experience of the positions that they were occupying. The only challenge was their busy schedules. The researcher could not undertake this task

without making appropriate consultation procedures to the relevant officials of the identified departments in question, based on the view that they had enough information of the participants who will respond to the interview questions, as well as seeking permission to undergo the study.

4.9 RESEARCH INSTRUMENTS

A research instrument is defined as a tool used for collecting data from selected subjects representing a targeted population who are intended to respond to questions for a research topic (Saunders et al., 2016). Questionnaires and interviews are some of the research instruments mainly used by most researchers (Kumar, 2014:13-14). In this study, the research instrument used is a semi structured and an in-depth interview guide. The researcher, when designing the interview guides, made sure that the following procedure was undertaken:

4.9.1 Principles for developing the face-to-face interview schedule

- Questions are short, one dimensional and clear without use of jargon. The question was limited to a single dimension and the language familiar to the participant.
- Questions should be comprised of the vocabulary in the context of what the participants would know when talking about the subject under discussion.
- Assistance of other experts and research teams is essential to come up with interview questions that are of good quality.
- Open ended questions that are short and easily answered are recommended (Morgan & Krueger, 1998; Cohen, Manion & Morisson, 2000:291; Krueger & Casey, 2000:40-42, Musundire, 2015).

Four separate interview guides/schedule, each containing both semi-structured and in-depth interview questions were designed and were used to conduct face-to-face interviews to suit each of the following departments. Some of the questions were the same and others were similar.

- Interview guide for officials from SAA executives (chief financial officer and chief executive officer) in the context of the following semi-structured question and bulleted themes.
- Interview guide for officials from department of public enterprises (deputy director general and Chief Risk Officer).

- Interview guide for officials from department of Transport (director general and deputy director general).
- Interview guide for political parties (ANC, DA and EFF).

Although the interview questions were sometimes structured differently to suit the context of each department, the whole aim was to collect sufficient data relevant enough to answer the following broad questions which form the focus of this study.

1. What is the legal framework governing public ownership in South Africa?
2. How is the financial performance of the South African Airways?
3. What are the factors which affect the financial performance of South African Airways?
4. What are the models for privatisation of state-owned enterprises?

Some of the questions in the respective departments also provided themes and categories for easy analysis. It is also important to note that each interview guide comprised two sections as follows:

- Section A: Demographic Information
- Section B: Interview Questions

All the interview guides and the related questions have been linked to the application of every stage of the theory of constraints in the context of the systems theory as highlighted in chapter three towards the design process of a SAA privatisation model as guided by the research questions highlighted above.

4.9.2 Conducting face-to-face interviews

During the process of conducting one-on-one interviews in this study, the researcher, apart from making detailed field notes, had to ensure the use of video tapes to capture everything of relevance to the topic (Babbie, 2013:350, Musundire 2016). The notes taken included interpretation of observations made. The notes will be processed soon after the interviews were taken in accordance with Morgan and Krueger (1998:3-7, Musundire, 2015), who recommend that the notes should include:

- Nonverbal behaviours such as eye contact, posture, gestures.
- Themes that are striking.
- Highlighting as much of the conversation as possible.
- Attention should also be given to the dynamics that takes place (Morgan and Krueger, 1998:3-7, Musundire, 2015).

4.10 DATA ANALYSIS

Saldana, (2016), defines data analysis as a process that concurrently takes place with data collection. The data analysis process of qualitative data is a laborious process, and it gives meaning to results only when is well executed. For this study, both in-depth interviews and documents, such as the main policy that guides public/private companies in SA, policies linked to South African Airways and different annual reports from the Department of Public Enterprises, Department of Transport and SAA reports, and other documents mentioned in chapter one, was analysed.

4.10.1 Document data collection and Analysis

Document analysis is a form of qualitative research in which documents are interpreted by the researcher to give voice and meaning around an assessment topic (Bowen, 2009). Analysing documents incorporates coding content into themes similar to the way face-to face interview transcripts are analysed as highlighted above (Bowen, 2009). A rubric can also be used to grade or score documents.

Bryman *et al.* (2016) and Bowen (2009) identified the following benefits of using documents as a secondary means of data collection and analysis:

- They are highly reliable since they are not subject to changes and maintain available information for a long time which can be referred to every now and then, unless the document is amended in one way or the other.
- Bowen (2009) also notes that documents are reliable considering that the presence of the researcher influences the data collection process compared to one-to-one interviews that are prone to bias.
- Bryman *et al.* (2016) reiterates that published reports cover breadth that is not possible for single researchers, and most reputable research organisations publish data on regular intervals over a long period.

- Published reports have minimal ethical issues to deal with, except for confidentiality and embargoed documents (Schwester, 2015; Bowen, 2009). Document data collection is highly recommended in terms of ethical procedures. This approach to research is free of ethical issues of studies that are otherwise cumbersome for a student to undertake.

There are three types of primary documents (O’Leary, 2014):

- **Public Records:** The official, ongoing records of an organisation’s activities. Examples include student transcripts, mission statements, annual reports, policy manuals, student handbooks, strategic plans, and syllabi.
- **Personal Documents:** First-person accounts of an individual’s actions, experiences, and beliefs. Examples include calendars, e-mails, scrapbooks, blogs, Facebook posts, duty logs, incident reports, reflections/journals, and newspapers.
- **Physical Evidence:** Physical objects found within the study setting (often called artifacts). Examples include flyers, posters, agendas, handbooks, and training materials.

In this study, the following documents are analysed:

Table 4.5: Main policy documents that guides public/private companies in SA

DOCUMENT TO BE ANALYSED	DATA TO BE ANALYSED
The Public Finance Management Act 29 of 1999	• The financial duties and general responsibilities of governing bodies, heads of departments, accounting officers, managers and employees of boards or the accounting authorities • Regulating financial management in terms of revenue, expenditure, assets, and liabilities • Financial transparency, accountability in terms of revenue, expenditure, assets, and liabilities
The Companies Act 71 of 2008 in the context of accountability and transparency	• Preparation of annual financial statements: • Annual audit. • Annual returns • Public companies must file a copy of their audited AFSs with their annual return. • Company secretary, auditors, and an audit committee.
the King Code of 2002	• Standards of corporate governance in South Africa • Control SOEs,

Source: Author’s own source

Table 4.6 reflects the legal and regulatory framework that guides the operations of the South African private and public enterprises including SAA. The Companies Act 71 of 2008 in the context of accountability and transparency, the Public Finance Management Act 29 of 1999 and the King Code of 2002 in the context of the corporate governance, are the main legal documents that are going to receive more attention in this study during the process of document analysis, with special focus on the areas highlighted in the table in terms of financial guidance, accountability and transparency and corporate governance. Although it is recommended that a researcher can use many texts, this study considered the emphasis should be on quality rather than quantity when it comes to document analysis. (Bowen, 2009). All the other analysed legal documents and financial reports discussed in the literature review are all guided by the three identified documents from a broad perspective, including the following documents directly linked to SAA Legal Framework.

Table 4.6: Policies linked to SAA

The South African Airways Act, Act 5 of 2007	The Act facilitates key aspects of SAA, namely: • the transfer of SAA shares and SAA interests from Transnet to the State. • the conversion of South African Airways (Pty.) Ltd. into a public company with share capital, and • the listing of SAA as a major public entity in Schedule 2 to the PFMA.
The Airports Company Act, Act 44 of 1993	This Act was put in place to provide for the transfer of certain assets and functions of the State to a public company to be established and for matters connected therewith (Airports Company Act, 1993). It ensures that companies know their objectives which are: the acquisition, establishment, development, provision, maintenance, management, control or operation of any airport, any part of any airport or any facility or service at any airport normally related to the functioning of an airport (Airports Company Act, 1993).
The Air Services and Licensing Act, Act 115 of 1990	The Air Service and Licensing Act provides for the establishment of an Air Service Licensing Council; for the licensing and control of domestic air services; and for matters connected therewith (Air Services and Licensing Act, 1990). This Act applies only to the operation of a domestic air service. Subject to the provisions of this Act, no person shall operate an air service, unless it is operated under and in accordance with the terms and subject to the conditions of an air service license issued to that person in terms of this Act (Air Services and Licensing Act, 1990). The Act states that the Licensing Council shall issue a license in respect of the prescribed class of air service. Air Services and Licensing Act, 1990). According to Section 16 of the Act all representations, information, evidence, and other documents relating to such application and at the disposal of the Council will then only be a license to operate an aircraft be issued.

The Air Traffic and Navigation Services Company Act, Act 45 of 1993	This Act seeks to provide for the transfer of certain assets and functions of the State to a public company to be established and for matters connected therewith (Air Traffic and Navigation Services Company Act, 1993). The objects of the company according to the Act are the acquisition, establishment, development, provision, maintenance, management, control or operation of air navigation infrastructures, air traffic services or air navigation services (Air Traffic and Navigation Services Company Act, 1993).
The Carriage by Air Act, Act 17 of 1946	This Act states that the Governor-General may make regulations prescribing the procedure to be followed by a carrier in connection with the payment, before action has been brought, of claims under Article seventeen of the Schedule to this Act, in respect of the death of any passenger, and all other matters which he considers necessary or expedient to prescribe in order that the purposes of this Act may be achieved (Carriage by Air Act, 1946). This Act according to Schedule 1 regulates the following: (i) Liability of the carrier and extent of compensation for damage. (ii) Combined carriage. (iii) Carriage by air performed by a person other than the contracting carrier (iv) Other provisions such as: (a) mandatory application, (b) insurance, (c) Carriage performed in extraordinary circumstances, and (d) definition of days.
The Civil Aviation Act, Act 13 of 2007	This Act was created to repeal, consolidate, and amend the aviation laws giving effect to certain International Aviation Conventions: (i) to provide for the control and regulation of aviation within the Republic. (ii) to provide for the establishment of a South African Civil Aviation Authority with safety and security oversight functions, to provide for the establishment of an independent Aviation Safety Investigation Board in compliance with Annex 13 of the Chicago Convention, to give effect to certain provisions of the Convention on Offences and Certain Other Acts Committed on Board Aircraft. (iii) to give effect to the Convention for the Suppression of Unlawful Seizure of Aircraft and the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation. (iv) to provide for the National Aviation Security Program. (v) to provide for additional measures directed at more effective control of the safety and security of aircraft, airports and the like, and (vi) To provide for matters connected thereto. Protocols and conventions are made clear in schedule one and two in the Act.
The Convention on International Interests in Mobile Equipment Act, Act 4 of 2007	This Act gives effect to the Convention on International Interests in Mobile Equipment and the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment. It provides for the constitution and effects of an international interest in certain categories of mobile equipment and associated rights. This Convention applies when, at the time of the conclusion of the agreement creating or providing for the international interest, the debtor is situated in a Contracting State (Convention on International Interests in Mobile Equipment Act, 2007).

The International Air Services Act, Act 60 of 1993	Since SAA does international flights, it must comply with international regulations such as the International Air Services Act. This Act provides for the establishment of an international air services council, for the regulation and control of international air services. The Act ensures there is a promotion of trade with, and tourism to and from, the Republic. It also promotes competition between persons who operate international air services. The Act must also ensure the promotion of high standards of safety in the operation of international air services as well as promote the development and interests of the local international air services industry, including promoting the interests and needs of users or potential users of air services with the Republic.
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Source: Chilenga 2016: 49-55

The South African Airways Act, Act 5 of 2007, The Airports Company Act, Act 44 of 1993, The Air Services and Licensing Act, Act 115 of 1990, The Air Traffic and Navigation Services Company Act, Act 45 of 1993, The Carriage by Air Act, Act 17 of 1946, The Civil Aviation Act, Act 13 of 2007, The Convention on International Interests in Mobile Equipment Act, Act 4 of 2007 and The International Air Services Act, Act 60 of 1993, are directly linked to the legal framework of the SAA from a historical point of view. The information from these selected documents is expected to provide the researcher data as to the economic and socio-political stability of the company in conjunction with the Public Finance Management Act 29 of 1999, The Companies Act 71 of 2008 and the King Code of 2002.

Table 4.7: Annual Reports

SAA Group Annual Financial Reports since 2010-19	• Financial and performance management • Governance • Factors that affect the financial performance
Department of Public Enterprises Annual reports	• Financial and performance management • Governance • Factors that affect the financial performance
Department of Transport Annual Reports	• Financial and performance management • Governance • Factors which affect the financial performance
National Treasury Annual Reports	• Financial and performance management • Governance • Factors which affect the financial performance

Privatisation models/frameworks focusing on national and international published articles	• Forms of privatisation • Models of privatisation • Theoretical background of Privatisation • Privatisation models versus forms of privatisation, process, and practices • Bureaucracy versus total involvement in privatisation processes and practices • Privatisation Challenges/problems versus privatisation constraints • Privatisation legal framework versus relevant supporting theories • Privatisation model in the context of the Systems Theoretical framework in relation to privatisation problems and limitations
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Own Source

In the context of the systems theory, this study realised that SAA business operations are controlled, guided, and supported by many business components and stake holders at national, provincial, level who are entitled to work holistically to achieve one common goal of successful productivity. Taking this view into consideration, the SAA Group, the Department of Public Enterprises and Department of Transport annual reports between the periods 2010-2019 are to be analysed. The data is going to be supported by analysis of privatisation models/frameworks, published articles at both national and international levels.

4.11 DOCUMENT ANALYSIS AND INTERVIEWS

According to Saunders, Lewis & Thornhill (2016: 579) and Clarke (2006:78), thematic analysis is generally the approach for analysing qualitative data; these are interviews, observations, documents, or websites being analysed (Saunders, Lewis & Thornhill 2016: 579; Clarke (2006:78). Thematic approach is going to be applied in this study, whereby the researcher is going to code interview data and documents highlighted above to identify themes and patterns for further analysis.

4.11.1 Thematic Analysis

As highlighted in Chapter one, thematic analysis looks at patterns of meaning in a data set; for example, a set of interviews or focus group transcripts (Creswell (2017). This study is going to analyse the thematic analysis by way of identifying bodies of data and grouping them according to similarities, i.e., themes. These themes help to make sense of the content and derive meaning from it (Creswell,(2017). Thematic analysis is one of the most common forms of analysis within qualitative research. This thematic approach will involve analysing data by means of comparing answers, in identifying similar themes and establishing the relationship and

variation of the views of individuals (Barbour & Kitzinger 1999:16). Analysis, in this study, involved drawing together and comparing discussions of similar themes and examining how these relate to the variation between individuals (Kitzinger & Barbour, 1999:16). It emphasises identifying, analysing, and interpreting patterns of meaning (themes) within qualitative data.

Saunders, Lewis & Thornhill (2016), argue that there are six-steps for conducting thematic analysis. The six-step process is for identifying, analysing, and reporting qualitative data using thematic analysis.

4.11.2 Six Steps of Thematic Analysis

The six steps prescribed by Saunders *et al.*, (2016) to carry out a thematic analysis are guidelines and should not be used as prescriptive, linear, or inflexible rules when analysing data. They should rather be used in relation to the research question and the available data.

The six steps are as follows:

a. Familiarising yourself with your data

Saunders *et al.*, (2016:580) insists that without familiarisation with the collected data, the researcher will not be engaged in the analytical procedures. In other words, the researcher must be familiar with his/her data during the transcribing process of the collected data. A transcript is a written record of what participants said in response to the research question (Saunders, Lewis & Thornhill, 2016:730). In the case of this study, the interview data and consulted documents data are going to be thoroughly transcribed. A transcription summary/document was kept and constantly referred to for thorough interpretation. This step, according to Saunders, Lewis & Thornhill (2016) requires the researcher to be fully immersed and actively engaged in the data by firstly transcribing the interactions, and then reading (and re-reading) the transcripts, and/or listening to the recordings. Initial ideas should be noted down. It was important that the researcher has a comprehensive understanding of the content of the interaction and has familiarised him-/herself with all aspects of the data. This step provides the foundation for the subsequent analysis (Saunders *et al.*, 2016)

b. Generating initial codes

Once familiar with the data, the researcher must then start coding. Coding involves labelling each unit of data within a data item (Saunders *et al.*, 2016:580). Coding is the process of

organising by bracketing the chunks (or text or image segments) and writing a word representing a category, segmenting sentences, and labelling the categories (Creswell and Creswell, 2018:193). In other words, a code is a single word or short phrase (Saunders et al., 2016:580). The transcript, or document with code in this study will symbolise the meaning of an extract/ extract's meaning and identifying preliminary codes, which are the features of the data that appear interesting and meaningful (Saunders et al., 2016:580). These codes are more numerous and specific than themes but provide an indication of the context of the conversation. Qualitative data, as with quantitative data can be huge (Saunders et al., 2016:580). In such cases, assistance from computer programs is required to reduce the complexity of analysis. Among various qualitative computer software programmes is NVivo or Atlas (Creswell and Creswell, 2018:193). This study used Atlas ti version 22. This computer tool has several features which helped this study in coding and development of the notes (Creswell, 2017). This also enables visual presentation of interpretations drawn from the content (Creswell, 2017). ATLAS is a software program that is used to analyse the data from interviews, documents, and surveys. This study avoided hand coding because it is laborious and time consuming, while computer software such as ATLAS makes it easy to organize, sort, and search for information in a data base faster (Creswell and Creswell, 2018:192).

The researcher analysed the responses from the research participants for qualitative content using the coding strategies by Saldana (2021) and was guided by the research questions together with the interview questions. The researcher also engaged in data reduction, coding and decoding analytic processes to analyse and interpret the qualitative data forms (Saldana (2021:8-10). This was done in ATLAS ti version 22. This software added value and sophistication to the coding process, together with an audit trail for transparency of the analysis process (Smith, 2005). Smith (2014) describes ATLAS ti as a powerful workbench for analysing extensive textual, graphical, audio and video data. During the qualitative analysis, ATLAS ti helped to explore the complex phenomena hidden in the data. All the responses were loaded into the project function, a container for all the data. Coding is the procedure of associating codes and words with segments of data or quotation, which is the association between a quote in the text and a specific code. In collecting and interpreting the data, coding is the basis for developing the analysis (Smith 2021).

c. Searching for themes

This is a distinct stage of analysis which follows coding (Saunders et al., 2016:580). Themes, patterns, and relationships are searched from the coded data. This third step gives the starting point of the interpretive analysis of the collated codes. Relevant data extracts are sorted (combined or split) according to overarching themes (Saunders et al., 2016). Codes are reviewed to eliminate redundancy and overlap (Creswell and Creswell, 2018:192). This step helps to reduce codes to potential themes (Creswell and Creswell, 2018:192). The researcher's thought process should allude to the relationship between codes, subthemes, and themes (Saunders et al., 2016:580). Atlas is going to be used to identify themes and, analysing the content and the sentence structure of the interview responses and consulted documents. Atlas is recommended in this study for its accuracy and promptness in assigning themes meaningfully, depending on the rate of frequency of how each of the themes occurs in the content that is being analysed.

d Reviewing themes

This is a deeper review of identified themes where the researcher needs to question whether to combine, refine, separate, or discard initial themes (Creswell and Creswell, 2018). Data within themes should cohere together meaningfully, while there should be clear and identifiable distinctions between themes (Braun & Clarke, 2006). This is usually done over two phases, where the themes need to be checked in relation to the coded extracts (phase 1), and then for the overall data set (phase 2). A thematic 'map' can be generated from this step (Saunders et al, 2017). As mentioned before, Atlas ti 22 in this study is going to assist identification, classifying and sorting themes and patterns.

e. Defining and naming themes

This stage also involves assigning the themes to three groups: expected themes, surprising themes, and unusual themes (Creswell and Creswell, 2018:192). Themes are refined and defined including potential subthemes within the data; 'refining and defining' the themes and potential subthemes within the data (Braun & Clarke, 2006). Ongoing analysis is required to further enhance the identified themes (Braun & Clarke, 2006). The researcher needs to provide theme names and clear working definitions that capture the essence of each theme in a concise and punchy manner. At this point, a unified story of the data needs to emerge from the themes. In this study, the themes being defined and named is in the context of the process of developing SAA privatisation model with the aid of the selected documents for analysis. The themes were

arrayed into a conceptual map showing a smooth flow of ideas from a more general picture to a specific picture (Creswell and Creswell, 2018:198).

f. Producing the report

Finally, the researcher needs to transform his/her analysis into an interpretable piece of writing by using vivid and compelling extract examples that relate to the themes, research questions, and literature. This study ensures that the analysis summary of both interviews and document analysis are structured in such a way that the analysis must go beyond a mere description of the themes and portray an analysis supported with empirical evidence that addresses the research questions.

4.11.3 Seven steps for managing qualitative data

During the data analysis process, this study will also be guided by Creswell's (2017) Seven Steps for managing qualitative data which are as follows, and can be applied to both manual and electronic analyses:

- Keep copies of important information. A data management system should also be backed-up and updated as data preparation and analysis proceeds.

Arranging field notes or researcher commentary in a chronological, genre, cast-of-characters, event, or activity, topical or quantitative data file schema.

- Creating a system for labelling and storing interviews. This includes a unique name or case identifier for each file that communicates crucial information about the file to researchers.
- Cataloguing all documents and artifacts.
- Providing for the safe storage of all materials.
- Checking for missing data.
- Developing a process for reading and reviewing text.

The steps were carefully followed to prevent research confusion at the stage of analysis. If data files comprise text documents that are structured and organised differently, then, cross-comparison of data within transcripts becomes laborious and, eventually, it delays the process

of analysis. Confusion stemming from poor data management severely limits the amount of information that can be processed and remembered by researchers.

These seven steps help avoid research pandemonium by achieving the following three key goals:

- Producing high-quality and accessible data.
- Documenting what analyses have been carried out and the preservation of data, and
- Corresponding analyses after the study is complete.

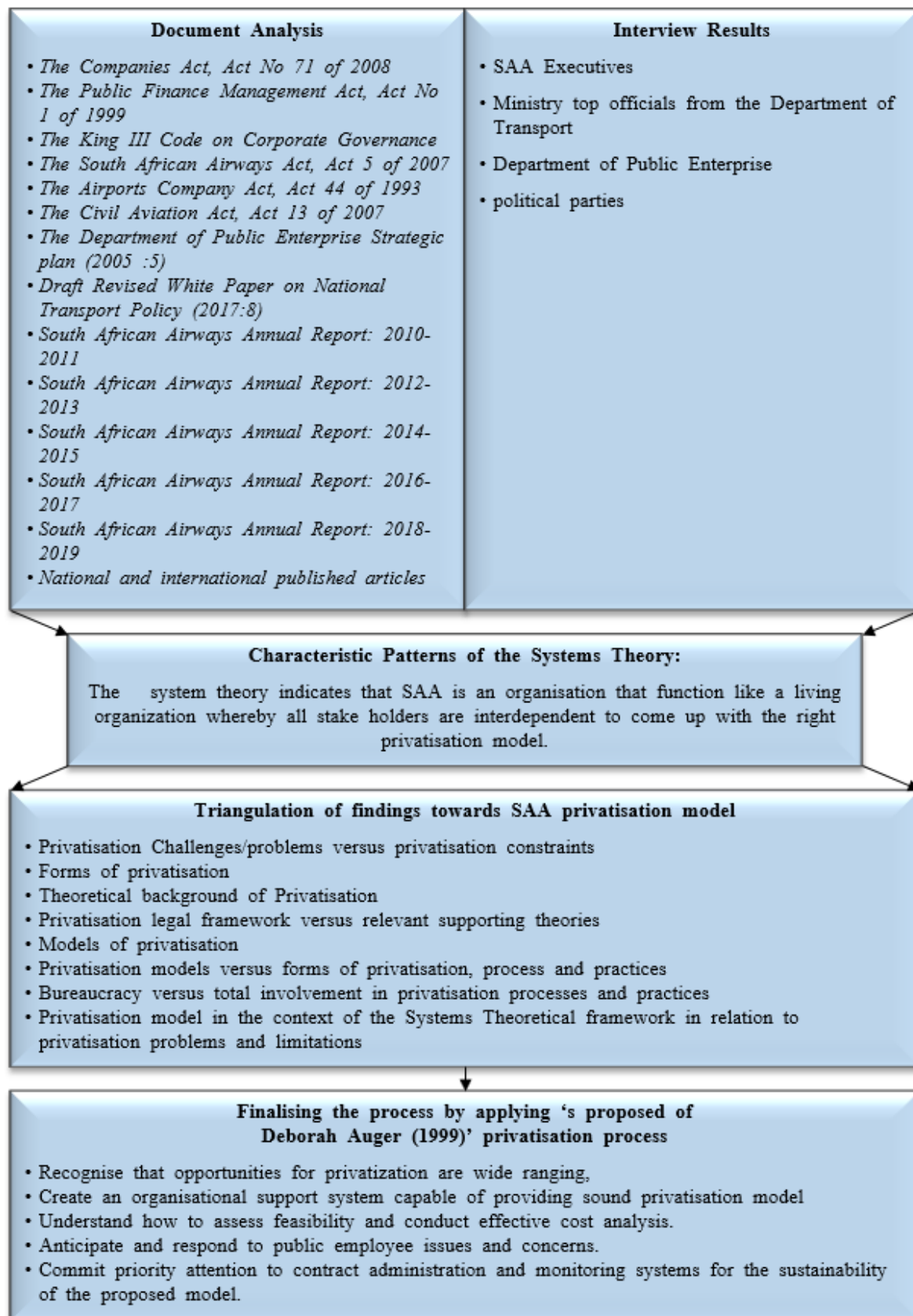
Documentation of data activity is essential to maintaining data integrity and facilitating efficient write-ups during analysis. A competent system for tracking, processing, and managing data is key to the successful and timely completion of a research study (Creswell, 2017).

With respect to the identified documents in table 4.6, 4.7 and 4.8 respectively, analysis will be done in this study by way of the technique of taking note of common frequencies or occurrences, of certain words, phrases, and concepts in the content of each extracted text, or comments from each of the documents as advocated by O'Leary (2014). Within the documents, the frequency and number of occurrences within the document, categories, themes and for further analysis, into emerging themes whose interpretation is supported by both primary and secondary findings of the study according to the research objectives. The study will make use of tables that are going to be categorised according to the type of document, main themes, selected texts, or comment from each of the highlighted documents. These are further split into sub-themes followed by relevant discussions and interpretations. Bowen (2009).

4.12 TRIANGULATION OF INTERVIEWS AND DOCUMENT ANALYSIS RESULTS

The purpose of triangulation in qualitative research is to increase the credibility and validity of the results. According to O'Donoghue and Punch (2003), triangulation is a "method of cross-checking data from multiple sources to search for regularities in the research data". This study uses the multiple methods in the same project (Janesick, 1998) by specifically focusing on interviews and document analysis. The diagram below illustrates how the triangulation process of interview and document analysis is going to be conducted.

Figure 4.3: The Triangulation Process



Own diagram (ideas adapted from Leveson, 2011; Best & Holmes, 2010; Linhares, 2009; Trietsch, 2005; Vygotsky, 1978).

Table 4.9 illustrates that the analysis of the data of the interviews is going to be triangulated with document analysis results to strengthen the findings of the study as per the research objectives. This is aimed at ensuring that the research questions are fully answered with the support of secondary data collected. The triangulated and interpreted data, complying with the main theoretical framework underpinning the study (Systems theory) whereby all consulted stakeholders, including relevant documents, have been consulted. The last component of table 4.9 highlights the finalising of the privatisation process.

4.13 ESTABLISHING RELIABILITY AND VALIDITY

In qualitative study, trustworthiness replaces validity and reliability. Trustworthiness incorporates credibility, transferability, dependability, and conformability to determine the rigour of the study (Creswell, 2017).

- Credibility will take place through the engagement of the participants, continuous observations, adequate referrals, and member checking (Flick, 2016). The researcher will engage the participants, carry out observations, make constant referrals and checking with the participants if what they said was correctly captured.
- Transferability relates to the generalisation of the findings of the study (Flick, 2016). Qualitative studies produce limited, generalised results according to the way the data is collected and interpreted. Transferability will be achieved by ascertaining that the research problem and research objectives are well addressed to have generalised results.
- Dependability relates to the uniformity of the research findings and the research results. There will be a need for the researcher to constantly relate to changes that will be taking place on the phenomenon that is under study. Interaction with the participants, as well as the research processes need to effectively take place (Leedy & Omrod, 2015).
- Confirmability refers to the data that must be neutral instead of the researcher being neutral. Confirmable research facilitates the study to have the conclusions of the study that are grounded in the collected data (Neuman, 2014). Confirmability will be ensured by making sure that the thematic analysis agrees with what the participants will have said.

4.14 ETHICAL CONSIDERATION

This study adhered to ethical principles by strictly ensuring that confidentiality and anonymity of participants are well respected. The rights, dignity, and privacy, together with their personal experiences with the use of privatization models into the Airways, was treated with a high level of confidentiality and privacy in the process of this study. Following research ethics, this study informed the sampled participants that the investigation is going to be carried out on a voluntary basis. This means that they were allowed, through the consent forms that they have read and signed, to discontinue with the responses if they so wish or should they feel that ethical principles are not being well observed by the researcher during the study. The researcher also ensured that participants are well informed in advance and that there are no promises of financial and material benefits during the research.

As highlighted above, the researcher also made sure no harm comes to the participants. This was done by informing them, by means of a letter of consent, which allows them to remain as participants or withdraw. The researcher was supposed to physically hand deliver and collect the letters of consent to the nine interview participants since there is a limited number per each department or organisation. Due to COVID 19, however, the researcher e-mailed the consent letter to the participants.

This study was undertaken with a high level of honesty and integrity by the researcher. Only findings that were relevant and enhance learning was documented. The researcher gave respondents enough information about the study, in terms of the research objectives, methodology and study participants. Since this study was conducting on a face-to face interview, focusing on one respondent at a time in different departments, the researcher considered their respective offices as acceptable for the sake of privacy and confidentiality. This research was undertaken during COVID 19, and only one responded allowed the researcher to undertake the interview in his office. The rest were face-to-face via Microsoft Teams.

Where the researcher uses recording gadgets, such as a voice recorder, the participants were informed about it prior to their use. The researcher will ensure that the recorded information is not used for any purpose other than for this intended research study. The researcher ensures that the identities of the respondents be concealed by only using codes, and information volunteered not be used for anything else rather than for the purposes of the research study.

This complies with O’Leary (2013), who, in terms of research ethics is of the notion that it is the responsibility of the researcher to make sure that participants are protected.

In terms of data storage, the researcher will ensure that the study data sets will be placed in encoded digital form and stored on a cloud platform. The saved information will be accessible online by the researcher and his supervisor, only by use of a login account and password. When writing this research proposal, the researcher will make sure that all sources of every statement are well cited, to avoid the risk of plagiarism. Personal bias was minimised in the process of getting the answers to the questions, by using various research instruments from a representative sample. By trying to be neutral, the researchers opinion in the data collection and analysis was reduced. Relative to this study, trustworthiness incorporated values such as honesty and integrity. This is the reason why this study tried to comply with the above ethical considerations (Driscoll, 2011:155; Dahlbeg & McCaig, 2010).

4.15 CHAPTER SUMMARY

This chapter entirely focused on methodology discussions related to the development of a model of privatisation for state-owned enterprises in the context of SAA. This included a discussion on the philosophical approaches to be used in the study, the research approach, strategy, data collection method and techniques. Triangulation of interview findings and document analysis findings have been demonstrated diagrammatically. Application of the theory of constraints during the interviews has been highlighted.

The next chapter involves data collection and analysis and interpretation of data collected from interviews and secondary sources, (Document analysis). It will also describe and discusses (interprets) the research finding based on the themes as invoked by the literature and accompanying relevant theories.

CHAPTER 5

PRESENTATION AND DISCUSSION OF FINDINGS

5.1 INTRODUCTION

The adopted methodology for this study was highlighted in detail in the previous chapter. Presentation and discussions of the findings were done to answer the research questions. For this study, both documents and in-depth interviews were analysed. Documents, such as the main policies that guide public/private companies in SA, policies linked to South African Airways, including policy documents from important stake holders, such as the Department of Public Enterprises, Department of Transport and SAA reports, were first analysed as the first phase of this chapter. As indicated in Chapter 4, a long table approach was used where all data was categorised and discussions of similar themes and subthemes per category compared. The thematic approach used involved analysing data by means of identifying similar themes and establishing the relationship of variation of the views of the recorded texts of individuals. Analysis in this study also involved drawing together and comparing discussions of similar themes and examining how these relate to consulted literature in chapter 2 and 3, and the results of face-face interviews.

5.2 BRIEF OVERVIEW OF THE ANALYSED SOURCES

The following sub sections give a brief overview of the main sources of analysed data, starting with the legal documents and then followed by the interviewees.

5.2.1 Analysed documents

As highlighted in previous chapters, the following documents were found relevant to answer all the research questions:

- The Companies Act, Act No 71 of 2008
- The Public Finance Management Act, Act No 1 of 1999
- The King III Code on Corporate Governance
- The South African Airways Act, Act 5 of 2007
- The Airports Company Act, Act 44 of 1993
- The Civil Aviation Act, Act 13 of 2007
- The Department of Public Enterprise Strategic plan (2005:5)

- Draft Revised White Paper on National Transport Policy (2017:8)
- South African Airways Annual Report: 2010-2011
- South African Airways Annual Report: 2012-2013
- South African Airways Annual Report: 2014-2015
- South African Airways Annual Report: 2016-2017
- South African Airways Annual Report: 2018-2019
- Privatisation models/frameworks, national and international published articles

Consulted literature, also assisted in analysing privatisation frameworks, following both international and national trends apart from confirming and acknowledging results of the document analysis and interview sessions. Limited ethical issues are associated with published reports. Published reports provide high levels of reliability and validity (Bryman *et al.*, 2016; Schwster, 2015).

5.2.2 Interviewees

- **Dep. of Public Enterprises:** The Deputy Director-General the Chief Risk Officer.
- **Dep. of Transport:** The Director General and the Chief Director: Aviation, Safety and Security.
- **SAA Executives SAA Executives:** The Chief Financial Officer and the Head of Department Financial Accounting.
- **Political Parties:** 1 DA political official. 1 EFF political Official and 1 ANC political official.

5.3 THE STRUCTURE OF THE PRESENTATION AND DISCUSSION OF FINDINGS

This section, in the form of a table, gives a sequential structure of how data has been analysed and presented. It is also important to note that the flow of this study allowed document analysing first and, immediately followed by interview analysis per each research question so as to easily relate and link supportive, elaborative, collaborative and contradicting interpretations to ensure effective presentation of findings.

Table 5.1: The Sequence of the data presentation, interpretation, and discussions

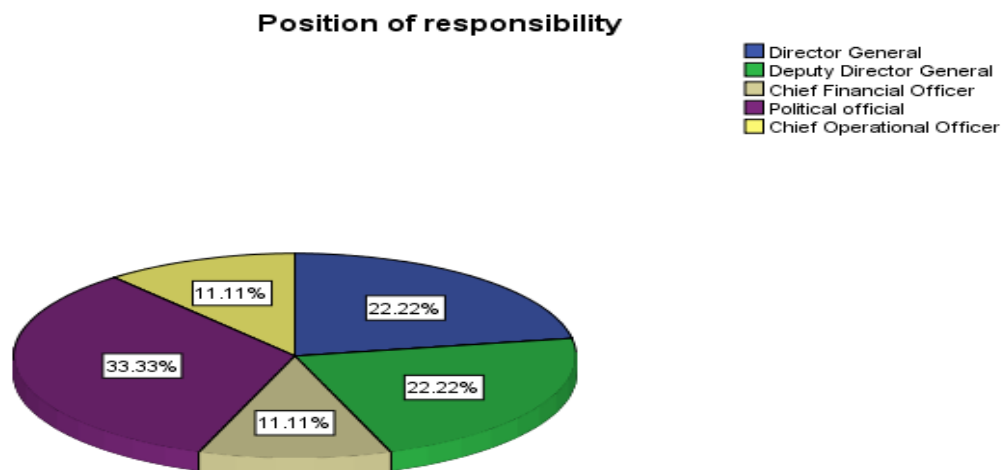
Biographic information	Biographical information was compiled to obtain information which might have a bearing on the findings of the study. This section consists of six variables, each of these variables was analysed independently.
Findings	Analysis of the biographic indicated that the collected data was relevant this study. The variable was analysed in the following manner: Figure 5.1 Position of responsibility Figure 5.2 Gender Figure 5.3 Age group Figure 5.4 Experience on the post of the above responsibility Figure 5.5 Level of Education Figure 5.6 Race
Research question 1	What is the legal framework governing public ownership in South Africa?
Findings	The results of the document analysis, literature review and the interviews agree that the Companies Act No.7 of 2008, Public Finance Management Act No. 1 of 1999, King III Report on Corporate Governance 2002. The South African Airways Act No. 5 of 2007, Department of Public Enterprise strategic plan and draft of revised White Paper on national Transport Policy of 2017 have all the legal stipulations that govern public ownership of enterprises in South Africa including SAA. This research question was answered by analysis of both document and interview as indicated from section 5.5 to section 5.5.4.2 making use of the following tables: Table 5.2 to 5.3: legal framework governing public ownership in South Africa (Document in the context of corporate governance (Document analysis) Table 5.4 to 5.5: legal framework governing public ownership in South Africa (Document in the context of financial management (Document analysis) Table 5.6: SAA legal framework in relationship to financial performance (Interview analysis). Table 5.7: Policies directly linked to SAA in terms of state/private ownership (Document analysis) Table 5.8: SAA Corporate governance and financial management regulating SAA Public /private ownership status
Research question 2	How is the financial performance of the South African Airways?
Findings	Syntheses of the findings of document analysis, literature review and interview results give a consensus that SAA financial performance was a failure between 2010 and 2019 because of the constant losses made during the same stipulated period. This research question is answered by analysis of results of SAA financial reports from 2010 to 2019: Section 5.6 to section 5.6.5.6 making use of the following tables: Table 5.9: Analysis of SAA Group Annual Financial Statements Since 2010-18 (Document analysis). Table 5.10: Table 5.10: SAA Annual report (2015) (Document analysis). Table 5.11: Financial performance of SAA (Interview analysis).

Research question 3	What are the factors which affect the financial performance of South African Airways?
Findings	Results of document analysis, literature review and face to face interviews collectively agree that poor interpretation and implementation of the legal stipulation governing public ownership in terms of legal guidance, Legal control, Legal rights and obligations, duties and responsibilities and legal protection associated with corporate governance legal framework governing public ownership of companies in South Africa were some of the prevailing factors associated with the poor financial performance of South during the period 2010- 2019. Transparency, accountability, Fiduciary duties, and handling financial misconduct are the main financial legal obligations which were neglected during implementation This research question was answered by analysis of both document and interview as indicated from section 5.7 to section 5.7.4.4. making use of the following tables: Table 5.2 to 5.3: legal framework governing public ownership in South Africa in the context of corporate governance (Document analysis). The results are supported by the analysis of the following tables: Table 5.12: Compliance to legal frameworks in the context of corporate governance (Corporate governance corresponding themes and emerging sub-themes). Table 5.13: Compliance to legal frameworks in the context of financial management (Financial management themes and sub-themes). Table 5.14: Economic, political and Social Governance factors. Table 5.15: Table 5.15: SAA Corporate governance and financial management regulating SAA Public /private ownership status.
Research question 4	What are the models for privatisation of state-owned enterprises?
Findings	Research findings identified the following frameworks of privatisation models before coming up with the final model: Full privatisation, Semi/partial privatisation and no Privatisation. This research question was answered by analysis of both document and interview as indicated from section 5.8 to section 5.8.6 making use of the following tables: Table 5.16: Privatisation models in the context of the Systems Theoretical framework (Document analysis). Table 5.17: Privatisation models in the context of the Systems Theoretical framework (Interview analysis). Table 5.18: Privatisation models (Document analysis). The developed privatisation model was based on the findings of the document analysis, face to face interviews, literature review in the contexts of the systems constraints theoretical perspective following the following stages. 1.Removing state regulations, typically in the economic sphere: (Removing and not reducing business regulations). 2. Equity Sale: The state sells common shares, instead of only the assets. The company remains the same, with only the SAA ownership structure changing hands between the State and the buyer 3. Equity Sale Agreement: Signing the Equity sale agreement between the state and SAA based on the full deregulation procedures 4. Proposed Model: Proposed Mode Deregulated full privatisation model 5. Proposed future model name: Full privatisation open systems model.

5.4 ANALYSIS OF THE BIOGRAPHICAL INFORMATION OF THE INTERVIEWEES.

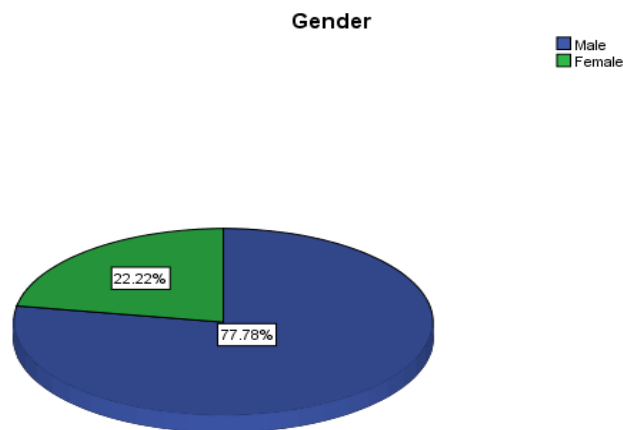
Biographical information was compiled to obtain information which might have a bearing on the findings of the study. This section consists of six variables; each of these variables shall be analysed independently. As far as interviews are concerned, it was also important to analyse the respondents just to confirm relevance of the findings to the study.

Figure 5.1: Position of responsibility



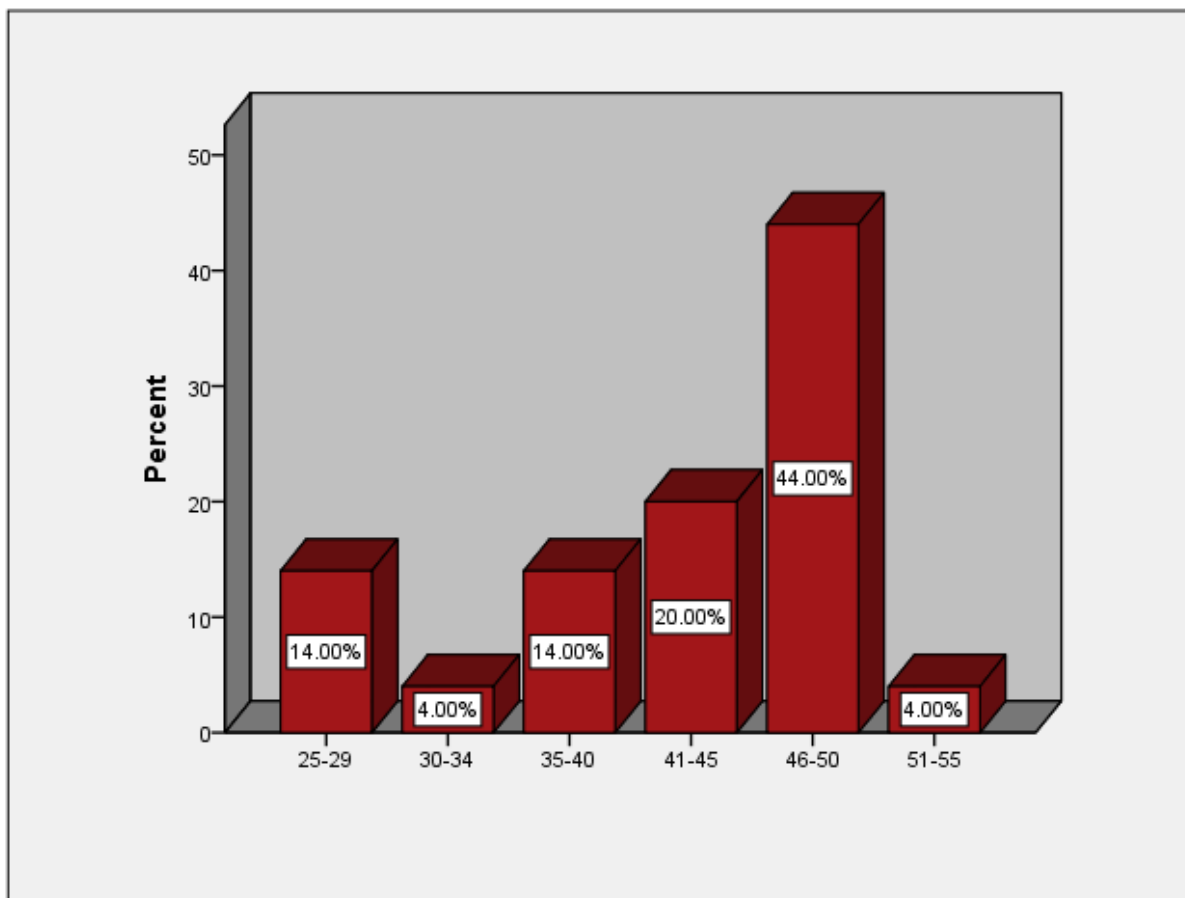
Results of Figure 5.1 indicate that most of the respondents, accounting for 33 per cent, were political officials of the main three political parties, DA, EFF and ANC. Each party was represented by one member as part of the interviews. This was an equal and fair distribution. This was also relevant to this study, as politicians are part of the current and previous policy making process when it comes to the stipulations of the State-owned legal framework. The representation of Director-Generals and the Deputy Director Generals who form the next of majority of findings (22% respectively) indicate that the collected and analysed data was coming from individuals of high profile with profound ideas of business operations of SAA. This, in one way or the other, contributed to the success of the study. The combination of the 22 per cent representing the Chief Financial officers and the Chief operational officer, added together, forms the core of the study when it comes to sourcing practical information of SAA performance.

Figure 5.2: Gender



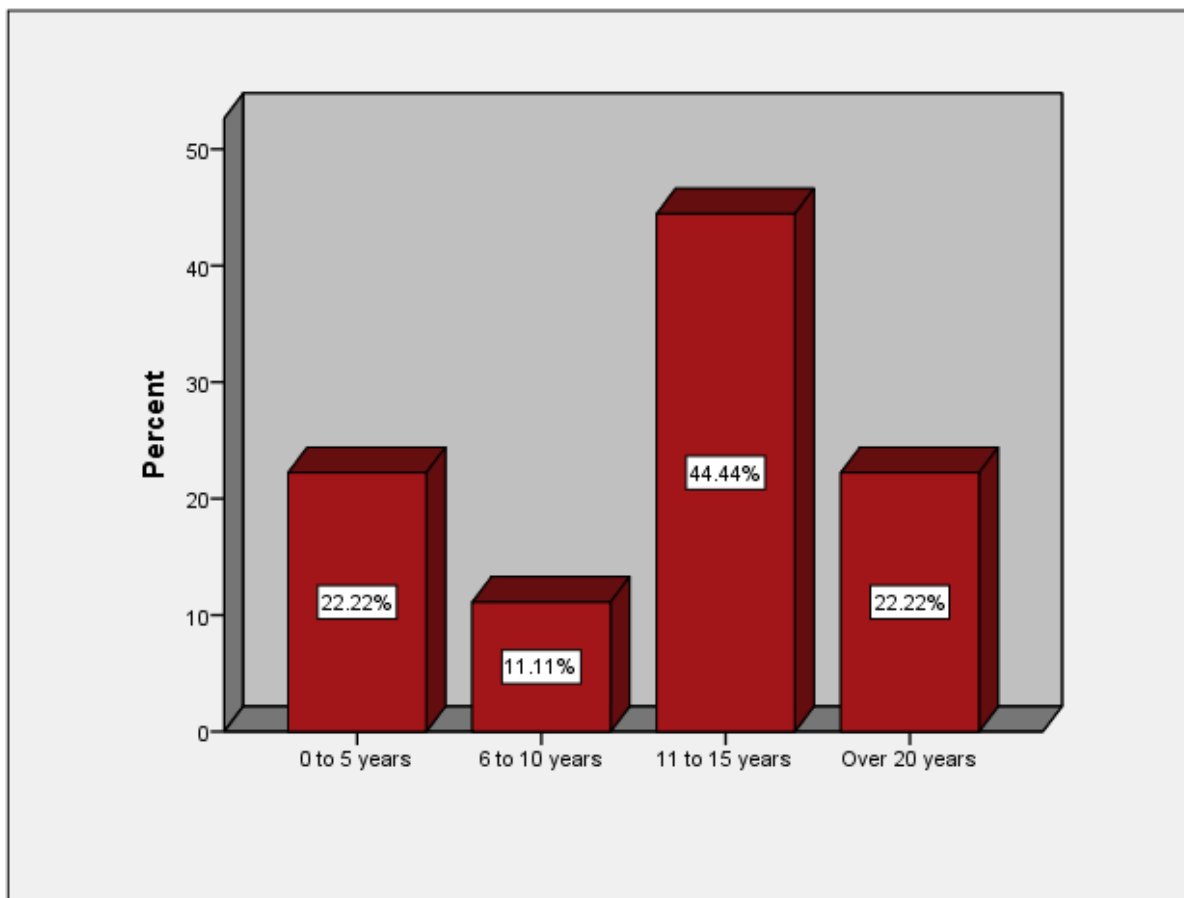
Although the findings of figure 5.2 indicate male dominance of 78 per cent compared to the female representation of 22 per cent, this had no effect on the results, although gender equity must always be observed when it comes to employment opportunities.

Figure 5.3: Age group



The finding of figure 5.3 indicate that most of the respondents (33%) are professionally mature to supply relevant responses to the study. These were in the range of 50-60- year- olds, followed by 22 per cent falling in the age range of 30-34, and the rest, 44 per cent when added together in the age range, 20-55. The level of professional maturity in one way or the other, contributed to the success of the study.

Figure 5.4: Experience on the post of the above responsibility



The findings of figure 5.4 indicate that most of the respondents (44%) had 11 to 15 years of experience in the current position they are working. This means that they had enough exposure to interpretation and implementation of policies, directly or indirectly linked to SAA, hence the responses were relevant to the success of this study. In addition to that, other respondents have indicated that they have a wide range of experience. Twenty-two percent had experience of over 20 years, and the other 22 per cent, between 0 to 5 years and 11 per cent between 6 to 10 years.

Figure 5.5: Level of Education

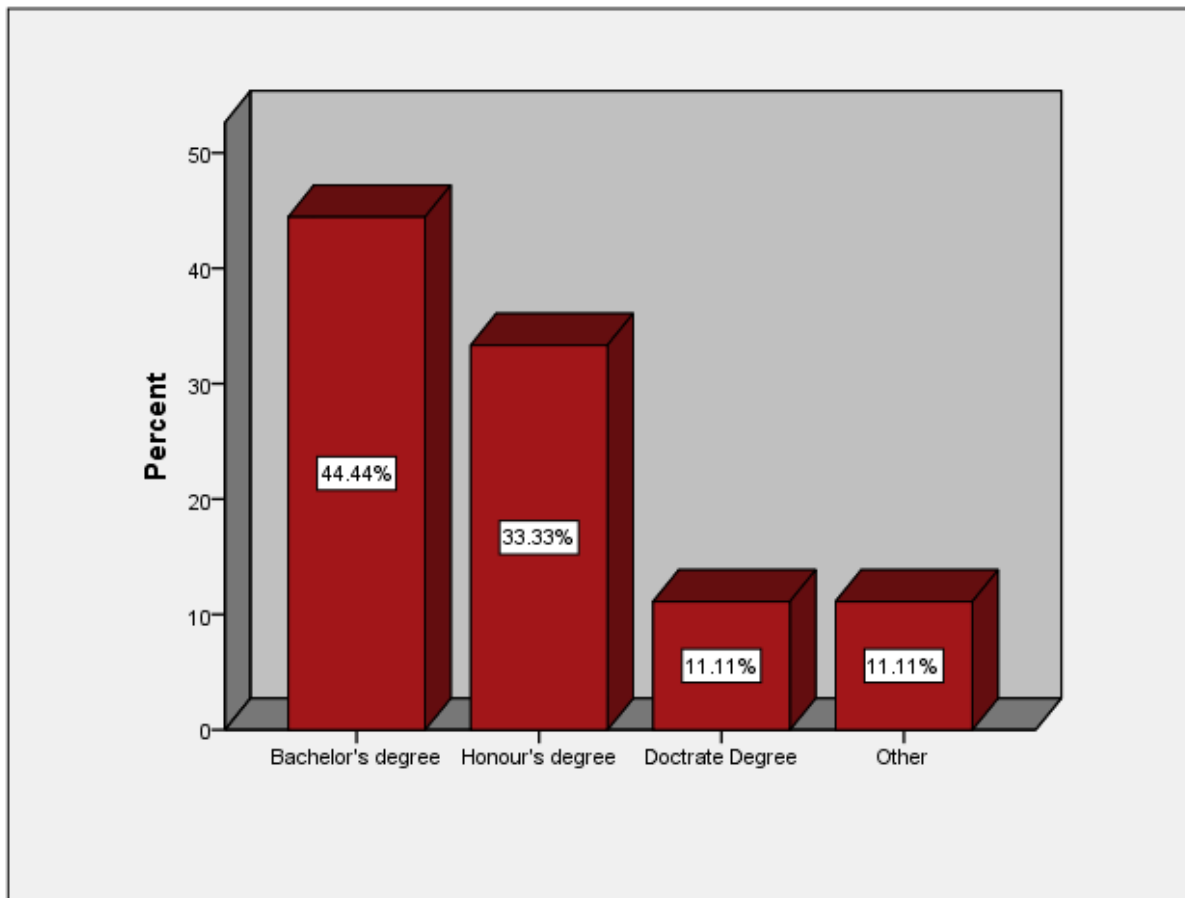
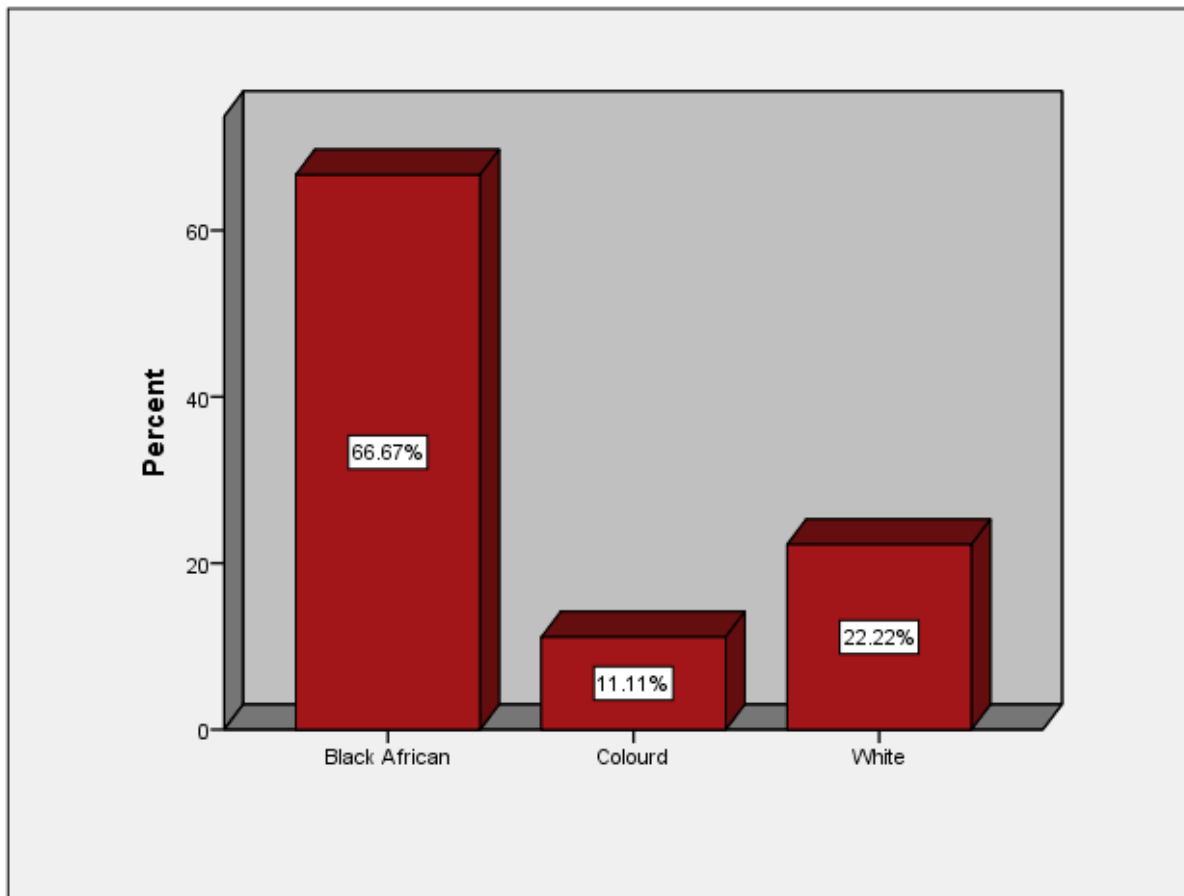


Figure 5.5 The results reflect that the respondents were in position of high qualifications in their area of responsibility. Most of them, 44 per cent had bachelor's degrees, followed by 33 per cent who had honours degrees. This means that the majority had knowledge and understanding of the topic under study. This also added value to the information they provided in the context of SAA operations.

Figure 5.6: Race



Results of figure 5.6 indicated that majority of the respondents were black Africans. Twenty-two per cent were whites, and 11 per cent coloured. Although the black race dominated, this did not affect the results of this study. What is more important is that the responses had perceptions from the other races, although these did not represent the majority.

5.5 CATEGORY ONE: LEGAL FRAMEWORK GOVERNING PUBLIC OWNERSHIP IN SOUTH AFRICA (DOCUMENT ANALYSIS)

Using document analysis, the following question was intended to explore the legal framework governing public ownership in South Africa. What is the legal framework governing public ownership in South Africa in the context of corporate governance and financial management?

The following tabulated themes and texts were identified and recorded in response to the above question and the corresponding category:

5.5.1 Corporate governance

Table 5.2: Corporate governance (Selected texts from Documents)

THEMES				
Documents	Legal Guidance	Legal Control	Legal Rights and Obligation, Duties and Responsibilities.	Legal Protection of Companies.
Companies Act, Act No 71 of 2008	To provide for the incorporation, registration, organisation, and management of companies for organisational compliance. To define the relationships between companies and their respective shareholders or members and directors. To disseminate company policy, company standards and implementation of policies To establish a financial reporting standard	To establish companies and intellectual property commission and a takeover regulation panel to administer the requirements of the Act with respect to companies To establish the financial reporting standards. Council to advise, provide clearly defined responsibilities. -Coordinate activity -coordinate actions Protect information Monitor, assess and evaluate operational performance Policies and procedures Risk management Performance management on requirements for financial records	To efficiency, flexibility and assigning of responsibilities, tasks duties roles and job descriptions.	To provide for efficient rescue of financially distressed companies To establish a company's tribunal -To facilitate alternative dispute resolutions and review decisions of the commission and protect rule of law To provide for protection to business incorporation and regulation guidance

The King Code of 2002	Summary of Code of corporate practices and conduct application of Code The Code applies to: -All Listed Companies -Promote operational efficiency -Financial Institutions. - Public Sector Enterprises, - Agencies and Government (Local, Provincial and National Departments. -All companies and their Stakeholders Should apply the relevant principles -Disseminate company policy, and disseminate standards, and implementation of policy -National Treasury Will Issue “Good Practice Guides” for organizational compliance for the public sector and performance management	This should, at least, make the board Responsible for: -Strategic plans -Monitoring, assess and evaluate operational performance -Determining policies and procedures -Risk management -Internal controls	-The Board of Directors is accountable for the performance and affairs of the company including assigning Responsibilities, tasks, Duties, roles and job description -Authority should be delegated to management and board committees, but it remains the responsibility of the directors. -The unitary board with executive and non-executive directors is appropriate for S.A. companies. The Board shall: -Provide strategic direction -Retain full and effective control -Comply with laws and regulations -Define levels of materiality -Delegate certain powers to management -If material, reserve powers to itself -Have access to company information and records -Agree a procedure to allow directors to obtain independent professional advice -Decide on the number of directors required to make the Board effective -Identify and monitor key risk and	Determine a balance between governance constraints and entrepreneurial Performance. - Code of conduct. - efficient rescue and rules of law -Business incorporation and regulation -encouraging innovation
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THEMES				
Documents	Legal Guidance	Legal Control	Legal Rights and Obligation, Duties and Responsibilities.	Legal Protection of Companies.
			key performance areas -Identify and monitor non-financial aspects -Record facts and assumptions...	
The Public Financial Management Act 29 of 1999	-Prepare the provincial budget -Exercise control over the implementation of the provincial budget, financial organisation compliance and disseminate company financial policy, -Performance Management Promote and enforce transparency and effective performance management in respect of revenue, expenditure, assets and liabilities. Ensures that its fiscal policies -disseminate financial standards, and implementation of financial policy with relevant legislation -Reduce financial risks and relationships.	...must comply with the annual Division of Revenue Act, and monitor, assess and evaluate the implementation of that Act in provincial public entities -must monitor and assess the implementation in provincial public entities of national and provincial norms and standards -An official of the treasury to whom a power or duty and responsibilities are assigned in terms of section 10 or 20 ...exercise that power or perform that duty, coordinate activity, coordinate actions, -Protect information - Advice -Policies and procedures. -Risk management and performance management.	The following section is hereby inserted in the principal Act after section 34: “Unfunded mandates 35. Draft national legislation that assigns an additional function or power to the -Board of directors - Board of committees -Heads of Department -Managers -Employees to imposes any other obligation. Responsibilities, tasks, Duties, and Job description	Section 63 of the principal Act is hereby amended by the substitution for subsection n (2) of the following subsection: “(2) The executive authority responsible for a public entity under the ownership control of the national or a provincial executive must exercise that executive’s ownership control powers to ensure that that public entity complies with this Act 50 and the financial policies of that executive. In terms of addressing - Code of conduct. - Efficient financial rescue - Rule of law - Financial Business incorporation and regulation.

Table 5.2 above reflects selected texts recorded against each selected legal documents under corresponding themes.

Table 5.3: Corresponding themes and emerging subthemes

THEMES			
Documents	Legal Control	Legal Rights and Obligation, Duties and Responsibilities.	Legal Protection of Companies.
SUB-THEMES			
-organisation compliance -disseminate company policy, -disseminate standards, and implementation of policy with relevant legislation -Compliance with legal standards, -Promote operational efficiency - Reduce risks -Comply with strategic goals -management of companies, -Relationships -Relevant principles -Performance Management.	- Monitor: -Evaluate -Assess -Provide clearly defined responsibilities -Coordinate activity -Coordinate actions -Protect information -Advice - Policies and procedures: -Risk management -Performance management.	- Accountability: -the board of directors - Board of committees -Heads of Department -Managers -Employees -Responsibilities -Tasks -Duties -Roles -Job description.	-Code of conduct. -Efficient rescue -Rule of law -Business incorporation and regulation.

The information recorded in Table 5.2 and 5.3 indicates that legal guidance, legal control, legal rights and obligations, duties and responsibilities and legal protection as the main themes serve the purpose of embracing the corporate governance legal framework governing public ownership of companies in South Africa.:

5.5.1.1 *Legal guidance: Organisation compliance, disseminate company policy, disseminate standards, and implementation of policy with relevant legislation, Compliance with legal standards, promote operational efficiency, reduce risks, - Comply with strategic goals, management of companies, Relationships, Relevant principles, Performance Management*

Critical analysis of the themes and emerging sub-themes reflects that every State-owned enterprise, including SAA have a legal system that guides them to comply to certain stipulated standards to meet expected goals by following relevant principles and, at the same time, maintain work related behaviour as guided by legal work ethics, whereby management monitors performance and possible risks for the sake of organisational efficiency. In other words, legal guidance is one of the important aspects of governance of companies. The following legal documents confirm this by making the provisions to public entities:

a. *Companies Act 71 (2008:5)*

- Provide for the incorporation, registration, organisation, and management of companies for organisational compliance
- Define the relationships between companies and their respective shareholders or members and directors
- Disseminate company policy, company standards, and implementation of policy
- Establish Financial Reporting Standards

b. *King Code III Report on Corporate Governance (2002:1)*

The code applies to:

- All listed companies, financial institutions.
- Public sector enterprises, agencies, and government (local, provincial, and national) departments.
- All companies and their stakeholders should apply the relevant principles. National Treasury will issue “Good Practice Guides” for the public sector.

c. *Public Finance Management Act No. 1 (1999:1):*

- To regulate financial management in the national government and provincial governments;

- To ensure that all revenue, expenditure, assets, and liabilities of those governments are managed efficiently and effectively
- Provide for the responsibilities of persons entrusted with financial management in those governments, and to
- Provide for matters connected therewith.

The implication according to the results is that if a government enterprise such as SAA fails to implement the provided legal guidance, the aspect of business effectiveness and efficiency is liable to failure.

5.5.1.2 *Legal control: Monitor, Evaluate, Assess, provide clearly Defined responsibilities, coordinate activity, coordinate actions, Protect information, advice Policies and procedures, Risk management, -Performance management*

Critical analysis of the themes and emerging sub-themes reflects that every State-owned enterprise, including SAA, also has a legal system that controls state owned companies by providing clearly defined and coordinated responsibilities, activities and advice by way of following policies and procedures that are subject to evaluation, assessment and monitoring as part of performance management systems to ensure that legal control is respected. In other words, corporate governance is the system by which companies are directed and controlled. Boards of directors are assigned the responsibility for the governance of their companies (Castrillón, 2021). In compliance with the theory of shareholding, Castrillón (2021) supports the view that the shareholders' role in governance is to ensure that making use of appropriate governance structures, directors as well as auditors are appointed for legal control and ensuring that behaviours are monitored for effectiveness and efficiency (Refer to chapter 2 section 2.7.4: p. 46). The following legal documents confirm this by making the provisions to public entities:

a. *Companies Act 71 (2008:3):*

- To establish a Companies and Intellectual Property Commission and a Takeover Regulation Panel.
- To administer the requirements of the Act with respect to companies, to establish a company's tribunal to facilitate alternative dispute resolution and to review decisions of the Commission.
- To establish a Financial Reporting Standard.

- Council to advise on requirements for financial record-keeping and reporting by companies.
- To repeal the Companies, Act, 1973 (Act No. 61 of 1973), and make amendments to the Close Corporations Act, 1984 (Act No. 69 of 1984), as necessary. to provide for a consistent and harmonious regime of business incorporation and regulation.

b. King Code III Report on Corporate Governance (2002:2)

This should, at least, make the board responsible for:

- Strategic plans
- Monitoring operational performance
- Monitoring performance of management
- Determining policies and procedures
- Risk management
- Internal controls
- Communications policy
- Director selection
- Induction of directors
- Evaluation of directors.

c. The Public Finance Management Act 29 (1999:24)

- Must enforce this Act and any prescribed national and provincial norms and standards, including any prescribed standards of generally recognised accounting practice and uniform classification systems, in provincial department.
- Must comply with the annual Division of Revenue Act and monitor and assess the implementation of that Act in provincial public entities.
- Must monitor and assess the implementation in provincial public entities of national and provincial norms and standards; may assist provincial departments and provincial public entities in building their capacity for efficient, effective, and transparent financial management.
- Must intervene by taking appropriate steps, which may include the withholding of funds, to address a serious or persistent material breach of this Act by a provincial department or a provincial public entity.

5.5.1.3 *Legal rights and obligations, duties, and responsibilities: Accountability, The Board of Direct, Board of Committees, Heads of Department, Managers, Employees, Responsibilities, Tasks, Duties, Roles, Job description.*

As highlighted before, when analysing the themes and emerging sub-themes, the results indicate that every relevant stakeholder, directly or indirectly linked to a state-owned company, is bound by legal obligations, rights, duties and responsibilities as confirmed by Hebble and Ramaswamy (2005) who also mention that the structure of corporate governance reflects the distribution of rights and responsibilities the shareholders, board of directors, committees, Heads of Department, managers, and employees whose duties and roles are stipulated by their job description (Refer to chapter 2, section 2.7.4: 46). The implication of the findings is that if legal rights and obligations, duties and responsibilities are violated, potential consequences are most likely to impact negatively on business operations.

The following legal documents confirm this by making the provisions to public entities:

a. *Companies act 71 (2008:27)*

“Memorandum of Incorporation” means the document, as amended from time to time that sets out rights, duties and responsibilities of shareholders, directors and others within and in relation to a company, and other matters as contemplated in section.

b. *The King Code III (2002:1)*

- The board is accountable for the performance and affairs of the company.
- Authority should be delegated to management and board committees, but it remains the responsibility of directors.
- The unitary board with executive and non-executive directors is appropriate for S.A. companies.

The Board shall:

- Provide strategic direction
- Retain full and effective control
- Comply with laws and regulations
- Define levels of materiality
- Delegate certain powers to management

- If material, reserve powers to itself
- Have access to company information and records
- Agree a procedure to allow directors to obtain independent professional advice
- Decide on the number of directors required to make the Board effective.

c. Public Finance Management Act No. 1 (1999:1)

Appointment of Accounting Officers, acting accounting officers and their responsibilities (general responsibilities):

- Accounting officers' responsibilities relating to budgetary control.
- Accounting officers' reporting responsibilities.
- Information to be submitted by accounting officers.
- Accounting officers' responsibilities when assets and liabilities are transferred.
-
- Other officials of Departments and Constitutional Institutions
- Assignment of powers and duties by accounting officers.
- Responsibilities of other officials

d. Legal protection of companies: Code of conduct. Efficient rescue, Rule of law, Business incorporation and regulation.

Close analysis of the developing themes indicates that the South African legal framework protects state owned companies by provision of a code of conduct which gives provision of efficient rescue of such companies when faced with challenges following the principles of business incorporation and regulation. In the context of legal framework governance, a study conducted by Castrillón (2021: 182) stipulates that:

It is also important to bear in mind that the concept of corporate governance is framed within business ethics. Business ethics is the ethics applied to the organizational field, which refers to human quality, the excellence of people and their actions, within the framework of their work. Good business conduct practices are embodied in the codes of ethics, which contemplate the set of values that are established in the same system or code to benefit the company as a whole (Refer to chapter 2 section 2.7.4: 46).

The following legal documents confirm this by making the provisions to public entities:

e. Companies Act 71 (2008:3)

- To provide for efficient rescue of financially distressed companies.
- To establish a Companies Tribunal to facilitate alternative dispute resolution.
- To review decisions of the Commission and protect Rule of law.
- To provide for protection to Business incorporation and regulation guidance.

f. The King Code (2002:2)

Should have a board charter setting out its responsibilities? This should be published in the annual report. This should, at least, make the board responsible for:

- Risk management
- Determine a balance between governance constraints and entrepreneurial performance.

g. The Public Finance Management Act 29 (1999:3)

Section 63 of the principal Act is hereby amended by the substitution for subsection n (2) of the following subsection: “(2) The executive authority responsible for a public entity under the ownership control of the national or a provincial executive must exercise that executive’s ownership control powers to ensure that that public entity complies with this Act, and the financial policies of that executive”. In terms of addressing the,

- Code of conduct.
- Efficient financial rescue.
- Rule of law.
- Financial Business incorporation and regulation.

In summary, interpretation of the findings indicate that corporate governance provides a guideline for the structure of policies, rules and regulations designed to effectively manage a company. Bad corporate governance is associated with non-profitability because of financial mismanagement due to non-compliance with the expected code of conduct.

5.5.2 Financial Management

Table 5.4: Financial Mananagement

THEMES				
Comments from documents	Transparency	Accountability	Fiduciary duties	Financial misconduct
The Public Finance Management Act 29 of 1999	-To regulate financial management in the national government and provincial governments: -to ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively: -to provide for the responsibilities of persons entrusted with financial management in those governments; -to provide for matters connected therewith. -sharing company information with fairness, equitability and transparency.	Accounting authorities: -Every public entity must have an authority which must be accountable for the purposes of this Act. -If the public entity (a) has a board or other controlling body, that board or controlling body is the accounting authority for that entity; or (b) does not have a controlling body, the chief executive officer, or the other person in charge of the public entity is the accounting authority for that public entity unless specific legislation applicable to that public entity designates another person as the accounting authority.	Fiduciary duties of accounting authorities: -The accounting authority for a public entity must— (a) exercise the duty of utmost care to ensure reasonable protection of the assets and records of the public entity; (b) act with fidelity, honesty, integrity and in the best interests of the public entity in managing the financial affairs of the public entity; (c) on request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the executive authority or that legislature; and (d) seek, within the sphere of influence of that accounting authority, to prevent any prejudice to the	Financial misconduct by accounting authorities and officials of public; entities. — (1) The accounting authority for a public entity commits an act of financial misconduct if that accounting authority wilfully or negligently— (a) fails to comply with a requirement of section 50, 51, 52, 53, 54 or 55; or (b) makes or permits an irregular expenditure or a fruitless and wasteful expenditure. (2) If the accounting authority is a board or other body consisting of members, every member is individually and severally liable for any financial misconduct of the accounting authority. (3) An official of a public entity to whom a power or duty is assigned in terms of section 56 commits an act of financial misconduct if that official wilfully or negligently fails to

THEMES				
Comments from documents	Transparency	Accountability	Fiduciary duties	Financial misconduct
			Financial interests of the state.	exercise that power or perform that duty. (4) Financial misconduct is a ground for dismissal or suspension of, or other sanction against, a member or person referred to in subsection (2) or (3) despite any other legislation, is responsible for the management, including the safeguarding, of the assets and for the management of the revenue, expenditure and liabilities of the public entity; (d) must comply with any tax, levy, duty, pension, and audit commitments as required by legislation; (e) must take effective and appropriate disciplinary steps against any employee of the public entity who — (i) contravenes or fails to comply with a provision of this Act; (ii) commits an act which undermines the financial management and internal control system of the public entity; or (iii) takes or permits an irregular expenditure or a fruitless and wasteful expenditure;

THEMES				
Comments from documents	Transparency	Accountability	Fiduciary duties	Financial misconduct
The Companies Act 71 of 2008	-To establish a Financial Reporting Standards Council to advise on requirements for financial record-keeping and reporting by companies: -To repeal the Companies, Act, 1973 (Act No. 61 of 1973), and make amendments to the Close Corporations Act, 1984 (Act No. 69 of 1984), as necessary to provide for a consistent and harmonious regime of business incorporation and regulation: -To provide for matters connected therewith. -Ensuring effective, efficient, and transparent systems of financial and risk management and internal control	-Additional accountability requirements for certain companies (1) In addition to complying with the requirements of this Part, a public company or state-owned company must also comply with the extended accountability requirements set out. (2) A private company, personal liability company or non-profit company is not required to comply with the extended accountability requirements except to the extent that the company's Memorandum of Incorporation provides otherwise.	-If a company provides any financial statements, including any annual financial statements, to any person for any reason, those statements must— (a) satisfy the financial reporting standards as to form and content, if any such standards are prescribed: (b) present fairly the state of affairs and business of the company, and explain the transactions and financial position of the business of the company: (c) show the company's assets, liabilities, and equity, as well as its income and expenses, and any other prescribed information: (d) set out the date on which the statements were produced, and the accounting period to which the statements apply; and (e) bear, on the first page of the statements, a prominent notice indicating— (i) whether the statements— have been audited in compliance with any applicable	Subject to section 214(2), a person is guilty of an offence if the person is a party to the preparation, approval, dissemination, or publication of— (a) any financial statements, including any annual financial statements contemplated in section 30, knowing that those statements— (i) do not comply with the requirements of subsection (1); or (ii) are materially false or misleading, as contemplated in subsection (2); or (b) a summary of any financial statements, knowing that— (i) the statements that it summarises do not comply with the requirements of subsection (1), or are materially false or misleading, as contemplated in subsection (2); or (ii) the summary does not comply with the requirements of subsection (3) or is materially false or misleading.

THEMES				
Comments from documents	Transparency	Accountability	Fiduciary duties	Financial misconduct
			requirements of this Act: if not audited, have been independently reviewed in compliance with any applicable requirements of this Act; or have not been audited or independently reviewed; and (ii) the name, and professional designation, if any, of the individual who prepared, or supervised the preparation of, those statements.	
the King Code of 2002	- A balance between positive and negative is required to ensure a full, fair and honest account of performance. -The directors' report should contain: Directors' responsibility to report fairly. - An auditor's report on financial statements. Adequate: - Accounting records kept - Internal control - Risk Management -Effective, -Efficient	-Have a board charter setting out its responsibilities. This should be published in the annual report. This should, at least, make the board responsible for: • Strategic plans •Monitoring operational performance •Monitoring performance of management •Determining policies and procedures •Risk management • Internal controls • Communications policy	-A balance between positive and negative is required to ensure a full, fair, and honest account of performance. -The directors' report should contain: (a)Directors' responsibility to report fairly. (b)An auditor's report on financial statements. (c)Adequate Accounting records kept -Internal control; Risk Management consistent and appropriate accounting policies and prudent judgments have been applied. -Accounting standards were followed with	The Board shall: (a) Provide strategic direction (b) Retain full and effective control (c) Comply with laws and regulations (d) Define levels of materiality (e) Delegate certain powers to management (f) If material, reserve powers to itself (g) Have access to company information and records (h) Agree a procedure to allow directors to obtain independent professional advice;

THEMES				
Comments from documents	Transparency	Accountability	Fiduciary duties	Financial misconduct
	-Transparent systems	• Director selection • Induction of directors • Evaluation of directors. Determine a balance between governance constraints and entrepreneurial Performance.	departures quantified and explained. -A statement that there is no reason to believe that the company will not be a going concern in the year ahead. -The provisions of the Code of Corporate Practice and Conduct followed.	

The information recorded in Table 5.4 indicates that Transparency, accountability, Fiduciary duties, and financial misconduct are the main themes that serves the purpose of embracing financial management framework governing public ownership of companies in South Africa.

Table 5.5: Financial management themes and sub-themes

THEMES			
Transparency	Accountability	Fiduciary duties	Financial misconduct
SUB-THEMES			
- effective. - efficient and -transparent. -communication and accountability. -sharing company information. -Fair - equitable.	-acceptance of responsibility. -willingness to be transparent. -allowing others to observe. -allow others to evaluate one's performance.	-fair - Equitable -t ransparent -confidentiality -loyalty - obedience, - accounting. - trust -confidence. -the duty of care, -the duty of loyalty and -the duty of obedience	-fails to comply -permits an irregular expenditure -fruitless and wasteful expenditure -financial misconduct -dismissal or suspension of, or other sanction against alterial losses -must take effective and appropriate disciplinary steps -criminal conduct, - wasteful expenditure. -does not comply with the requirements of subsection.

The information recorded in Table 5.5 also indicates that transparency, accountability, fiduciary duties, and financial misconduct are the main themes. Further analysis of each of the themes, related to the selected texts in table 5.5, and the emerging themes in table 5.4, show that aspect of financial management is fully recognised in the South African legal framework governing public ownership, as evidenced below by the same themes and identified emerging themes.

5.5.2.1 *Transparency: effective, efficient, transparent, communication, and accountability, sharing company information, fair, Equitable,*

The main theme and subthemes reflect a close link between business effectiveness and efficiency when financial practices record, and information is honestly communicated and shared to anyone in the company in an equitable and honest way.

The following gives evidence to the provisional of financial management legal framework in the context of the identified themes and sub-themes:

a. The Public Finance Management Act 29 (1999:1)

To regulate financial management in the national government and provincial governments; to ensure that all revenue, expenditure, assets, and liabilities of those governments are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in those governments; and to provide for matters connected therewith.

b. The Companies Act 71 (2008:3)

To establish a Financial Reporting Standards Council to advise on requirements for financial record-keeping and reporting by companies; to repeal the Companies Act, 1973 (Act No. 61 of 1973), and make amendments to the Close Corporations Act, 1984 (Act No. 69 of 1984), as necessary to provide for a consistent and harmonious regime of business incorporation and regulation; and to provide for matters connected therewith.

c. The King Code (2002:12-14)

- **Accounting and Auditing**

Internal and external audit services should supplement one another through good audit processes.

- **Reporting of financial and non-financial information**

Board should encourage internal/external audit consultation. For non-financial reports, any external validation to be reported in annual report. Report be communicated via broad range of media and communication channels.

- **Communication**

It is the board's responsibility to report on significant and relevant matters, in a balanced and understandable manner. Reports should be transparent, reflect accountability, be objective and be comprehensive. A balance between positive and negative is required to ensure a full, fair, and honest account of performance.

- **An auditor's report on financial statements**

Adequate accounting records to be kept regarding internal control and risk management. Consistent and appropriate accounting policies and prudent judgments must be applied. Accounting standards must be followed with departures quantified and explained. A statement that there is no reason to believe the company will not be a concern in the year ahead. The provisions of the Code of Corporate Practice and Conduct must be followed.

In view of the stipulated legal frameworks, financial reporting is anticipated to maintain a high-quality level characterised by clear, elaborate, and sound information that is easy to interpret, follow and understand. In the context of financial management, financial transparency forms the main area of focus in any form of business openness and honesty and must be demonstrated in all respects (Pelekh *et al.* 2019). Pelekh *et al.* (2019:197) proclaim that:

“... Financial statements are a comprehensive description of the enterprise, which characterise not only their financial and property status, but also the risks and prospects that indicates a comprehensive picture of the market activities” (Pelekh *et al.* 2019:197)

Financial transparency enables “managers of different levels determine the future variants of development of various production situations, forecast trends and dynamics, formulate appropriate tactical or strategic steps for business development”. Accordingly, there is a need to study the essence of financial statements as a management tool (Pelekh *et al.* 2019:197). (Refer to chapter 2 section 2.7.3:43).

5.5.2.2 *Accountability: acceptance of responsibility, willingness to be transparent, allowing others to observe, allow others to evaluate one's performance*

Financial accountability from the emerging themes expresses a financial activity that is empowering somebody with accepting a responsibility which demands willingness to be transparent. In other words, somebody is expected to be accountable for any financial successes or failures by allowing other stake holders to observe and evaluate performance, as well as be able to answer questions related to financial management as reflected by the financial records presented.

5.5.2.3 *Fiduciary duties: Fair, equitable, transparent, confidentiality, loyalty, obedience, accounting, trust, confidence., the duty of care, the duty of loyalty and the duty of obedience.*

Interpretation of the themes and subthemes indicate that a fiduciary duty is a lawful requirement of financial directors, managers, and other employees in a company to perform their financial or accounting duties in the best interest of one another in a fair, equitable, obedient, and trustworthy manner. In other words, everyone who is involved in fiduciary duties is expected to demonstrate qualities of total trust, good faith, and honesty.

The following policy stipulations support the above findings:

a. *The Public Finance Management Act 29 (1999:37)*

Fiduciary duties of accounting authorities. The accounting authority for a public entity must:

- (a) exercise the duty of utmost care to ensure reasonable protection of the assets and records of the public entity
- (b) act with fidelity, honesty, integrity and in the best interests of the public entity in managing the financial affairs of the public entity
- (c) on request, disclose to the executive authority responsible for that public entity or the legislature, which the public entity is accountable, all material facts, including those reasonably discoverable and which in any way may influence the decisions or actions of the executive authority or that legislature, and

(d) seek, within the sphere of influence of that accounting authority, to prevent any prejudice to the accounting authority.

b. The Companies Act 71 (2008:75)

If a company provides any financial statements, including any annual financial statements, to any person for any reason, those statements must:

(a) Satisfy the financial reporting standards as to form and content, if any such standards are prescribed

(b) Present fairly the state of affairs and business of the company, and explain the transactions and financial position of the business of the company

(c) Show the company's assets, liabilities, and equity, as well as its income and expenses, and any other prescribed information

(d) set out the date on which the statements were produced, and the accounting period to which the statements apply, and

(e) bear, on the first page of the statements, a prominent notice indicating, (i) whether the statements— (aa) have been audited in compliance with any applicable requirements of this Act; (bb) if not audited, have been independently reviewed in compliance with any applicable requirements of this Act; or (cc) have not been audited or independently reviewed; and (ii) the name, and professional designation, if any, of the individual who prepared, or supervised the preparation of, those statements the King III Code (2002:14):

Financial misconduct: fails to comply, permits an irregular expenditure, or fruitless and wasteful expenditure. Dismissal or suspension of, or any other sanction against arterial losses must take effective and appropriate disciplinary steps, criminal conduct, materially false or misleading, as contemplated, does not comply with the requirements of subsection

Analysis of the theme and corresponding themes indicate that financial misconduct entails a situation when one fails to comply with the company's financial obligations by way of permitting irregular expenditure, whereby the expenditure does not bear any fruits at all regarding profitability. Such type of misconduct has its own penalties associated with dismissal, suspension, and criminality where legal action is expected. In terms of the Public

Finance Management Act (PFMA), 19993, financial misconduct entails any material losses through criminal conduct, unauthorized, irregular, fruitless and wasteful expenditure. In other words, financial misconduct is associated with financial mismanagement in one way or the other. This is an area where most companies have been seen to collapse. This is also an important area of focus in this study in the context of SAA.

Interpretation of the findings of table 5.2 to 5.5 indicates that corporate governance and financial management cannot be separated as different terms in terms of business success or failure. Corporate governances are an umbrella board of guiding principles to organisational transparency, accountability, and business success.

Secondly, the reason for analysing the South African public ownership legal and policy is to establish insights into understanding the SAA problems in terms of adopting and implementing SAA policies, besides the aspect of analysing the policy making process. This is in line with the assumption that there are also factors that must be rooted up to successfully design, adopt, and implement a policy. Critical policy analysis refers to a form of policy studies where the focus is upon exposing inconsistencies between what the policy says and what the policy follows, particularly in terms of power relationships in society (Diem, Young, Welton, Mansfield & Lee, 2014) (Refer to chapter 2 section 2.7.1:42, chapter 2 section 2.7.4:46 and chapter 2 section 2.6.3:45).

To elaborate and clarify the findings of Category One, section 5.5.1, that focused on legal framework governing public ownership in South Africa, the following section provides results of the conducted face to face interviews:

5.5.3 Category One: legal framework governing public ownership in South Africa (Interview Analysis)

Table 5.6: SAA legal framework in relationship to financial performance

THEMES			
Comments from Respondents	Public Finance Management Act, Act No: 1 of 1999	Company Act, Act No: 71 of 2008	Protocol on Corporate Governance in the Public Sector
A	PFMA requires the following to take place: -Revenue: recover all revenues due to an entity. -Expenditure: be not wasteful, be incurred in line with policies and fair tender process as well as be in accordance with budget. -Assets: safeguard the assets and be in a position to account for them. Sets processes when disposing major assets of the SOE including board approval and shareholder approval. -Liabilities: manage debts, service debt per covenants and it also sets approval where new liabilities are being taken on board.	-Companies Act has many provisions and the question is potentially ambiguous. -Companies Act does not prescribe and regulate how a company should perform both operational and financial. - It does not require directors to assess growing concern and make a statement regarding their assessment.	This is a code of good corporate governance.
B	-Yes, there is South Africa legal stipulations. --There must be some form of regulations.	-Yes, there is South Africa legal stipulations. -There must be some form of regulations.	-Yes, there is South Africa legal stipulations. -There must be some form of regulations.
C	-Mandate is more developmental than commercial	Mandate is more developmental than commercial	Mandate is more developmental than commercial
D	-Revenue: not too much impact, it is fine. -Expenditure: procurement is where we have bureaucracy. It takes longer.	-Affects all companies -Governs all public or private companies.	-Does not affect performance -regulations are good -guidelines are good -You need corporate governance rules because they impact the way you operate. -Should be the right thing s ethically.

E	-	-	-
F	-I have found that PFMA certainly hampers performance. - I think certainly there is a lot of red tape and lot of bureaucracy. -There is a lot of requirements. -It does not enable a business to operate in the right way, which is what we require.	-I think Companies Act regulates all companies.	-I think corporate governance actually is a good thing across the board. -All companies should operate with corporate governance. -I don't believe that corporate governance so much affect financial performance. -One would probably just say that you know corporate governance regulations are all guidelines.

5.5.3.1 *Corresponding themes and emerging subthemes*

a. **Public Finance Management Act, 1 of 1999: recover all revenues, be not wasteful, safeguard the assets, manage debt, legal stipulations. Legal stipulations. Mandate,**

Analysis of the main theme and sub themes indicate that the interview respondents agree that the public Finance Act from a general perspective guides public or private companies to recover revenues and controls same companies not to be wasteful in their expenditures. Assets are safeguarded, and debts managed when the when legal stipulations as mandated are followed.

5.5.3.2 ***Companies Act, 71 of 2008: prescribe and regulate a company, legal stipulations. Really standard, form of regulations, Mandate, governs all public or private companies.***

Analysis of the main theme, as linked to the emerging sub-themes, clearly indicate that the interviewees agree that the companies Act of 71 of 2008 prescribes, regulate and governs publicly owned companies by providing legal stipulations in a standardised manner to ensure that the same companies are well managed.

5.5.3.2 *Protocol on Corporate Governance in the Public Sector: code of good corporate governance, legal stipulations, legal standard, there must be some form of regulations*

The main theme and sub-themes indicate that the interviewees identified that the protocol on corporate governance serves the purpose of controlling, and regulating good corporate governance as stipulated by the standard legal stipulations.

The interview results in table 5.6 confirm the results of document analysis in section 5.5.1 table 5.2 to 5.5 which found that Public Finance Management Act, 1 of 1999, Companies Act, 71 of 2008 and the Protocol on Corporate Governance in the Public Sector provides legal guidance, legal control, legal rights and obligations, duties, and responsibilities, legal and protection of companies. Although document analysis was focussing mainly on financial performance and corporate governance in the context of the South African State-owned companies in general, the above results were directly confined to SAA legal framework. In other words, the findings confirm that the SAA financial performance is legally guided and protected by the same legal framework which must not be violated to ensure successful performance. The following selected comments from the interviews seem to support this finding by way of answering the question “What is your perception towards SAA legal framework in relationship to financial performance based on the following Legal Acts”?

5.5.3.4 *Public Finance Management Act, Act 1 of 1999*

- A: These laws and regulations are vital in steering any SOE such as SAA, ensuring that it has appropriate policies, procedures and processes as it runs its affairs. These laws guide what matters should be tabled at board, what matters are approved by the shareholder and matters to be regulated via delegation of authority. In particular, PFMA, is a legislated good corporate governance.
- B: This is a code of good corporate governance that needs to be considered, based on the principle of apply or explain. These codes require that good practices be adopted, including committees of the board, certain disclosures in the integrated report, etc. These are good for SOCs such as SAA.

- D: If you look at the PFMA, it is looking to regulate what is happening in the running of the affairs of the company. It is supplementing companies Act: if, for example, we take areas such as section 54 that requires that one must apply for approval if one is to dispose or maintaining to acquire some of the items that falling within that act for example, if one wanted to buy another business, or wanted to buy a significant asset, all of those, the companies act is regulating how company affairs are driving the protocol of governance is really trying to practicalise the King report, whatever version one might be working on, and all of things are good. The challenge in general is the turnaround of some of those approval processes in terms of time, so if one look at the private business is quick to make decisions, the public sector tends to take longer in making decisions and they ca be costly in business. Other than that, no other concerns.

With direct pertinence to the PFMA, the above selected comments seem to confirm that the PFMA is a legal support pillar for the Companies Act, 71 of 2008, and the protocol on Corporate Governance in the Public Sector in terms of guiding and supporting public owned enterprises. The comment below briefly gives a summary of the significant role of the PFMA in financial matters:

H: It means that one must collect the revenues, control the assets and make sure that the expenditure is within budget. There is no concern about this, but there is no specific stipulation in the companies act of 2008. The companies Act regulates all companies.

H: There would be all sorts of sections. There are lot of sections in the Act, maybe 300 sections and if one had to site a few examples, Finances need to be produced, hold AGMs and issue shares in accordance to the relevant stipulations. Some may be majority that are adhered to. SAA financial statements are late by four years and that is not necessarily in line with the act that requires that those particular ... required the financials to be produced and concluded by August of every year which is essentially to take the April, May, June, July, August rather by five months after the end of the financial year. Of course, in the SAA case, there has been funding issues that needed to be addressed hence the financial statements are late but would say substantially it has been adhered to and there are certain financial statements which has for the last four years not been produced.

The argument with most respondents is based on the view that in terms of financial stipulations, the Act is very specific in terms of financial management issues. This view is in the comment below:

E: So, the good thing about the PFMA with regards to the companies Act, what we do understand is that anything or any other law that is compared to the performance at any given time where there is a particular issue that needs to be addressed. The PFMA supersede all those, so when you look at the companies Act, and how the entity operates, it would obviously have to meet the basic requirements as a company who is an operator generally as a company operational, operating within the South African context but the good thing is that as indicated earlier, the PFMA sort of supersedes the company's act and allows the entity, the latitude to be able to play its role as a state owned company.

5.5.3.5 *King III and King IV: Protocol on Corporate Governance*

Other interviewees referred to the stipulations of the legal framework in the context of the SAA failing to meet the legal expectations. The following selected comment refers to the SAA context referring to the Protocol on Corporate Governance:

I: look from a corporate governance perspective, that is one of the areas that South African Airways has not really met the requirements, I mean if you look at some of the requirement in terms of King III and King IV, is some of those, SAA has really not been able to meet them. Especially taking into account some of the challenges that it has experienced then these were pretty much outlined in the Zondo commission with regards to some of the decisions that were made, that were not supposed to be made at a particular time. It has been negatively impacted, for instance, just the quorum of the board at some stage, and the decisions that were made you know with regards to the Airline and at what level in terms of delegation of authority.

Section 5.5.4 below goes further to analyse SAA state ownership and privatisation legal framework as linked to the following legal frameworks by means of the document analysis approach:

- The South African Airways Act, Act 5 of 2007
- Department of Public Enterprise Strategic plan
- Draft Revised White Paper on National Transport Policy, 2017, Department of Transport, Pretoria.

5.5.4 Corporate governance and financial management regulating SAA Public /private ownership status (Document analysis)

Table 5.7: Policies directly linked to SAA in terms of state/private ownership

THEMES		
Documents	State Ownership	Private ownership
The South African Airways Act, Act 5 of 2007	'South African Airways Ltd.'" means South African Airways Limited, a public company duly incorporated in terms of the Companies Act To provide for the transfer of the shares of Transnet Limited in South African Airways (Proprietary) Limited to the State; to provide for the conversion of South African Airways (Proprietary) Limited into a public company having a share capital incorporated in terms of the Companies Act, 1973; and to provide for matters connected therewith. - Transfer of SAA shares and SAA interests (1) The Minister and Transnet, with the concurrence of the Minister of Finance, must determine by agreement- (a) which SAA claims and which assets, liabilities, rights, or obligations of Transnet in connection with SAA constitute SAA interests; and (b) the consideration payable for the transfer of SAA shares and SAA interests to the State.	'South African Airways (Pty.) Ltd.'" means South African Airways (Proprietary) Limited, a private company duly incorporated in terms of the Companies Act -with effect from the transfer date- (a) the State becomes the shareholder and member of SAA; and 158 (b) the Minister exercises all the rights attaching to SAA shares and SAA interests on behalf of the State, including the rights as shareholder and member of SAA.
Department of Public Enterprise Strategic plan	-In the current economic context, the SOC have emerged as key instruments for the State to drive its developmental objectives of creating jobs, enhancing equity and transformation. This evolution underpins the overarching shareholder management process aimed at providing strategic rationale for the S -Provide strategic management, direction and administrative support - Provide legal services and corporate governance systems, - Align the corporate strategies of the SOC with government's strategic intent, and monitor and benchmark their financial and operational performance and capital investment plans. - provides strategic leadership and management of the programme personnel - provides internal legal services and support to state owned companies.	-The Department's function has evolved since its inception as the Office of Privatisation and Deregulation. - Notwithstanding that, there is still no founding legislation for the Department.

	Governance develops, manages, and effects effective corporate governance and shareholder management systems mainly for the Department's portfolio of SOC. This includes risk Management whose main task is to identify, report and monitor both the operational and shareholder risks including but not limited to SOC Specific and cross cutting risks.	
Draft Revised White Paper on National Transport Policy, 2017, Department of Transport, Pretoria	Transport-related SOC's are subject to the Public Finance Management Act (PFMA) and must be governed by shareholder compacts that give effect to the policy and legislation of the DoT	-Crowd in private sector investment, whilst minimizing the fiscal burden to the State -Maximize private sector participation in the provision and management of transport.

The information recorded in Table 5.7 indicated that although public ownership is the main theme that is embracing financial management framework governing public ownership of companies in the context of SAA, as dictated by The South African Airways Act, Act 5 of 2007, the Public Finance Management Act, the Companies Act 71, the Department of Public Enterprise Strategic plan, and the Draft Revised White Paper on National Transport Policy of 2017, it has its roots from private ownership, as mentioned in the legal documents.

Further analysis of Table 5.7 below shows that the aspect of SAA Corporate governance and financial management regulating SAA Public /private ownership status is legally regulated as evidenced by the same themes and identified emerging themes as follows:

Table 5.8: SAA Corporate governance and financial management regulating SAA Public /private ownership status.

THEMES	
State Ownership	Private Ownership
Public company. Transfer of the shares. Transfer of SAA shares and SAA interests. The SOC have emerged as key instruments for the State. Shareholder management. Shareholder risks. Transport-related SOC's. Governed by shareholder compacts.	Crowd in private sector investment, whilst minimising the fiscal burden to the State

5.5.4.1 *State Ownership: Transfer of the shares, conversion of South African Airways (Proprietary) Limited into a public company having a share capital, Transfer of SAA shares and SAA interests, transfer of SAA shares and SAA interests to the State*

The main theme and subthemes reflect a structured model of a state ownership originating from privatisation as characterised by SAA transfer of shares, conversion of South African Airways (Proprietary) Limited into a public company having a share capital, Transfer of SAA shares and SAA interests, transfer of SAA shares and SAA interests to the State. The following legal stipulations support the identified themes and subthemes:

a. *The South African Airways Act 5 (2007:1):*

To provide for the transfer of the shares of Transnet Limited in South African Airways (Proprietary) Limited to the State; to provide for the conversion of South African Airways (Proprietary) Limited into a public company having a share capital incorporated in terms of the Companies Act, 1973; and, to provide for matters connected therewith.

b. *Department of Public Enterprise Strategic plan (2005:5)*

The DPE has oversight responsibility for the seven SOEs that are classified as Schedule 2 entities in the PFMA, namely, Transnet, Eskom, Denel, Safcol, Alexkor, SAA and PBMR, which are currently subsidiaries of Transnet and Eskom respectively. [The PFMA regards subsidiaries of Schedule 2 entities as Schedule 2 entities in their own right]. To give meaning to shareholder management by government, it is necessary to create a working definition of a SOE that clarifies the reasoning behind the state retaining ownership control of the enterprise and, the role of the state as a shareholder of a special type.

c. *Draft Revised White Paper on National Transport Policy (2017:8)*

Separate public enterprise management from government policy and regulatory functions. Transport-related SOCs are subject to the Public Finance Management Act (PFMA) and must be governed by shareholder compacts that give effect to the policy and legislation of the DoT. In the mandate of SOCs, as reflected in legislation and regulations, there should be provision to ensure accountability by the SOCs for its decisions.

Critical analysis of the contents of the above legal documents reveals that there are economic, financial or business administration issues that have prompted the Government to change SAA privatisation status to public ownership.

Literature review has indicated that the department is the government's shareholder representative with oversight responsibility for numerous state-owned enterprises (SoEs), including SAA. Previously, the state's share of the investment was 21 per cent, while private enterprise contributed 63 per cent (government spending made up the remainder of 16%). This would imply that the level of privatisation was almost 79 per cent. Between 2011 to 2019, there is evidence that there was full public ownership of SAA under the control of the Department of Public Enterprises (DPE).

Referring to the literature review in chapter 2, section 2.2: 36, Gumede (2009)'s definition of ownership gives a statistical benchmark that clarifies the aspect of full or partial ownership by stating that state owned enterprises are enterprises where the government owns more than 50 per cent shares and is the majority shareholder. Let's hope this is not contradicting with the definition which states that ".....A state-owned enterprise (SOE) is a business enterprise where the government or state has significant control through full, majority, or significant minority ownership. (Gumede) (2009), while "full" or "majority" may signify more than 50 per cent or more in terms of shareholding; this means that significant minority may be represented by a 50 per cent majority, or slightly less. Despite these stipulations and stated levels, there is an understanding that SAA, between the stipulated periods, 2010 to 2019, was fully state-owned depicting a 100 per cent level of ownership.

5.5.4.2 *Private Ownership: Crowd in private sector investment, whilst minimising the fiscal burden to the State; Maximise private sector participation in the provision and management of transport.*

Although the above interpretation identifies the process of SAA state ownership from privatisation, the main identified theme of privatisation and subthemes reflects legal protection of privatisation. There is, however, no evidence of privatisation models from the analysed legal framework. In the context of this study, the controversy between state ownership and privation is only determined by SAA financial status between the periods 2010-2019 under the pre-text that poor financial performance of state ownership must determine a privatisation model effective enough to boost the national economy.

Although all the analysed documents above provided the framework and parameters of the SAA group, 100 per cent is held by the state. Although this is going to be elaborated in the proceeding sections, a brief overview in the following sections indicate the financial performance of South Africa from a historical perspective, taking note of the following contributions from literature analysis:

Financial performance is represented by the following descriptions:

- Financial performance is measured by successes or failures of a company.
- Financial performance is associated with the extent to which a company achieves its financial goals.
- Financial performance also involves evaluating implementation of legal policies that guides and direct with the national legal framework.
- Financial indicators that measure the profitability of a company are the net profit and the return on assets (Rizzo, 2019; Albulescu, 2020).

5.6 CATEGORY 2: FINANCIAL PERFORMANCE OF SAA (DOCUMENT ANALYSIS)

5.6.1 Document analysis

The financial performance of the South African Airways has been thoroughly analysed in making use of SAA annual reports for the period 2010 to 2019. The information below is linked to assessment of 2 table 2.6 sections 2.7:56.

Table 5.9: Summary of SAA Group Annual Financial Statements Since 2010-18

FINANCIAL YEAR	PROFIT	LOSS
2010/2011	R782 million	–
2011/2012	–	R843 million
2012/2013	–	R1.2 billion
2013/2014	–	R2.6 billion
2014/2015	–	R5.6 billion
2015/2016	–	R1.5 billion
2016/2017	–	R5.6 billion
2017/2018	–	R5.7 billion

Source: SAA Parliamentary Report (2018)

Unfortunately, this study was not able to analyse the 2019 financial report because it was not available. The only available information was a letter from the Minister of Public Enterprises dated 27 September 2019 to the Speaker of the National Assembly, which expresses the following statement:

“...due to financial constraints has been unable to finalise the annual financial statements for 2018/19 financial year. Government remains committed to find a sustainable solution to the challenges facing the airlines. I therefore wish to inform the Honourable Speaker that, in light of the abovementioned situations, I am not in a position to table the SAA and SA Express’s annual reports, the audited financial statements and the audit reports, for the 2018/19 financial year, by 30 September 2019. The annual financial statements will be tabled as soon as the going concern challenges are resolved (Parliament of the Republic of South Africa, 2019:3).

Analysis of the table 5.9 above indicates the following results:

1. Number of recurring profits during the period 2010-2018:1
2. Number of recurring losses during the period 2010-2019:7

The results of table 5.9 indicate that the financial performance of an organisation is determined by the profits or losses made. In the context of SAA, the ratio of profits to losses is 1: 7. This is a proportional measure which, beyond reasonable doubt, shows that SAA has been financially performing badly during the period 2011 to 2019.

Analysis of table 5.9 is elaborated by the following consulted SAA financial reports:

5.6.2 Financial report for the year ending 2011/2012

According to the SAA annual report (2011/2012:52), the year under review was fraught with challenges for airlines across the globe. The continued and deepening European debt crisis has caused markets to deteriorate and damaged economic growth. As a direct result, the year saw the closure of several airlines, while others reported losses and announced restructuring and job cuts. SAA did not escape the sluggish economic recovery and Eurozone crisis, and its performance for the year is testimony to the difficult challenges facing the global airline industry – the persistently high fuel price particularly. The group recorded an operating loss of R1,3 billion (2011 restated profit: R1 billion). After the recognition of a deferred tax asset of

R514 million (2011: nil) and a net revaluation gain of R823 million (2011: nil), the group was able to record a total comprehensive income of R60 million for the financial year (2011: R747 million). Cash and cash equivalents were reduced to a net overdraft of R33 million, a reduction of R2,4 billion during the year.

5.6.3 SAA Annual report for the year ending 2012/2013:52)

According to the review of operating and financial results, SAA and its subsidiaries all operated in highly competitive global markets that are rapidly liberalising and consolidating, resulting in growing levels of competition. As a result, SAA faced strong competition in the domestic market, increasing levels of competition in the regional (African) market and intense competition in the international market. Mid-hemisphere airlines capitalised on African market liberalisation and continue to aggressively advance their positions. SAA was faced with several specific challenges during the year under review. These included, in addition to a sustained competitive landscape, persistently high jet fuel prices and the weakening of the rand against all major currencies. While fuel remained the biggest single expense, accounting for 35 per cent (2012: 34%) of the group's operating costs, the weaker currency had a significant impact on operating costs as approximately 60 per cent of the group's costs are foreign currency denominated.

5.6.4 SAA Financial report for the year ending 2013/2014:43)

According to the Public Finance Management Act (PFMA), non-compliance by SAA has seen a continuous decline in PFMA non-compliance over the past three years. In the year under review, declines of 14, 21 per cent in irregular spend and 3,5 per cent on losses due to fruitless and wasteful expenditure are noted. This notable decline was due to management's on-going efforts to ensure that PFMA processes and procedures are adhered to, and that there is transparency in collation, validation and reporting of PFMA non-compliance within SAA. Attention was also paid to the development of the Contract Management System to assist the organisation in managing and monitoring its existing contracts. Losses due to criminal conduct was an area of concern, as these increased by 10, 5 per cent during the year under review. Management had developed an action plan to reduce transgressions in FY2014/15, and to improve a culture of consequence management.

5.6.5 SAA report for the financial year ending 2014/2015 (76)

According to the SAA annual report (2014/2015: 16), the Public Finance Management Act 1 OF 1999, AS AMENDED (PFMA), SAA has seen an increase in PFMA non-compliance over the 2014/15 financial year compared to the 2013/14 financial year, with the details of this increase indicated in the table 5.9. Below:

Table 5.10: SAA Annual report (2015)

Key performance area	Key performance indicator by 31 March 2015	FY2015 Target	FY2015 Actual	Explanations
Financial value creation	Net operating profit/(loss) (Excluding aircraft impairment)	R(1 156)m	R(3 269)m	KPI not achieved
	Net retained earnings movement	R(1 599)m	R(5 737)m	KPI not achieved
	Net cash flow from operating activities	R(43)m	R(2 324)m	KPI not achieved
	Cargo revenue as a percentage of operating revenue	5%	8%	KPI achieved
Customer service	Customer satisfaction	84%	85%	KPI achieved
Fleet utilisation	Daily block hours	10.7	10.29	KPI not achieved SAA did not achieve the target utilisation of its aircraft. This is mainly as a result of unplanned maintenance on aircraft as well as flight schedule changes to optimise route profitability.

Source: SAA Annual report (2015: 77)

There is also evidence from table 5.10 of the lack of achievement in some of the recorded performance indicators.

5.6.6 SAA Financial report for the year ending 2016/2017

According to the SAA Financial report (2016/2017:932), doing business at a time when the global economy is experiencing a downturn has and continues to be a challenge for the South African economy, and SAA has not remained immune to this challenge. The 2016/2017 financial year proved another challenging year for SAA, with the airline recording a total comprehensive loss of R5.431 billion for the year, compared to the loss of R1.497 (restated) billion in the previous year. SAA's revenue increased by R26 million to R30.742 billion in 2016/2017. Compared to the previous year, growth in terms of passenger numbers has remained relatively flat. The austerity measures that were implemented yielded savings of R801 million (SAA Financial report, 2016/2017:932). The group's total operating costs, of which R1.092 billion was net foreign exchange translation losses, rose by R3.308 billion (11 percent). This resulted in a R3.3 billion decrease in EBITDA for the year, translating to a loss of R2.760 billion in 2016/2017, compared to profit of R522 million in the previous year (SAA Financial report, 2016/2017:932). Forex losses, due to the strengthening of the rand during the year, accounted for R1.9 billion of the decline in profitability. In the year under review, translation losses of R1.092 billion were recorded compared to translation profits of R808 million in the 2015/2016 year. This is a direct result of SAA holding greater foreign currency denominated assets than liabilities. In addition, our capital structure, with a debt- to- equity ratio of 217 percent has resulted in increased reliance on debt raised against shareholder guarantees, which, in turn, resulted in increased finance costs with interest charges rising by 58 percent to R1.630 billion in the current financial year, compared to R1.030 billion in the previous year (SAA Financial report, 2016/2017:932).

SAA has posted losses for the past six years and has experienced shortfalls in revenue compared to budget, partly due to discontinued routes. Revenue for the past four years has been stagnant, ranging between R30.5 billion and R30.7 billion. Cost compression initiatives have yielded R4.2 billion over the past five years, the company has, however, experienced an average cash burn of R250 million monthly. Key financial ratios are sub-optimal and excessive reliance has had to be placed on short-term borrowings to fund working capital. Going concern, defined as the organisation's ability to pay its debts as and when they fall due, in the 12 months from date of signature of the auditor's report, has been satisfied. The post balance sheet successful conclusion of a process of engaging debt providers on the relaxation of payment terms, coupled with a capital injection of R10 billion from the shareholder, has enabled SAA to satisfy the going concern assumption and submit its annual financial statements to the auditors for

auditing. More detail relating to the going concern can be found in Note 50 in the annual financial statements.

The process followed to prove the going concern status has unfortunately led to a delay in both the timeous submission of the annual financial statements to the auditors and to National Treasury as prescribed by s55(1)(c) and (d) of the Public Finance Management Act, as well as the submission of signed annual financial statements within six (6) months of the year end as prescribed in the Companies Act. The Board has previously informed the shareholders of SAA's financially distressed situation. The board was also aware that, in terms of SAA's Memorandum of Incorporation, it may only commence business rescue proceedings with the prior written consent of the shareholders. The board was informed on 2 May 2017 that the shareholders recognise that SAA's capital structure is weak and that its solvency position must be resolved. The Shareholders reaffirmed its commitment that SAA will be recapitalised during 2017, and this will be followed through with further incremental amounts from 2018 to 2021. The Shareholder expects that the commitments made to return SAA to financial stability will hold it in good stead (SAA Financial report, 2016/2017:94).

Literature review confirms that if the company's revenue is more than the costs and expenses incurred, including tax charges, it is proclaimed that profit is being generated. In other words, total revenue minus expenses equals profit or loss (Rizzo, 2019; Albulescu, 2020). In the field of accounting, companies that are financially prosperous enjoy profits by either returning them to shareholders in the form of dividends or increased stock value by making further investments in the company, as well as attract more investors (Rizzo, 2019; Albulescu, 2020). This is unlike the financial plight of SAA which is characterised by serious downfalls from the findings as summarised below: proper business revival models (Refer to chapter 2 section 2.8: 57).

5.6.7 SAA Financial report for the year ending 2018/2019

Although the 2019 financial report was still at large, the SAA financial report (2018:2) had this to say about the SAA growing financial concern:

The directors evaluated the appropriateness of the going-concern assumptions used in the preparation of the consolidated annual financial statements and, in particular considering the negative equity position, refer to note 51 of the annual financial statements. The airline was placed in business rescue on 5 December 2019 because existing liabilities to creditors were

compromised. The shareholder funded the company as detailed in note 50, and SAA exited the business rescue process on 30 April 2021. The directors are satisfied that South African Airways can continue to operate as a going concern. The consolidated annual financial statements were therefore prepared on this basis.

Findings of document analysis and consulted literature confirms that the measurement of SAA financial performance has been proved to be a failure between 2010 and 2019 as reflected by the financial indicators that records yearly financial loss within the stipulated period. This shows that the company's financial goals have not been achieved; this also entails that implementation of legal policies that guide and direct business operations in line with the national legal framework, have failed. This the reason why, according to this study, policy interpretation and implementation may be a possible source of factors associated with SAA in terms of challenges and constraints, apart from other stages of the policy making process. Before linking the policy interpretation and implementation with the explored legal framework as possible challenges associated with SAA financial performance, face-to-face interviews were analysed in the next section focussing more on policy, politics, strategic leadership, mismanagement, and governance.

5.7 CATEGORY 3: FINANCIAL PERFORMANCE OF SAA (INTERVIEW ANALYSIS)

The interview analysis was focussing on SAA Financial performance during the period 2010-2019 based on the following question: "What are your perceptions regarding the financial performance of SAA during the period of 2010-2019 based on the following factors"?

- Policy
- Politics
- Strategic Leadership
- Mismanagement
- Market dynamics
- Governance in the Public Sector

Table 5.11: Financial performance of SAA

THEMES						
Comments from Documents	Policy	Politics	Strategic Leadership	Mismanagement	Market Dynamics	Government in the Public Sector
A	-	-bureaucracy is a pressing issue in SAA financial matters. Political control affects financial performance.	-The leadership was not able to boost productivity and initiate innovative strategies	-There are allegations of mismanagement. - Allegations of fraud. - Allegations of corruption -State capture was rife during the period in question. -There may have been bypassed for corruption purposes	SAA has experience stiff industrial competition and fluctuation in oil prices	The principles of responsibility are rarely practiced by top officials
B	Policy was not implemented properly -SAA worked outside policy	Trade control by politicians, corruption and bureaucracy resulted in goods and services going in wrong hands.	If well implemented, policy would have allowed the strategic committee under this leadership focus on improved production and push new innovative ideas. Reward and incentive programs are integral to strategic leaders. They encourage employees	-Revenue not controlled. -The managers sold a bus and other resources. Government promoting mismanagement. -Racism challenges where people of different colour are treated better than others.	- Competition was stiff. -Withdrew flights from other countries. -SAA in terms of the act must sell products, sell avenue and maintain costs. -Add frequencies. Increase frequencies to compete	The issues of responsibility and accountability are nightmare among SAA officials.

THEMES						
Comments from Documents	Policy	Politics	Strategic Leadership	Mismanagement	Market Dynamics	Government in the Public Sector
			and help them reach their strategic goals.	-No support.	with other countries.	
C	-No Challenges mandate a problem. -Lack of clear mandate	-Financial status decisions to close but politics continues. - Parliament is supposed to lead a process of oversight. -Politicians find them fighting for corruption. -Parliament operates long part lines. -Ruling party forms majority. -Junior parliamentarians find them in a difficult situation with no power. -Senior parliamentarians dominate.	-2019 struggled to make profit. -no salaries because of the leaders who are autocratic and not transformational	SAA face challenges associated with corruption and mismanagement.	- Competition was very stiff.	Lack of fairness in terms of financial transparency and accountability has adversely affected SAA business operations
D		-Politics hampered SAA. -Numerous changes of Ministers with different views. -Another Board, no stability. -Many changes.	-The worse thing was that the impact and changes of leadership and management. -Competent leaders were side-lined. -Top managers wrong reasoning.	-Wrong decisions were made. -Putting wrong people at the right place, the element of taking. -Corruptive leaders have led the company liquidated	No successful financial performance over the years.	If good governance and business ethics were respected, SAA could not be faced with such financial challenges.

THEMES						
Comments from Documents	Policy	Politics	Strategic Leadership	Mismanagement	Market Dynamics	Government in the Public Sector
		-Political leadership was not accepted.	-Lack of competence. -No competent leaders with aviation skills. -Autocratic leaders.	and bankrupt.		
E	-I have found that the PFMA certainly hampers performance. -of red tape, there is a lot of bureaucracy. - I think we are all equally impacted -There were too many political changes. -There is no stability almost at that level. Depending on who the board was, and many others changes during the period.	Government keeps saying that there is no public funding because PIC is public money. -the ruling party have the culture of command and control. -the minister makes some comments. The DG makes some comments, you ask the executives in charge, they give you a roundabout answer and everyone seems to be happy with that, then you move on to the next issue that is not good. -Political interference in government has caused major downfall of SAA corruption and bureaucracy.	-Many of these people on the boards and in top positions are holding executive positions and they have been placed there without the requisite. - Transformational leadership is the order of the day. -Because we have got guarantees from the nation. -Treasury we have to get the Minister of finance approval. -You are dealing with two ministers, and you will get both may have different ideas. So, it can take long. So yeah, that's probably our biggest challenge of Minister along and board as well that leads	-is largely responsible for the downfall of many of these issues faced because the preferential procurement. Mismanagement and negate the analytics.	-...the margins are very thin in the airline industry. -for example, instead of buying a bottle of water for R3.00, you are buying it for R11.00. margins in the airline industry are very tight.	-The governance and ethics are that we push for this in that regard. -Even low-cost airline, so one wonders about the ethical issues involved here.

THEMES						
Comments from Documents	Policy	Politics	Strategic Leadership	Mismanagement	Market Dynamics	Government in the Public Sector
			on to strip autocratic strategic leadership.			
F	Polices are designed to serve political interest	Political influence is apparent including stat airline	It is very unfortunate that the country does not have leaders anymore	Mismanagement is a syndrome in South Africa in all public sectors.	SAA is faced with stiff market competition	-
G	Lack of policy implementation has led SAA decline in revenues, increased debts levels and rely more on government support	What else do you expect from the ruling Party?	This is an area of concern.	I am no longer interested in following news at all. Corruption, fraud and the CUPTA family. Most of my time I watch soccer.	It is not easy to coup with the international markets with the wide gap business operations at SAA.	Work ethics is a nightmare.
H	-	Democracy is just a political cover in South Africa. The ruling party makes final decisions	I have never come across a strategic leader ever since I was born.	I think the element of greediness has affected most of the people in leadership positions. They are a corrupt.	-- competition is stiff.	Transparency and accountability are the main factors disrupting good governance.
I	Under normal circumstances, policies guide and control business behaviours. Impleme	This is a very sensitive area. Politicians belong to the elite class hence they manipulate economic policies for their benefits.	-	Corruption is an inevitable monster....	Economists do not advise properly on market dynamics.	

THEMES						
Comments from Documents	Policy	Politics	Strategic Leadership	Mismanagement	Market Dynamics	Government in the Public Sector
	ntation is always a challenge .					

5.7.1 Policy: Policy not implemented properly, lack of clear mandate, bureaucracy, hampering performance, political changes.

The main theme and emerging themes from the findings of table 5.10 is that financial performance of SAA has been negatively affected by lack of proper implementation of the SOEs legal stipulations. There is also an indication that the reason could be based on the bureaucratic structures involved during the policy making processes from designing to implementation whose mandate is not in favour of successful financial performance of SAA. Political changes can be accounted for in terms of the sustainability of the same policy making process. The officials of SAA did not correctly interpret the legal framework to be able to implement it effectively or there was no monitoring of the implementation process.

5.7.2 Politics: Political Bureaucracy, Political control, corruption, ruling part forms majority, parliamentarians dominate, Politics hampered SAA, executive positions have been placed there without the requisite, many political changes, they have the majority. They have their culture of command and control, Political interference.

The main themes and subthemes of table 5.11 shows that the financial performance of SAA between the years 2010-2019 was bad as a result of political bureaucracy which exercises a lot of power and control. There are also discrepancies of the ruling part dominating in terms decision making in the running of the enterprise and since they form the majority in parliament. Political interference seems to be blamed for the smooth operations of the production operations. The Political and the policy making process seem to share the same subthemes in terms of bureaucracy power, control, and authority in negatively influencing the SAA financial performance.

5.7.3 Strategy Leadership: leadership was not able to boost productivity, leadership not able to initiate innovative strategies, reward, and incentive programs, encourage employees, autocratic and not transformational, changes of leadership and managers, competent leaders removed and ide-lined -Top managers. Wrong reasoning, lack of competence.

The main theme and sub-themes clearly indicate that strategic leadership was an area of concern whereby SAA leaders in their respective positions were not able to boost productivity, initiate innovative strategies, and motivate with rewards productive programs. The themes reflect that if elected leaders to run SAA affairs were transformational in terms of applying leadership competency as well as proper reasoning, SAA could not have been affected by such financial challenges. Although some of the comments seem insulting, the findings seem to associate the leaders with wrong reason capacity. The implication is that strategic leadership styles at SAA could have been very effective if the leaders applied transformational leadership styles which demand logic reasoning, competence.

5.7.4 Mismanagement: *allegations of mismanagement, allegations of fraud, allegations of corruption, mismanagement, racism, No support.*

Analysis of the main themes and sub-themes of table 5.11 indicate that mismanagement of SAA finances in the form of fraud and corruption are the main challenges associated with the downfall of SAA. It all shows that racism factors, in terms of attitude, management structures and lack of governmental support, were also matters of concern. The implication of the findings is that there is a positive relationship between management and poor financial performance of any enterprise. A well-managed company is in favour with successful production.

5.7.5 Market dynamics: Stiff industrial competition, Fluctuation in oil prices, must sell products, sell avenue, maintain costs., increase frequencies.

The main themes and subthemes reflect the idea that apart from policy matters, political interference, mismanagement, and other related factors. The SAA financial performance has also been affected by stiff competition in the aviation industry from both local and global perspectives whereby fuel prices fluctuate and makes it difficult to maintain costs and increase frequencies. The implication of the findings is that accumulation of revenue and profit is determined by many factors including how frequently an aircraft provides its service in its full capacity.

5.7.6 Governance in the Public Sector: principles of responsibility, are rarely practiced by top officials, the issue of responsibility and accountability is a nightmare, Lack of fairness in terms of financial transparency, if good governance and business ethics were respected.

The findings indicate that SAA has been adversely affected by poor governance where officials have neglected their assigned responsibilities. They can't account for their performance with proper record reflecting transparency. The implication of the results is that there is a positive relationship between good governance and successful financial performance.

To elaborate and confirm all of the above findings, below are selected and recorded comments from the interviewees:

- **Impact of political factors on SAA financial performance**

Respondent F. *“political influence is communion in all government entities apparent including state airline.”*

Respondent G. *“The structure of SOEs has a lot of political interference in terms of leadership, shareholding and bureaucratic structures that exercise direct control with power and authority.”*

- **Impact of policy and political factors on SAA financial performance:**

Respondent A: *“Policy not implemented properly, Lack of clear mandate, there were too many political changes”.*

Respondent C. *“Parliamentarians operates along party lines. The rolling party forms the majority; juniors find them in a difficult situation. No powers, juniors are powerless. Parliamentarians, legislature, constitutions must be designed with people with proper qualifications. We recommend well capacitated parliamentarian to compete with the outside world.....Its finance over the years has collapsed”.*

Respondent G: *“Lack of policy implementation has led SAA decline in revenues, increased debt levels, and rely more on government support”.*

- **Impact of strategic leadership and management on SAA performance:**

Respondent B. *“I can’t comment on strategic leadership, role of politics and mismanagement as I was not around at that time. The policies are always well thought out and written. There are allegations that mismanagement, fraud, corruption, and state capture were rife during the period in question. There may have been bypassed for corruption purposes”.*

Respondent C: *“Employees can be productive, independent, and push new ideas. Reward and incentive programs are integral to strategic leaders. They encourage employees and help them reach their strategic goals...cost structure, change the organisational structure, bring out people with aviation background, number of employees must match the number of aircrafts, the ratio of staff dose not balance the number of aircrafts. 52 aircrafts and divide 250 operators, sold aircrafts and leasing without owning--engines were from France, the CF engines, maintaining and renting engines per hour and costs go up”.*

Respondent E: *“under these circumstances, was never likely to generate sufficient cash flow to sustain its operations”.*

...bailouts, SAA received a sum of 57 billion Rands since 1994. SAA had an outstanding debt of 9.2 billion Rands that impacts on the shelter.

Respondent E. *“I mean, if you go back and look at previous Minister for finance, he would have closed SAA”. Then there was a decision taken to close a SAA operations and deal with the various liabilities in the best way that they could ...start the new airline.” “From serious issues involved there, they close down the mango, which was the only airline stable that was doing reasonably well, although it was protected and subsidised, Mango has been closed down”.*

Respondent A: *“There was a significant financial underperformance over the period with losses being as high as R5bn, significant cash outflows and the company’s balance sheet in deficit. There were numerous causes for the losses e.g. the aircraft equipment, high lease costs, high maintenance and high labour costs”.*

- **SAA financial implications**

Respondent B. *“Only in 2012, I think they made a profit. The rest of the years, they did not make profit”.*

Respondent E. *“I gave you the numbers of the bailouts. I gave you the losses. I mean, you just have to look at it, look at a table over the years of the cumulative losses that, the bailouts of public money. The result.... that eventually the solvency it’s a mess. It’s an unmitigated and expensive mess which is burdened”.*

Respondent C. *“The market challenges include in-ability to borrow, debt payment, ever rising fuel price; loss of revenue and old fleet which is not cheap to maintain”.*

Synthesis of the document analysis, literature analysis and the face-to-face interview themes, subthemes and the selected comments from the respondents above, there is confirmation that SAA’s financial during the period 2010-2019 was very poor. Interview analysis unlike document has analysed the performance in line with the influence of Policy, Politics, Strategic Leadership, Mismanagement, Market dynamics and Governance in the Public Sector on SAA financial performance. It can as well be confirmed that these findings give a starting point of establishing further factor associated with the downfall of SAA. It also gives this research a good platform to come up with the challenges and constraints of the SAA financial performance as a way of developing a privatisation model effective enough to rescuer the aviation services in South Africa and the international links at large.

In other words, this part of these interview section apart from confirming and elaborating the results of the document on establishing the financial performance of the South African Airways. Some of the factors which affect the financial performance of South African Airways have also been exposed; the following section through consulted document analysis explores the challenges of SAA performance by linking to the results of section 5.2 and 5.3 to further establish factors associated starting with the level of legal compliance in the context of corporate governance and financial management.

5.8 CATEGORY 4: FACTORS AFFECTING SAA FINANCIAL PERFORMANCE

5.8.1 Compliance to legal frameworks in the context of corporate governance

The information recorded in table 5.12 has been derived from the findings of Table 5.3, which indicates that if SAA has poorly performed financially during the period 2010- 2019; this means that poor legal guidance, legal control, legal rights and obligations, duties and responsibilities and legal protection associated with corporate governance legal framework governing public ownership of companies in South Africa were the prevailing challenges and constraints

Table 5.12: Corresponding themes and emerging sub-themes

THEMES			
Legal guidance	Legal control	Legal rights and obligations, duties and responsibilities	Legal protection of companies
SUB-THEMES			
-organisation compliance -disseminate company policy, -disseminate standards, and implementation of policy With relevant legislation -Compliance with legal standards, -Promote operational efficiency - Reduce risks -Comply with strategic goals -management of companies, -Relationships -Relevant principles -Performance Management	Monitor -Evaluate -Assess -provide clearly defined responsibilities -coordinate activity, -coordinate actions -Protect information -advice Policies and procedures -Risk management -Performance management. .	Accountability -THE BOARD of directors - Board of committees -Heads of Department -Managers -Employees -Responsibilities -tasks - Duties -roles - Job description	- Code of conduct. - efficient rescue - Rule of law -Business incorporation and regulation

The information recorded in table 5.11 has been derived from the findings of Table 5.2, which indicates that if SAA has poorly performed financially during the period 2010- 2019, this means that poor legal guidance, legal control, legal rights and obligations, duties and responsibilities and legal protection associated with corporate governance legal framework governing public ownership of companies in South Africa were the prevailing challenges and constraints.

5.8.1.1 *Legal guidance*

The legal system that guides SAA personnel to comply with certain stipulated standards to meet expected goals by following relevant principles and at the same time maintaining them is highly questionable in terms of legal compliance. Work related behaviours guided by legal work ethics lacked proper management to monitor performance and possible risks for the sake of organisational efficiency. In other words, legal guidance which is one of the most recognised aspects of governance of companies was ineffectively implemented to ensure successful financial performance.

5.8.1.2 *Legal control*

If legal control was practiced as stipulated in the findings of table 5.3, which are reflected in table 5.12 above, it is hoped that SAA could have recorded financial success in its business operations. There seems to have been lack of compliance to legal system that controls state owned companies by providing clearly defined and coordinated responsibilities, activities and advice by way of following policies and procedures that are subject to evaluation, assessment and monitoring as part of performance management systems to ensure that legal control is respected. As highlighted before, corporate governance is the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies. The shareholders' role in governance is to appoint the directors and auditors to satisfy themselves that an appropriate governance structure is in place. In other words, legal control is also another important aspect of governance of companies designed to ensure that behaviours have control mechanisms in place for the sake of company effectiveness and efficiency.

5.8.1.3 *Legal rights and obligations, duties and responsibilities*

When analysing the themes and emerging sub-themes as linked to the results of 5.3, table 5.13 indicates that if every relevant stake holder directly or indirectly linked to SAA could have seriously adhered to their legal obligations, rights, duties and responsibilities, poor financial performance could not have been experienced during the period 2010 to 2019. This includes the board of directors, the Board of committees, Heads of Department, Managers, and Employees, who are assigned with tasks, Duties, and roles -roles, as stipulated by their Job description. The SAA performance shows that Legal rights and obligations, duties and responsibilities were violated. Referring to Chapter 2 section 2.7.2:60), the SAA Financial report (2016/2017:104) regarding governance stipulates that:

Although a risk assessment framework was in place, management did not adequately monitor and report on the progress of controls implemented or respond to new risks that may arise. Therefore, the entity's risk management processes were not considered adequate or effective. The leadership did not act on a timely basis on the internal audit unit's recommendations or reports, thus negatively affecting its effectiveness as an assurance provider to the leadership of the entity

Table 5.13: Financial management themes and sub-themes

THEMES			
Transparency	accountability	Fiduciary duties	Financial misconduct
SUB-THEMES			
- effective - efficient and -transparent -communication, and accountability. -sharing company information - is fair, equitable, transparent.	- willingness to be transparent - allowing others to observe -allow others to evaluate one's performance. -acceptance of the responsibility.	-fair -equitable -transparent -confidentiality -loyalty -obedience -accounting -trust -confidence -the duty of care -the duty of loyalty -the duty of obedience	- financial misconduct - fails to comply - permits an irregular expenditure - fruitless and wasteful expenditure - financial misconduct - dismissal or suspension of, or other sanction against -arterial losses - must take effective and appropriate disciplinary steps. - criminal conduct - wasteful expenditure.

The information indicated in table 5.13 reflects the findings of table 5.4, which has indicated that transparency, accountability, fiduciary duties, and handling financial misconduct are the main financial legal obligations which, if effectively observed, will ensure successful financial performance of any State-owned enterprise. Critical analysis of the financial failures of the SAA shows that these obligations did not receive compliance.

5.8.1.4 *Transparency:*

If transparency by way of effective and efficient communication, where sharing company information, particularly all financial record, was done in a fair and equitable manner, financial irregularities could have been traced long back. As highlighted in table 5.3, the main theme and subthemes reflects a close link between business effectiveness and efficiency when financial practices are recorded, and information is honestly communicated and shared to anyone in the company in an equitable and honest way, then the legal channels are practised. The findings reflect a high level of reliability, honesty, and trustworthiness in disclosing organisational financial performance.

5.8.1.5 *Accountability*

Transparency seems to go hand in hand with accountability. It is inevitable in this study to run away from the supposition that accountability is also a serious challenge by putting the blame on all the SAA personnel for lacking responsibility and willingness to be transparent. The other observation could be that SAA employees assigned for the accounting system were presenting false information in their financial records, or they lacked proper supervision in terms of monitoring and evaluation of one's performance.

5.8.1.6 *Fiduciary duties*

The poor financial performance of SAA reflects that financial directors, managers and other employees in a company did not comply with their duties according to the legally expected fiduciary duties characterised by total trust and honesty.

5.8.1.7 *Financial misconduct*

It is not evident to what extent SAA effectively dealt with issues of financial misconduct, taking into consideration that this was a legally covered and protected matter according to the results of table 5.4. Lack of transparency and accountability and lack of respect of fiduciary are

associated with financial misconduct where involved culprits should face the law. This is one of the possible challenges that led to the financial challenges of SAA. Irregular expenditure, fruitless and wasteful expenditure should have been avoided at all costs.

5.8.2 SAA Financial and performance management challenges

According to the SAA Financial report (2016/2017), the entity did not implement proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support financial reporting (**Refer to literature chapter section 2.7.1:41**).

- Regular reconciliations were not always adequately prepared for financial items during the year. This resulted in reliance on manual reconciliations at year-end. Due to the volume of manual reconciliation required, assurance processes were not implemented in time to ensure that information was accurate and complete. As a result, several errors were identified in the reconciliations by the external auditors.
- Effective financial systems of internal controls and their management had not been implemented to ensure accurate financial statements. The preparation and review of the financial statements was not adequately planned to ensure a comprehensive review of year-end adjustments and reconciliation, resulting in errors.
- The quality of the annual performance report was poor as significant audit findings were identified in usefulness and reliability of performance indicators and targets. This is because SAA did not have a policy on performance information, clarifying standard operating procedures on performance reporting, as well as the lack of understanding by management of the National Treasury Framework for Programme Performance Information (FMPPI). This is also due to the lack of oversight and monitoring of performance reporting by senior leadership, and poor record keeping at SAA.
- Controls have not been implemented to create a control environment that supports useful and reliable reporting of performance information.
- Performance indicators and targets on the corporate plan, shareholders compact, and annual performance report were not adequately reviewed by leadership to ensure compliance with FMPPI before approval and submission for audit. The staff, within the reporting units, also does not fully understand the performance information requirements as set out in the FMPPI.

- The asset management unit is under- staffed; as a result, basic disciplines, such as physical verifications and conditional assessment of the assets are not performed periodically to ensure that the assets are accounted for in accordance with the applicable financial reporting framework.
- The accounting system used to maintain spare parts during the year under review is outdated (MEMIS). A new system (AMOS) became live on 1 April 2017, and the unreliable data from the old system was migrated to the new system. These spare parts could not be uniquely identifiable in the accounting system (SAP) used by SAA for financial reporting purposes. Reconciliation between the two-accounting system resulted in differences on a quarterly basis, and the reconciling items are not adequately investigated.

The design and implementation of formal controls over information technology systems were not adequate to ensure the reliability of the systems and the availability, accuracy, and protection of information. Such type of misconduct has its own penalties associated with dismissal, suspension, in terms of the Public Finance Management Act (PFMA), 1993; financial misconduct entails any material losses through criminal conduct, unauthorized, irregular, fruitless and wasteful expenditure. In other words, financial misconduct is much associated with financial mismanagement in one way or the other.

As highlighted before, corporate governance and financial management cannot be separated as different terms in terms of business success or failure. Poor implementation of corporate governance financial management principles and practices are the main identified factors associated with SAA financial failures.

In other words, good corporate governance practices are considered effective if implemented in an accountable and transparent manner.

Table 5.14: Economic, political and Social Governance factors

Analysed documents in Chapter 3 indicated that the following were associated with factors affecting Financial Performance of SAA.

Comments from consulted journals	Theme Political factors	Theme Economic factors	Theme Social Governance
Mhlangu (2013)	-political governance in the context of South Africa is characterised by oppressive practices		Most notable are allegations of corrupt or irregular activities by then SAA top officials, politicians, non-Executives
Hope (2002),	Governance is divided into political governance	Governance is divided into economic governance	Governance is divided into social governance
Khan (2006)	From a political point of view, democracy is a system whereby the public is also given an.... Political developments with the ruling party exercising much authority	..., democracy is a system whereby the public is also given an opportunity to contribute their views towards the country's social developments without the ruling party exercising much authority	democracy is a system where by the public is also given an opportunity to contribute their views towards the country's economic developments
(Dean, 2013	...mismanagement, incompetence, and corrupt practices geared towards economic downfall, bureaucracy and autocracy	...mismanagement, incompetence, and corrupt practices geared towards economic downfall	
			that anti-combative practices within the SAA are one of the factors that is adversely affecting its financial performance

5.8.2.1 Political: political governance, oppressive practices, Political developments with the ruling party exercising much authority, mismanagement, incompetence, and corrupt practices geared towards economic downfall, bureaucracy, and autocracy

The consulted studies in table 5.14 clearly reflect that political governance is being abused through oppressive political practices characterised by financial mismanagement, incompetent leadership and corrupt practices which have adversely affected SAA financial performance.

The blame for the economic downfall is put against the ruling which forms the majority of the political decision makers. In other words political governance is one of the major factors by abusing political authority during the policy implementation process.

5.8.2.2 *Economic governance: mismanagement, incompetence, and corrupt practices geared towards economic downfall*

Economic governance according to table 5.14 just like political governance political governance is affected by leaders who mismanages resources through corrupt practices which has also led to the downfall of state-owned enterprises including SAA. In other words, poor economic governance directly affects socio-economic and political stability, and security.

5.8.2.3 *Social Governance factors: Governance is divided: into social governance corrupt or irregular activities,*

Results of table 5.14 show that social governance is one of the factors that has affected SAA financial performance. Corruption and irregular activities practised by top officials has affected all relevant stake holders who are directly linked to SAA such as employees, suppliers, and customers; from the findings, it can be confirmed that political, economic, and social governance cannot be separated in one way or the other, for there is a high level of interdependence. As highlighted in Chapter 2, Section 2.8: 61 Hope (2002), governance is divided into three categories namely, corporate governance, economic governance, and political governance. Good governance then implies adherence to good corporate, economic and political governance. The assumption is that there is a correlation between good governance, good democratic practices, proper social justice practices and economic and social growth and development.

Literature review (Refer to chapter 2: section 2.8:61) has also identified the primary factors for SAA poor financial performance that initiates privatisation, as being associated with economic reasons, political reasons and social reasons, anti-competitive practices, (Thompson, 2007), racism controversy and corruption controversy (Mhlangu, 2013; SAA annual report, 2017)) are additional factors, according to literature review, that are associated with SAA financial performance (Refer to chapter Section 2.8:61-64) . Hope (2002) also confirms that governance is divided into three categories, namely, corporate governance, economic governance, and political governance. Good governance then implies adherence to good corporate, economic and political governance. The findings also confirm that there is a positive correlation between

good governance, good democratic practices, proper social justice practices and economic and social growth and development (Refer to Chapter 2 section 2.8:61).

5.8.2.4 *Implication of the findings*

Interpretation of the factors that affect financial performance of SAA would make one wonder if there is a demand for reversing the process of the legal public ownership model to privatisation. From the results of the analysed documents, public ownership models are, according to research, regarded as constantly undermining privatisation by associating it with economic, social, and political inferiority for the benefits of political leader's and to SAA officials (Dean, 2013; Harvey, 2010; Hudis, 2013; Negri, 2010). The implication of the findings calls for a demand for reversing the stipulations of the legal framework from state ownership to private ownership, probably by reversing the legal phraseology to mean the opposite as indicated below. Table 5.15 refers to the findings obtained in table 5.9. whereby the State ownership process shows the main themes and subthemes reflecting a structured model of state ownership originating from privatisation as characterised by SAA transfer of shares, conversion of South African Airways (Proprietary) Limited into a public company having a share capital, Transfer of SAA shares and SAA interests, and transfer of SAA shares and SAA interests to the State.

Table 5.15: SAA Corporate governance and financial management regulating SAA Public /private ownership status

THEMES			
	State Ownership	Private Ownership	
SUB-THEMES			
	State transfers back Shares to private companies Transfer of SAA shares and SAA interests from state ownership to private ownership governed by shareholder compacts	Crowd in private sector investment, whilst minimising the fiscal burden to the State.	

Following the financial failures of SAA, this study proposes the reversal of the legal policy to suit SAA privatisation. The next section analyses the models for privatisation of state-owned enterprises.

a. Private Ownership:

Although findings of table 5.15 identify the process of SAA state ownership from privatisation, the main identified theme of privatisation and subthemes reflects legal protection of privatisation. As highlighted before, there is, however, no evidence of privatisation models from the analysed legal framework. In the context of this study, the controversy between state ownership and privatisation is only determined by SAA financial status between the periods 2010-2019 which, according to the findings has been found beyond reasonable doubt that it is in a alarming condition. Based on these results, this study goes further to design a conceptual model of privatisation model effective enough to boost the crumbling national economy.

Although all the analysed documents above provided, the framework and parameters of the SAA group is 100 per cent held by the state during the period of 2010 -2019.

5.9 CATEGORY 5: PRIVATISATION MODELS

5.9.1 Privatisation models in the context of the Systems Theoretical framework (Document analysis)

Table 5.16 below analyses consulted text from authors that describes the nature of the systems theory. The intention from the results was to relate to privatisation models in the context of the systems theory.

Table 5.16: Privatisation models in the context of the Systems Theoretical framework

THEMES AND RECORDED TEXTS		
Total involvement	Wholeness	Interdependent
...giving more emphasis on total participation and involvement of everyone in an organisation for continuous improvement, by doing the right thing at the first time (Stevenson, 2009:427).	Understanding the concept of a whole in an organisational system (Hammond, 2005).	structures of organizations are open systems that are influenced by interdependent variables that rely on openness and feedback (Scott, 1981:407-419).
Total involvement and continuous improvement seem to be some of the important principles of the TQM according to literature (Psychogios, 2007:44).	this theoretical perception was developed to contradict the Scientific Reductionism Theory which believes in breaking a whole system into single parts when making an analysis (Senge, 2006:68),	Systems consist of more than just the sum of its parts and are made up of three parts, which are elements, interconnections, and purpose (Meadows & Wright, 2008:11).
focus on total involvement, team work (Robbins & Verhulst, 2010).	systems theory as the science of wholeness and the complex interacting of components in the whole system (Bertalanffy, 2006:37)	All elements, interconnections, and purposes are essential and are equally critically important in systems theory (Meadows, 2008:14-5).
	Systems theory is instrumental in developing a clearer understanding of elements and their interrelationships while the system operates under the constraints of specific (Meadows & Wright, 2008)	-An open system interacts with its environment through giving and receiving information (Merton, 2001) -An open system is hence a theoretical perspective that analyses a phenomenon seen as a whole and not as simply the sum of elementary parts (Merton, 2001).

The identified themes and emerging themes from the consulted authors that describes the nature of the systems theory in table 5.16 are as follows:

5.9.1.1 Total involvement: *total participation, continuous improvement, teamwork.*

The findings could attribute to the idea that, for any systems to effectively function, all state holders must be totally involved by observing total participation characterised by teamwork to ensure continuous improvement to meet intended goals.

5.9.1.2 *Wholeness: whole system, interaction of components.*

The aspect of wholeness implicates the idea of taking into consideration the significance of total involvement and participation of each part, structure, or component of a system to be respected for the functionality of the whole system/organisation towards meeting intended goals.

5.9.1.3 *Interdependent: interdependent variables, interconnections, interconnections, open system interacts.*

All parts or components of a system/organisation depend on each other for the whole system to function. Those aspects, interdependent of all the variables of the same system, depends on interactions and inter connections necessitated by total involvement, participation and teamwork in a holistic manner towards achieving common objectives.

5.9.2 Implications of the total involvement, total participation, and wholeness in privatisation processes

The system theory indicates that SAA is an organisation that functions like a living organization, whereby all stake holders are interdependent to come up with the right privatisation model in line with the national policy designing and implementation processes. In other words, lack of total involvement and participation of all relevant stake holders during the process in a holistic manner, is associated with poor implementation of policies. The South African Public policy making process takes place within a political arena, whereby political ideas from the top officials of the ruling party dominate (National Policy Development Framework, 2020:12). To confirm this, the same document confirms this by stating that:

“Administrative policies are intended to give practical effect to the broader political and government policies adopted by political office-bearers within the national executive authority. These policies provide guidance on the day-to-day running of the department and relates to personnel, financial, organizational, procedural and control policies”.

The implication of the findings in this study are that designing, implementing, analyzing and evaluating legal frameworks of privatization should be done through the application of the systems theory in conjunction with the stakeholder’s theory, the Negotiation Theory and Organizational Models in the perspective of open systems.

5.9.2.1 *Systems theory (Refer to chapter 3 section 3.5:76-82)*

The systems theory (1960-1980) states that the structures of organizations are open systems that are influenced by interdependent variables that rely on openness and feedback (Scott, 1981:407-419). A systems organization provides every worker with consciously coordinated activities or forces to achieve an agreed-upon outcome. Systems consist of more than just the sum of its parts, and are made up of three parts, which are elements, interconnections, and purpose (Meadows & Wright, 2008:11).

5.9.2.2 *The stakeholder/negotiation theory (Refer to chapter 3 section 3.5.2:80-82)*

The stakeholder's theory is sometimes referred to as the Negotiation Theory in the context of the systems theory, (Caputo, 2015). The stakeholder theory is a theory of organizational management and business ethics that accounts for multiple constituencies impacted by business entities such as employees, suppliers, local communities, creditors, and others. It addresses morals and values in managing an organization, such as those related to corporate social responsibility, market economy, and social contract theory (Caputo, 2015:75).

5.9.2.3 *The Participatory governance theoretical perspective (Refer to literature review chapter 2 section 2.8:55-57)*

This theory proclaims that the policy making process, including policy amendments and innovations, should involve co-operation between state institutions and civil society groups in policy planning, designing, implementation and innovation, regarding corporate governance, economic governance, and political governance (Khan, 2006a). Taking these views into consideration, this study, apart from all the consulted documents, also makes use of the systems theory to consult SAA senior officials, senior political officials purposively selected from the ANC, DA and EFF, the ministry of transport and the Ministry of Public Enterprise, to come up with the privatisation model. Linking this study in the context of the participatory governance approach may also give insight into SAA in planning, designing and implementation strategies by way of encouraging its member states to include people who are marginalised in political decisions so as to minimise political problems at grassroots interference in the smooth running of business entities (Dwiyanto, 2003; Edgington, 2000).

From an historical point of view, both literature review and document analysis has indicated that the process of public ownership of SAA was characterised by a closed system characterised by the following limitations (Refer to chapter 3 section 3.5.4, 84:85):

- Bureaucratic administration which almost completely voids the public
- Another feature of the bureaucratic structure, that stress on depersonalisation of relationship (Merton, 2001:10).

This study is proposing open systems in the complex of the systems theory, which is associated with the following advantages (Refer to chapter 3 Section 3.5.4:05):

- The channels of communication are defined.
- Everyone is involved in all channels of communication.
- Everyone has access to the official channels of communication.
- Channels of communication should not be authoritative whereby high personal of a company's hierarchy creates communication with their co-workers.

An open system is hence a theoretical perspective that analyses a phenomenon seen as a whole, and not as simply the sum of elementary parts. The focus is on the interactions and on the relationships between parts to understand an entity's organization, functioning and outcomes (Katz & Kahn, 1978). In the context of this study, this is going to be applied to come up with a privatisation model for SAA.

In the next section, face to face interviews further explored developing of privatisation models in the context of the systems theory, mainly focussing on the total participation/ Interdependence and economic implications behind the theory.

5.9.3 Privatisation models in the context of the Systems Theoretical framework (Interview analysis).

Table 5.17: Privatisation models in the context of the Systems Theoretical framework

Total Involvement/Interdependence	Economic Implications
The private investors need enough consultation and involvement to avoid financial regrets in future... relevant government official, the private sector community, economists and the international community, and other concerned stakeholders.	State-run industries tend to be more bureaucratic with strict control when it comes to decision and policy stipulations and implementation. This is one of the reasons why consultative processes are needed in such big entities like SAA particularly when it comes to privatisation channels in order just to improve poor performance.
I believe that SAA this time needs enough involvement of important stake holders if at all there is need for privatisation. It's a process that involves legal de-regulation process that must be done procedurally.	Private companies have a greater potential to produce goods and services more efficiently to ensure maximized profits
From the onset, I have told you that there was no fair representation of relevant people in regulating the state ownership process following legal procedures.	Non-consultative monopolies tend to instil a spirit of corruption that must not be tolerated during implementation of privatization policies if at all they can be introduced one of the days. cash flow and maximised profitability of the company is the main goals of teamwork-based communities.
process is about the level of input in decision-making that employees have regarding which business activities they perform. --Economic interdependence is the mutual dependence of the participants in an economic system. -There is no individual operator who can work as an individual without depending on other stakeholders. This is the problem with the politicians when drafting business policies.	A political government tends to run an industry or company for political goals rather than economic ones. The mode of communication is based on non-consultation. limited input is put by other business stakeholders.
Any form of a business depends on suppliers of raw materials, the processors during the production process and the consumers of the products. This shows that interdependence is an important aspect of business policy makers, economists, and business legal advisors. Good relationships must be established in any business operations. Suppliers for raw materials. Many politicians don't believe that decision-making is an opinion where everyone involved should be valued and trusted in implementing policies.	In as far as privatization of SAA is concerned, the most important thing on involving stake holders in decision making is to obtain sustainable means of accessing of privately held companies to raise investment capital in the financial markets.
...where different business structures must be involved. The company or industry becomes less regulated. Government functions and services may also,	Private companies make a profit by mutually communicating and persuading consumers to buy their products ...

5.9.3.1 *Total involvement*

Consultation and involvement need enough involvement of important stake holders, Government to the private investors needs enough consultation and involvement, fair representation of relevant people, this shows that interdependence is an important aspect of business, depending on other stakeholders, where everyone involved should be valued and trusted, different business structures must be involved,

Results of table 5.17 Confirms the outcome of the results of table 5.16, document analysis the importance of consultation and involvement of concerned SAA stakeholders in developing an SAA privatisation model. There is a lot of emphasis put on fair and presentation of relevant people when it comes to decision making of privatisation processes and practices with trust when it comes to total involvement.

5.9.3.2 *Economic implications:*

Consultative processes are needed in such big entities like SAA particularly when it comes to privatisation channels in order just to improve poor performance, produce goods and services more efficiently, maximized profits. Cash flow and maximized profitability of the company, political goals rather than economic ones. Raise investment capital in the financial markets, raise investment capital in the financial markets, make a profit by mutually communicating.

Results of table 5.17 reflect that a privatisation process that realises the significance of consultation is ensured of improving business performance in terms of productivity, efficiency and increasing profitability. There is also assurance of raising investment capital in the financial market and profit where mutual communication is practiced with relevant stakeholders.

The findings indicate that total involvement and interdependent of different components of a system are the most important components of the systems theory. Critical analysis of the same findings indicates that there is a positive correlation between Total involvements, interdependency and economic productivity when developing privatisation model in the context of SAA.

Results of table 5.16. also confirms that lack of implementation of the principles of the systems theory, in one way or the, particularly the stakeholder theory, were evident in the SAA economic, political and Social Governance matters. Corruption and irregular activities practised by top officials affected all relevant stake holders who are directly linked to SAA

such as employees, suppliers, and customers. As indicated before, it is confirmed that political, economic, and social governance cannot be separated in one way or the other, for there is a high level of interdependence. In support of the stake holder theory, recorded comments from face- to- face interviews mention, respondent E commented that “stakeholders are held to account, in terms of parliamentary oversight” This implies that the stake holder theory must also stretch broadly from parliamentary state ownership and privatisation policies before directly applied in individual companies.

In line with the findings of document analysis and analysed literature review, the findings of table 5.13 are condemning a privatisation process of SAA with bureaucratic structures that stress on depersonalization of relationship (Merton, 2001:10) (Refer to chapter 3 section 3.5.4, 84:85). In other words, the findings recommend a pen system in the complex of the systems theory which is associated with the advantages mentioned above (Refer to chapter 3 Section 3.5.4:05).

As highlighted before, an open system is hence a theoretical perspective that analyses a phenomenon, seen as a whole, and not as simply the sum of elementary parts. In the context of this study, the application of the systems theory during the face- to- face interviews conducted was taken into consideration by totally involving and consulting the interdependent stakeholders, assumed to provide valid privatisation processes and models geared towards improving SAA financial performance (refer to chapter 1. Table 1.1, page 20)

It is also interesting to note that apart from the emphasis put on total participation/interdependence the research identifies a link between the application of the systems theory in developing a privatisation model such as transfer of assets and deregulation. This shows that the interviewed respondents had an idea and knowledge of what seem be their models of priority. The following comments asserts these findings:

Respondent A. *If the government decides to privatise SAA, in one way or the other, an idea that to me would make no sense as of now., the process of re-transferring assets from the Government to private sector.*

Respondent B: *I believe that SAA this time needs enough involvement of important stake holders if at all there is need for privatisation. It's a process that involves legal de-regulation process that must be done procedurally.*

Respondent C: *Deregulation of SAA must involve Top officials and the ruling party delegates designed the policies for their personal interest. Similarly, privatisation must consider involving all political parties, relevant government institutions and the international business community. Remember SAA has been heavily regulated by the government, deregulation as a privatisation model must be done in a systematic way.*

The following goes further to analyse existing privatisation models from consulted published articles and consulted literature review.

5.9.4 Privatisation models (Document analysis)

Table 5.18 below identifies full privatisation, semi-privatisation, no privatisation, and public private partnership as the main themes associated with privatisation. These are further linked to the emerging themes.

Table 5.18: Privatisation models

Full Privatisation	Semi-Privatisation	No Privatisation	Public-Private Partnership
...change of ownership of the enterprise, from public sector to private sector (divestiture) (Otter, 2019:32).	...semi -privatisation refers to part ownership being transferred to the private sector, but the state or government remains in control of the organisation (Belkhir & Ben-Nasr, 2016).	No privatisation means that the public firm or government firm has full ownership of the production services (Estrin & Pelletier, 2018).	.a contract between the government entity and a private party, on a long-term basis to provide a public service or asset in which the management responsibility and significant risk is left for the private party to bear (Wang, Xiong, Wu & Zhu (2018).
the transfer of full control and ownership rights from a State-Owned Enterprise to private investors (Belkhir & Ben-Nasr, 2016; Boggio, 2016)	.. partial privatisation refers to part ownership being transferred to the private sector, but the state or government remains in control of the organisation (Belkhir & Ben-Nasr, 2016).	The Government manages and has full control without having to sell a part to private investors (Estrin & Pelletier, 2018).	service level is determined by the government, and it only pays the amount of money stipulated in the contract while the decisions about the production remain with the private firm (Kolesnikov, Pavlyuk, Radachinsky & Rodionova, 2018).
...This can also then be defined as 100% privatization (Belkhir & Ben-Nasr, 2016; Boggio, 2016).	Semi privatisation allows for some state regulations as well as some private services		service level is determined by the government, and it only pays the amount of money stipulated in the

Full Privatisation	Semi-Privatisation	No Privatisation	Public-Private Partnership
	according to Dawley (2019:12).		contract while the decisions about the production remain with the private firm (Kolesnikov, Pavlyuk, Radachinsky & Rodionova, 2018).

- **Full Privatisation:** *change of ownership, public sector to private sector, control, transfer of full control, and ownership rights.*
- **Semi-Privatisation:** *part ownership being transferred, partial privatization, allows for some state regulations as well as some private services.*
- **No Privatisation:** *government firm has full ownership; The Government manages and has full control.*
- **Public-Private Partnership:** *contract between the government entity and a private party, long-term basis, service level is determined by the government, decisions about the production remain with the private firm.*

5.9.4.1 *Full privatisation*

According to the main theme and sub-themes, this is a process of change of ownership from public sector to private sector. There is also an indication that the process of privatisation provides the benefiting private enterprise full power and rights to control the privatised enterprise. Full privatisation can as well be expressed as 100 per cent privatisation. In the context of SAA, full control and ownership rights would be retained from the South African government by ensuring a complete process of 100 per cent privatisation. “This form of privatisation requires that a public corporation should be sold together with its assets, liabilities and possibly its staff to private concerns. This transfer could entail the sale of shares on the Stock Exchange” (Reddy & Moodley, 2019:74). Although this can be a noble idea of boosting revenue and assets, other researchers found out that full privatisation cannot be honoured in South Africa because of political agendas and other economic interests. Although there is considerable scope for privatising South African public corporations, “.it is a truism that most public corporations will not be fully privatised in the foreseeable future for political reasons, in terms of party political (and government) propaganda and communication” (Reddy & Moodley, 2019:77).

Early researchers linked this to a privatisation form known as asset sale applied in situations where the government may only agree to full privatisation when there is only a need to boost their tax status and revenues by exposing their assets or capital goods for sale to affording private companies (Butler, 1988) (Refer to chapter one section 1.10.2:13).

Although this is in rare cases, other researchers found out that a government that has a full privatisation model can be honoured when the government applies the form of service shedding when they fail to perform. This form of privatisation refers to a situation whereby the governments withdraw from offering services to allow private enterprises a chance to provide similar services (Hefetz & Warner, 2012; Iseki, 2010; Savas, 1987) (Refer to chapter one section 1.10.2:13).

If the above findings are true, then different strategies of privatisation should be tried by applying the systems theory ideologies, whose outcome is assumed to make provision for an effective privatisation model for SAA.

5.9.4.2 *Semi privatisation*

The sub-themes put more emphasis on partial and part ownership to allow for some state regulations, as well as some private services to take place. The implication of the findings is that it is therefore up to the two parties to agree on the degree or level of control, power and authority based on proportion expressed as a percentage. Contracting is one identified form of semi privatisation. This is where a private company is contracted for doing certain paid services by the state. An agreement with private dealers to provide services is made. These types of services, in the context of South Africa, have been witnessed in such areas as collection and disposal of waste products, private security services and construction, among many more (Hefetz & Warner, 2012; Iseki, 2010; Savas, 1987).

5.9.4.3 *No privatization*

Government firm has full ownership of the production services; The government manages and has full control. The themes of this category are self-explanatory. No privatisation simply means that there is still 100 per cent state ownership. This means that the government firm has full ownership of the production services and other company operations.

5.9.4.4 *Public-private partnership*

The themes and sub-themes indicate that public-private partnership involves a process whereby a long-term contract signed between the government entity and a private party on conditions that while the service level is determined by the government, decisions about the production remain with the private firm. Reddy and Moodley (2019:73) elaborate this view by stating that:

In instances where it is not acceptable to transfer an existing state enterprise in its entirety to the private sector, or where the nature or extent of a new enterprise would require the involvement of the state, such an enterprise can be managed by a partnership between the state and the private sector. A partnership of this nature may have the benefit of effectively reconciling private sector participation and a private sector approach to management with public sector strategic interest in such an undertaking (Refer to chapter one section 1.10.2:13).

It is not yet established in this study whether contracting is applicable in the context of SAA as a form of processing the public-private partnership as a form of privatisation. This is where a private company is contracted for doing certain paid services by the state. Agreements with private dealers to provide services are made. These types of services, in the context of South Africa, have been witnessed in such areas as collection and disposal of waste products, private security services and construction, among many more (Hefetz & Warner, 2012; Iseki, 2010; Savas, 1987) (Refer to chapter one section 1.10.2:13).

The implication of all the above findings is that the state still has power and authority of the regulations of the running of the company. Whatever the model of privatisation is agreed upon by the concerned stake holders, a form or method of privatisation must be followed in one way or the other.

There is however confirmation according to research that deregulation is one of the most important forms of privatisation when designing a privatisation model. The role played by deregulation in the process of privatising public corporations is significant since deregulation is the process of removing (repealing or suspending) those monopolistic laws by which most public corporations are run (Reddy & Moodley, 2018:73) (Refer to chapter one section 1.10.2:13).

5.9.5 Face-to-face were conducted to prioritise privatisation models in the context of SAA

Making use of the cost –benefit analysis, from face- to- face interviews, the following findings were revealed that were going to be used to come up with a provisional SAA privatisation model. This was based on the findings of literature review which confirmed that a cost-benefit analysis is the simplest way of comparing options to determine whether to go ahead with a project or not. The idea is to weigh up project costs against benefits and identify the action that will provide the best choice. Cost-benefit analysis can help companies develop an advantage over competing businesses, because it can help them quickly create innovative ideas and determine how they can stay relevant in the current market.

The responses below were based on the following criteria:

- To determine if an investment (or decision) is sound, ascertaining if – and by how much its benefits outweigh its costs.
- To provide a basis for comparing investments (or decisions), comparing the total expected cost of each option with its total expected benefits. (Ergas, 2009; Ciraci & Polat, 2009; Ergas, 2009).

Table 5.19: Privatisation models (Interview analysis)

	Full Privatisation	Semi-Privatisation	No Privatisation	Public-Private Partnership
A	Full privatisation is the only answer.			
B	State ownership has failed, What else except full privatisation			
C	State ownership has failed, semi – privatisation is good as no privatisation since they will still be in control. Full privatisation goes well with me.			
D		It is important that SAA cannot completely run away from government regulations. That is the reason why I would rather prefer semi-privatisation.		
E	It must be 100 percent privatisation.			
F				Many companies who are in public-private partnership are performing well.
G	It won't make sense to offer resources back to the state when they have failed. I strong believe that private sector will ever fail SAA.			
H		I believe in semi-privatisation. Private owners have the tendency of being selfish and exploitative Partial privatisation refers to part ownership being transferred to the private sector, but the state or government remains in control.		
I				Private partnership forms a fair deal. It's a 50 to 50 situation.

Five respondents are in favour of full privatisation, two are in favour of semi-privatisation, the other two are in favour of public-private partnership and no respondent preferred no privatisation.

The findings of table 5.19 indicate that most of the respondents were in favour of full privatisation. The following were the selected comments in favour of full privatisation from a political governance, social governance, and economic point of view.

Respondent A: *Specialisation; a private business has the ability to focus all relevant human and financial resources onto specific functions. A state-owned firm does not have the necessary resources to specialise its goods and services as a result of the general products provided to the greatest number of people in the population.*

Respondent B: *If you look at countries like Britain, Russia and America, full privatisation of many state-owned companies gained momentum whereby increased efficiency was recorded in terms of increased production of goods and services in order to increase profits. I don't see why SAA cannot be like wise.*

Respondent C: *It is very clear that a state-run company is in a purely bureaucratic manner with a monopolised perspective exposed to corruption. Look, most of the SAA financial decisions were made by few top officials just for political reasons and interests instead for economic growth. This is the reason why. SAA full privatisation is my first priority if at all given the chance to air my views to make sure that effect on ongoing cash flow is not affected".*

Respondent E: *This is not questionable.... political government-oriented enterprises are merely run to meet political goals, not economic goals. I can see light at the end of the tunnel if the Government realises full privatisation of SAA without political interference as before. That is the only way to promote efficient investments in order to curb political risks characterised with corruption and mismanagement.*

Respondent G: *Don't forget that the aspect of accountability is in the hands of the management of privatised companies, do not create any confusion as compared to state owned companies. Full privatisation enables a company to maximise profit by creating good trading relationships with consumers to buy their products as a way of increasing demand and reduce costs without any political interference.*

The following comments represent the view of the respondents who were against full privatisation of SAA.:

Respondent D: Remember that the purpose of the government is performance, a democratically elected government is accountable to safeguard assets of the nation. For this reason, State legal frameworks support this purpose. The government raise revenues for the sake of satisfying national needs and economic growth. In case the provision for SAA privatisation is going to be initiated, I would propose semi-privatisation.

Respondent H: I am of the opinion that public full privatisation deprives the opportunity of monitoring fair distribution of goods and services which must benefit the whole society at large. To avoid selfishness, SAA must be semi privatised so the there is close monitoring by the government. The state must also be responsible for the administration of private companies.

Respondent F: Since privatisation field of contract theory. Contractual arrangements such as public-private partnership play an important role in boosting productivity. This is the reason why this privatisation model is recommended nowadays.

Respondent I: Public private partnership plays a vital role in the productivity of any company. It forms a fair deal and is 50-50 situation.

5.9.6 Full privatisation

Unlike the document analysis, interview findings have brainstormed influentially by giving insight to the prioritised model of privatisation. Apart from other reasons, full privatisation provides the benefiting private enterprise 100 per cent full power and rights to control the privatised enterprise. Consulted literature has supported the view that full privatisation can assist SAA to boost revenue and assets, and that there is fear that public corporations will not be fully privatised for political reasons, in terms of government (Reddy & Moodley, 2019:77).

For as much as semi-privatisation and public –private ownership has been categorised as models of privatisation, proponents of full privatisation argue that they are still state-owned enterprises since delivery of services will still be within the domain of the government.

5.10 CHAPTER SUMMARY

Making use of the adopted methodology highlighted for this study, highlighted in detail in the previous chapter four, this chapter comprehensively presented findings of the study by way of document, interview and literature analysis, discussions, and interpretation. Main policies that guide public/private companies in SA, policies linked to South African Airways, including policy documents from important stake holders such as the Department of Public Enterprises and the Department of Transport and SAA reports, were first analysed as the first phase of this chapter. A long table approach to data qualitative data analysis was effectively used, where all data was categorised, and discussions compared of similar themes and subthemes per category. The thematic approach used involved analysing data by means of identifying similar themes and establishing the relationship of variation of the views of the recorded texts of individuals. Analysis in this study also involved drawing together and comparing discussions of similar themes and examining how these relate to consulted literature in chapter 2 and 3, and the results of face-face interviews. The next chapter presents the final proposed model to be used by SAA.

CHAPTER 6

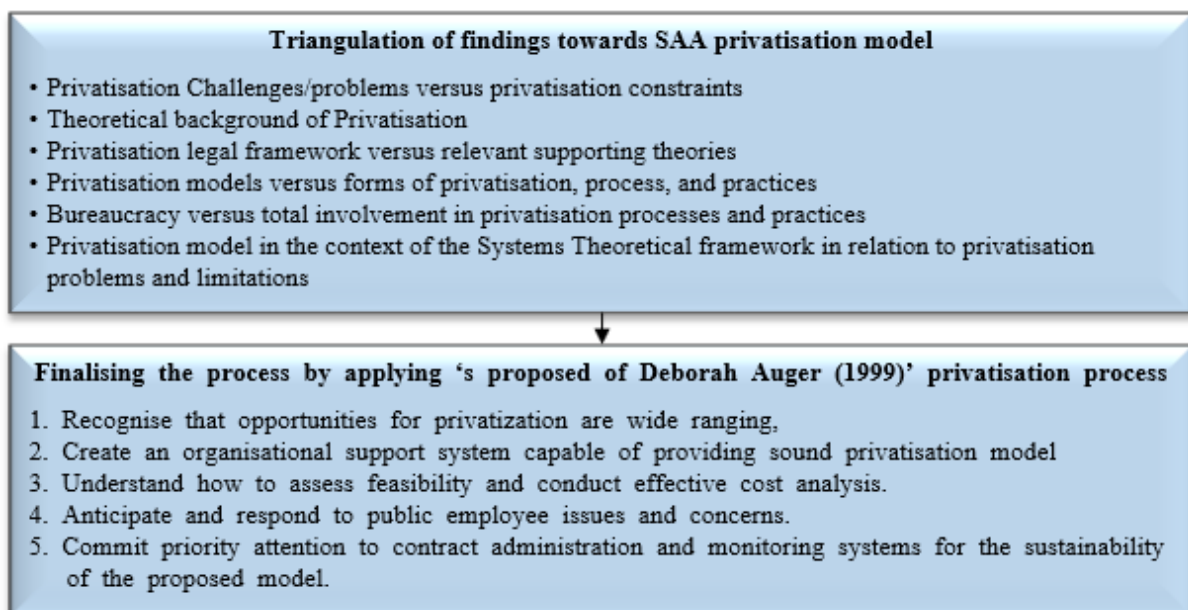
APPROPRIATE PRIVATISATION MODEL TO BE USED IN SAA

6.1 INTRODUCTION

The process of developing an appropriate privatisation model involves triangulation of findings of the study using the systems theory starting with the application of the theory of constraints in line with the following stages below: (i) Identifying the system's constraint(s), (ii) Decide how to exploit the system's constraint(s), (iii) Subordinate everything else to the above decision(s), (iv) Elevate the system's constraint(s), and (v) In the event of a failure in the previous steps, or a constraint has been broken, it is recommended to go back to step 1.

Finalising the process is done by the application of of Deborah Auger (1999)'s privatisation process. In other words, this chapter is a continuation of of Chapter 5 which focuses on identifying and discussing the appropriate privatisation model that can be used by South African Airways to build upon the structure of the systems theory in solving challenges associated with State Owned Enterprises. The chapter is illustrated by the diagram below:

Figure 6.1: Illustration of Chapter 6



Triangulation of document analysis interview results and literature through the application of the theory of constraints.

6.2 STAGE 1: DECIDE HOW TO EXPLOIT THE SYSTEM'S CONSTRAINT(S)

6.2.1 Constraint 1: Challenges versus identified constraints

- **Compliance to Legal frameworks**

The Legal framework governing public ownership in South Africa was identified as the main constraint that affected SAA privatisation models. Document analysis (Section 5.2 .1 Table 5.1 to 5.2) interviews (Section 5.2.2, Table 5.6) and literature review (chapter 2 section 264: 48, chapter 2, section 26.4: 48, chapter 2 section 2.6.3:46 and chapter 2 section 261:45) findings seem to agree that the stipulations in terms of legal guidance, legal control, legal rights and obligations, duties and responsibilities and legal protection were designed to regulate personal interests of policy makers (politicians). Reconciling the content and context of the above table and the previous theoretical literature discussions pertaining to the purpose of any legal and regulatory framework for State-Owned enterprises, one would confirm that SAA has a well-defined and comprehensive regulatory and legal framework which, in one way or the other, is expected to enjoy the following benefits of any legal stipulations in running SOEs:

- Ensuring that everyone is clear about the policy direction of the state.
- Legal guidance in terms of business operations including financial management principles and practices.
- Guided business ethics.
- Guided business operations and good trade relationships.
- Provision of ways of combatting corruption, mismanagement, and indecency.
- Ensuring full knowledge and understanding of the boundaries and the relationship between government shareholders and the Board of Directors of SOEs, and legal reference.

In other words, the legal framework governing public ownership in South Africa, as with any other country, is set to ensure that business operations are adhered to in the context of the set policies, and laws that determine the rights and obligations of companies in accordance with the country's constitution. Surprisingly, the findings confirm that challenges associated with lack of transparency, accountability, fiduciary duties, and financial misconduct were encountered in the context of SAA financial performance, the purpose of embracing financial management framework governing public ownership of companies in South Africa.

There is evidence, according to the document analysis and interview findings, that the compliance with the legal standards could not apply to promote operational efficiency, reduce risks, -comply with strategic goals, management of companies, relationships, relevant principles, performance management in the context of SAA, since the law was in the hands of the minority top officials with power and authority to manipulate legal policies.

6.2.2 Constraint 2: Bureaucracy versus total involvement in privatisation processes and practices

Taking into consideration previous lessons learned from privatisation to state ownership processes, there is evidence in the South African context that the policy making process is characterised by bureaucratic models that deprive total involvement and interdependence of concerned stakeholders who are directly or indirectly involved in privatisation processes and practices. Results of the document analysis (Table 5.16), face to face interviews (Table 5.17) and literature review (chapter 3 section 3.5.4, 84:85 and chapter 3 Section 3.5.4:05), all confirm that bureaucratic models of policy making hinders smooth coordination of designing, implementing, and evaluating policies that promote effective privatisation models. This is because of the lessons learned from designing State-Owned policies that have been seen to serve the interest of the minority individuals without total involvement of the private sector and other important stakeholders. The idea is to make sure that for business efficiency and effectiveness, total involvement of well represented politicians from all political parties, business communities, international communities and all other relevant stakeholders should take part in decision making by way of open channels of communication characterised by democratic leadership structure. This must be done in a holistic and interdependent type of legal framework to ensure economic success.

6.2.3 Constraint 3: Privatisation legal framework versus relevant supporting theories.

- **Implications of the total involvement, total participation, and wholeness in privatisation processes:**

From the results of document analysis (Section 5.8, Table 5.16), privatisation models in the context of the Systems Theoretical framework (Document analysis), face- to- face interviews (Section 5.8 Table 5.17 and literature review (chapter 3 section 3.5:78-84), confirm that designing of privatisation models in the context of SAA did not embrace the Systems

Theoretical framework to avoid the downfall of the enterprise. The results have also confirmed that SAA is an organisation that functions like a living organisation whereby all stakeholders are interdependent to come up with the right privatisation model in line with the national policy designing and implementation processes. In other words, lack of total involvement and participation of all relevant stakeholders during the process in a holistic manner is associated with poor implementation of policies. The South African Public policy making process takes place within a political arena whereby political ideas from the top officials of the ruling party dominate (National Policy Development Framework (2020:12). It was also highlighted that the designing, implementing, analyzing and evaluating legal frameworks of privatization policies and models should be done through the application of the systems theory in conjunction with the stakeholder's theory, the Negotiation Theory and the participatory governance theory, the systems theory (Refer to chapter 3 section 3.5:78-82), the stakeholder/negotiation theory (Refer to chapter 3 section 3.5.2:83-84) and the participatory governance theoretical perspective (Refer to literature review chapter 2 section 2.8:61-63).

The stakeholder's theory is sometimes referred to as the Negotiation Theory in the context of the systems theory (Caputo, 2015). The stakeholder theory is a theory of organizational management and business ethics that accounts for multiple constituencies impacted by business entities such as employees, suppliers, local communities, creditors, and others. It addresses morals and values in managing an organization, such as those related to corporate social responsibility, market economy, and social contract theory (Caputo, 2015:75).

The participatory governance theoretical perspective proclaims that the policy making process, including policy amendments and innovations should involve co-operation between state institutions and civil society groups in policy planning, designing implementation and innovation regarding corporate governance, economic governance, and political governance (Khan, 2006a,).

From a historical point of view, both the literature review and document analysis have indicated that the process of public ownership of SAA was characterised by a closed system, characterised by the following limitations (Refer to chapter 3 section 3.5.4, 84:85)

- Bureaucratic administration which almost completely voids public
- Another feature of the bureaucratic structure, that stress on depersonalisation of relationship (Merton, 2001:10)

This study is proposing open systems in the context of the systems theory, which is associated with the following advantages (Refer to chapter 3 Section 3.5.4:05):

- The channels of communication are defined.
- Everyone is involved in all channels of communication.
- Everyone has access to the official channels of communication.
- Channels of communication should not be authoritative whereby high personal of a company's hierarchy creates communication with their co-workers.

An open system is a theoretical perspective that analyses a phenomenon seen as a whole and not as simply the sum of elementary parts. The focus is on the interactions and on the relationships between parts to understand an entity's organisation, functioning and outcomes (Katz & Kahn, 1978). In the context of this study, this is going to be applied to come up with a privatisation model for SAA.

Results have also highlighted that the reason for analysing the South African public ownership legal framework and policy is to establish insights into understanding SAA problems in terms of adopting and implementation the SAA policies in addition to analysis of the policy making process. This is in line with the assumption that there are also factors that must be exposed to successfully design, adopt, and implement a policy. Critical policy analysis refers to a form of policy studies where the focus is upon exposing inconsistencies between what policy says and what policy does, particularly in terms of power relationships in society (Diem, Young, Welton, Mansfield & Lee, 2014) (Refer to chapter 2 section 2.6.4: 48). Refer to chapter 2, section 2.6.4: 48). (Refer to chapter 2 section 2.6.3:46). Refer to chapter 2 section 2.6.1:45).

6.2.4 Constraint 4: Models of privatisation in relationship to full privatisation, semi privatisation, no privatisation as linked to forms of privatisation.

Document analysis (Table 5.18) and literature review (chapter one section 1.10.2:13) identified the controversy between privatisation models in relation to full privatisation, semi privatisation and no privatisation as one of the privatisation constraints. The findings were linked to each of the models and relevant forms comprising, contracting, public-private partnerships, set sale and deregulation as forms of privatisation.

Full privatisation: If SAA was a full public State-Owned Enterprise, full privatisation is the other way around. As highlighted in literature review, chapter 3 indicated that full privatisation

is a process of change of ownership from public sector to private sector. Reddy and Moodley (2019:74) indicated that through privatisation a public corporation is sold together with its assets, and liabilities to private owners. The findings of the studies in the context of SAA it is a process that is expected to be a cost saving measure if it allows private companies completely take over and maximise efficiency and effectiveness of services: efficiency, where private companies can move goods quicker and more efficiently. This also goes together with spurring state control, authority, and power to fully regulate the SAA under whatever circumstances.

Asset sale is only applicable in the event the government agree to full privatisation when there is only a need to boost their tax status and revenues by exposing their assets or capital goods for sale to affording private companies (Butler, 1988) (Refer to chapter one section 1.10.2:13). As indicated before, this is in rare cases. The government sometimes applies the form of service shedding when they fail to perform. This form of privatisation refers to a situation whereby the governments withdraw from offering services to allow private enterprises a chance to provide similar services (Hefetz & Warner, 2012; Iseki, 2010; Savas, 1987) (Refer to chapter one section 1.10.2:13). If the above findings are true, then different strategies of privatisation should be tried by applying the systems theory ideologies whose outcome is assumed to make provision for an effective privatisation model for SAA.

Semi/partial privatisation: Partial privatisation, according to the findings, is a process where a contract is signed between a private company and the state with an agreement that they have an equal share of ownership which must be a within the ratio of 50:50. If the contract allows a larger number of shares to remain in the hands of the state, that becomes partial privatisation. Whether semi or partial privatisation, the state is still in control of the legal practices in one way or the other, and the company is still regulated. Contracting is one identified form of semi/partial privatisation. Consulted literature has reflected that this is where a private company is contracted for doing certain paid services by the state (Hefetz & Warner, 2012; Iseki, 2010; Savas, 1987).

No privatization: Findings from literature review indicated that no privatisation simply means that the state still has full control of the company.

Public-private partnership: Chapter one section 1.10.2:13, has indicated that public-private partnership is a contract between the state and the private sector on conditions that while the service level is determined by the government, decisions about the production remain with the

private firm (Reddy & Moodley, 2019:73). There is still contradiction as to whether the public-private partnership is a form of privatisation or a model of privatisation since the private company is only contracted for doing certain paid services by the state (Hefetz & Warner, 2012; Iseki, 2010; Savas, 1987).

There is, however, confirmation according to research that deregulation is one of the most important forms of privatisation when designing a privatisation model. The role played by deregulation in the process of privatising public corporations is significant since deregulation is the process of removing (repealing or suspending) those monopolistic laws by which most public corporations are run (Reddy & Moodley, 2019:73) (Refer to chapter one section 1.10.2:73).

6.2.5 Challenges emanating from the identified constraints in the context of SAA

Findings of document analysis and consulted literature confirms that the measurement of SAA financial performance has been proved a failure between 2010 and 2019, as reflected by the financial indicators that record annual financial loss within the stipulated period. This shows that the company's financial goals have not been achieved. This also proves that implementation of legal policies that guide and direct business operations in line with the national legal framework have failed. This the reason why, according to this study, policy interpretation and implementation may be a possible challenge associated with SAA in terms of challenges and constraints, apart from other stages of the policy making process. Before linking the policy interpretation and implementation with the explored legal framework as possible challenges associated with SAA financial performance, interview analysis unlike document analysis, has analysed the performance in line with the influence of policy, politics, strategic leadership, mismanagement, market dynamics and governance in the Public Sector on SAA financial performance. Some of the factors which affect the financial performance of South African Airways have also been exposed; the following section, through consulted document analysis explores the challenges of SAA performance by linking the results of section 5.7 to further establish factors associated, starting with the level of legal compliance in the context of corporate governance and financial management.

6.2.5.1 Political

The consulted studies in table 5.14 clearly reflect that political governance is being abused through oppressive political practices characterised by financial mismanagement, incompetent

leadership and corrupt practices that have adversely affected SAA financial performance. The blame for the economic downfall is put against the ruling which forms the majority of the political decision makers. In other words, political governance is one of the major factors by abusing political authority during the policy implementation process.

6.2.5.2 *Economic governance*

Economic governance, according to table 5.14, as with political governance is affected by leaders who mismanage resources through corrupt practices, which has also led to the downfall of state-owned enterprises including SAA. Similarly, poor economic governance directly affects socio-economic and political stability, and security.

6.2.5.3 *Social Governance factors*

Results of table 5.14 show that social governance is one of the factors that has affected SAA financial performance. Corruption and irregular activities practised have affected all relevant stakeholders who are directly linked to SAA, such as employees, suppliers and customers; from the findings, it can be confirmed that political, economic and social governance cannot be separated in one way or the other, for there is a high level of interdependence. Literature review (Refer to chapter 2: section 2.8:61) has also identified the primary factors for SAA poor financial performance that initiates privatisation as associated with economic reasons, political reasons and social reasons, as well as anti-competitive practices, (Thompson, 2007), Racism controversy and corruption controversy (Mhlangu, 2013; SAA annual report, 2017) are additional factors according to literature review that are associated with SAA financial performance (Refer to chapter 2 Section 2.8: 61-64). Department of Public Enterprises, 2002:3 also confirms that governance is divided into three categories namely, corporate governance, economic governance, and political governance. Good governance then implies adherence to good corporate, economic and political governance. Results of table 5.17. also confirms that lack of implementation of the principles of the systems theory in one way or the other, particularly the stakeholder theory, were evident in the SAA economic, political, and social governance matters.

6.3 STAGE 2: FINDING WAYS OF EXPLOITING THE IDENTIFIED SYSTEM'S CONSTRAINT(S)

When completing the stage of brainstorming and identifying the constraints related to the above factors, the second stage involves finding ways of exploiting identified systems' constraints. In the context of this study, this is the stage where all the stakeholders sit together to debate, probe, brainstorm and come up with effective decisions of ways to resolve the constraints. The decisions must accord consensus to all the groups of people in the system.

Document analysis, interviews and literature review agreed on the following resolutions to address identified constraints to resolve SAA challenges:

6.3.1 Constraint 1: Compliance to Legal frameworks

Following the identified constraints and challenges associated with SAA financial performance, document analysis, interviews and literature review recommend privatisation as the only solution that can relieve SAA from the yoke of the state-owned legal framework, whose stipulations had a hidden agenda of protecting the law makers. This was clearly stipulated by these few comments from the interviewees:

Respondent A: *If the government decides to privatise SAA, in one way or the other, an idea that to me would make no sense as of now., the process of re-transferring assets from the government to private sector.*

Respondent B: *I believe that SAA this time needs enough involvement of important stake holders if at all there is need for privatisation. It's a process that involves legal de-regulation process that must be done procedurally.*

Respondent C: *Deregulation of SAA must involve Top officials and the ruling party delegates designed the policies for their personal interest. Similarly, privatisation must consider involving all political parties, relevant government institutions and the international business community.*

Respondent D: *Remember SAA has been heavily regulated by the government, deregulation as a privatization model must be done in a systematic way.*

6.3.2 Constraint 2: Bureaucracy versus total involvement in privatisation processes and practices.

The document analysis, interview findings and literature review have recommended application of the principles of the following theories in developing an SAA privatisation model: The systems theory, the stakeholder/negotiating theory, and the participatory governance theoretical perspective. Apart from document analysis, total involvement and proper consultation was done through the involvement of the following stake holders who are directly linked to improving SAA financial performance: Deputy Director General and Chief Risk Officer from the Department of Public Enterprises, Director General and Chief Director: Aviation Safety and Security from Department of Transport, Chief Financial Officer and HoD: Financial accounting from SAA and Politicians from ANC, DA and EFF.

6.3.3 Constraint 3: Privatisation legal framework versus relevant supporting theories

Just as what has been recommended above, the document analysis, interview findings and literature review, have recommended application of the principles of the same theories in developing an SAA privatisation model (refer to constraint 2 section 6.3.2).

6.3.4 Constraint 4: Models of privatisation in relationship to full privatisation, semi privatisation and no privatisation

Interview analysis used the cost-benefit analysis approach to come up with the SAA privatisation model linked to a supportive form of privatisation effective enough to solve SAA financial challenges.

The findings of table 5.19 indicated that most of the respondents were in favour of full privatisation. The following were the selected comments in favour of full privatisation from a political governance, social governance, and economic point of view.

6.3.5 Full privatisation

Unlike the document analysis, interview findings brainstormed convincingly by giving insight into the prioritised model of privatisation. Apart from other reasons, full privatisation provides the benefiting private enterprise 100 per cent full power and rights to control the privatised enterprise. Consulted literature has supported the view that full privatisation can assist SAA to

boost revenue and assets, and that there is fear that public corporations will not be fully privatised for political reasons, in terms of government (Reddy & Moodley, 2019:77).

For as much as semi-pravastatin and public/ private ownership has been categorised as models of privatisation, proponents of full privatisation argue that they are still state-owned enterprises, since delivery services will still be within the domain of the government.

6.4 STAGE 3: SUBORDINATING EVERYTHING ELSE TO THE ABOVE DECISION(S)

Stage 3 is just giving emphasis to the idea that it is the agreed decisions that must guide any other action. The results seem to confirm that full privatisation complies with the cost-benefit analysis, which stipulates that if the benefits outweigh its cost, then the model is assured of maintaining financial stability and sustainability for the company and the national economy at large. The results confirm also that full privatisation can be a possible tool for addressing the financial challenges with the related constraints.

6.5 STAGE 4: ELEVATING THE SYSTEM'S CONSTRAINT(S)

In the context of this study, the word ‘elevate’ means resolving the constraints so that the system becomes functional. In the context of the systems theory, application of the theory of constraints through brainstorming and critical thinking in line with political, economic, and corporate governance theoretical perspectives, as well as principles of capitalism and principles of communalism, enabled this study to establish and close the following gaps toward developing a privatisation model:

- Legal framework and versus relevant supporting theories.
- Bureaucracy versus total involvement in privatisation processes and practices.
- Models of privatisation in relationship to full privatisation, semi privatisation, no privatisation, and public-private partnership in the context of the forms of privatisation.

6.6 STAGE 5: IN THE EVENT OF A FAILURE OF THE PREVIOUS STEPS, OR A CONSTRAINT HAS BEEN BROKEN, IT IS RECOMMENDED TO GO BACK TO STEP 1.

Stage 5 is emphasising that for as long as there still exists a constraint within the system, in the process of implementing all the stages of the theory of constraints, the outcome is always negative. The only way is to go back to stage one and start afresh. However, this study did not encounter any negativism in terms of the application of the stages of the systems theory.

Following the proposed research plan, below is the finalisation process of SAA model development. It is also interesting to note that nearly all the stages of Deborah's proposed stages of privatisation have been integrated during the application of the theory of constraints above as indicated below:

6.7 APPLICATION OF DEBORAH’S PROPOSED STAGES OF PRIVATISATION

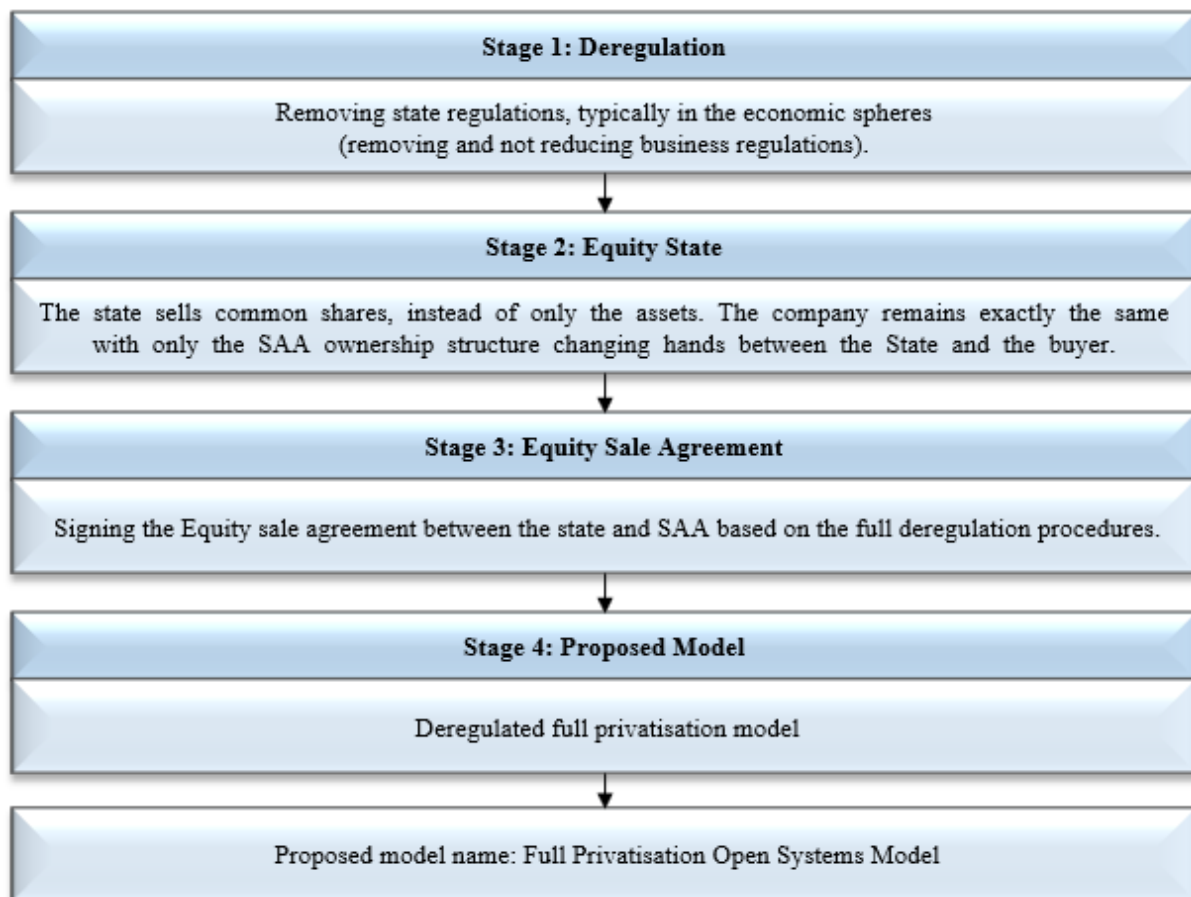
Table 6.1: Finalising the process of developing a privatisation model by applying ‘Deborah Auger (1999)’ privatisation process

Recognise that opportunities for privatisation are wide ranging, but experiences are varied and complex. Through document analysis, interview analysis, literature review and the practical application of the theory of constraints, the following opportunities for privatisation models and possible forms of privatisation have been identified: Model of Privatisation • Full privatisation • Semi privatisation • Public-private partnership • Zero privatisation Form of Privatisation • Equity sale • Deregulation. 3. Create an organizational support system capable of providing sound information and advice. Constraint 3: Privatisation legal framework versus relevant supporting theories. As with what has been recommended above, the document analysis, interview findings and literature review and the application of the theory of constraints results have recommended application of the principles of the following theories in developing an SAA privatisation model by means of creating an organisational that support system capable of providing sound information and advice. • The systems theory • The stakeholder/negotiating theory • The Participatory governance theoretical perspective 4. Understand how to assess feasibility and conduct effective cost analysis. Stage 3 of the systems constraints application indicated that results from face- to- face interviews confirm that the full privatisation complies with the cost-benefit analysis, which stipulates that if the benefits outweigh its cost, then the model is assured of maintaining financial stability and sustainability for the company and the national economy at large. The results can also confirm that full privatisation can be a possible tool for addressing the financial challenges with the related constraints. 5. Anticipate and respond to public employee issues and concerns. By way of engaging all concerned stake holders, the main issues and concerns including those of public were discussed including ways of resolving them during the first stage of the application of the theory of constraints. 6. Commit priority attention to contract administration and monitoring systems. This is the area that is recommended for further research to monitor the implementation of the full SAA privatisation proposal model which, in the context of this study, aids to engage private agents without the involvement of the state.
Adopting the right correct model of privatisation

The ideas of the table above were adapted from Leveson (2011); Best and Holmes (2010); Linhares (2009); Trietsch (2005) and Vygotsky (1978).

This model is based on the findings of the document analysis, face- to- face interviews, and literature review in the contexts of the systems constraint's theoretical perspective.

Figure 6.2: Deregulation



Stage 1: Deregulation of SAA

This is the stage where the state is expected to refrain from maintaining control over SAA economic operations such as ticket prices, route entries and domestic airline markets the same as what happened in Australia, United Kingdom, and Central America (Mcdonnell, 2015). These countries made great strides in improving service quality by way of improving airline service, such as increasing flight frequencies (Goetz & Vowles, 2009). This also included aircraft departures, total distance covered, quality of seats and other internal and external services, as well as observation of punctuality at landing and take-off hubs. There is also full hope that deregulation in the context of SAA is most likely to result in increased competition

leading to lower prices. In the context of this study, full deregulation is most likely to remove strictly controlled state regulated policies on SAA to ensure increased competitiveness, productivity, efficiency, and reduced prices.

Stage 2: Equity Sale

This is the stage where SAA may sell choose equity instead of assets sale whereby the sale involves stock, interest, or shares. The new private owner will be entitled to full ownership of the company, including assets and liabilities. The good part about this from of privatisation is that the state will no longer have any business connections with SAA, since the agreement involves clearing of outstanding debts and credits by the new owner. This will be in line with the principles of complete deregulation as per the expectations of the research findings. Asset sale, as a form of privatisation was not applicable to SAA based on the view that with asset sale, the state retains possession of the legal entity and the buyer purchases individual assets of the company, such as equipment, fixtures, leaseholds, licenses, goodwill, trade secrets, trade names, telephone numbers, and inventory. The state will thus be in a position to exploit SAA business operations as before.

Stage 3: Equity Sale Agreement

Selling a business is complicated and determining what type of sales to consider may increase the difficulty for the owner. There are documents to draft, sign and file and there are various persons that must be communicated with and contacted for various reasons. Signing the equity sale agreement between the state and SAA based on the full deregulation procedures.

Stage 4: Proposed Model

Based on the proposed full deregulation process, the adoption of the equity sale process in the context of SAA, the study proposes an SAA full privatisation model which, upon further scientific justification, would be coined the “Full Privatisation Open Systems Model”. This can be confirmed on the grounds that proper tests, such as Delphine technique, or regression analysis, are made in line with the principles of the systems theory. It is anticipated in this study that adoption and implementation of the model would add not only theoretical value but a practical value, also with the proposed and the provisionally coined name which has been developed from the existing systems theory whose principles are characterised by total

involvement, full participation, and interdependence of different sectors to come up with team-based decision.

Although there are several legal policies and programmes that have been put in place by the government to address these socio-economic problems, there is limited evidence or literature on the current formal privatisation process of the SAA.

6.8 CHAPTER SUMMARY

This chapter gave a comprehensive discussion of the applied process for developing an appropriate privatisation model by means of triangulation of the findings of the study using the systems theory, starting with the application of the theory of constraints. The theory of constraints filled all five stages, starting with identifying the system's constraint(s), followed by deciding how to exploit the system's constraint(s), subordinating everything else to the above decision(s) and elevating the system's constraint(s). The last stage did not apply for there was no failure in the previous steps. As a result, there was no need to go back to step 1.

Finalising the process is done by the application of of Deborah Auger's (1999) privatisation process. In other words, this chapter is a continuation of of Chapter 5 which focuses on identifying and discussing the appropriate privatisation model that can be used by South African Airways to build upon the structure of the systems theory in solving challenges associated with State Owned Enterprises. The next chapter provides the final review of the study and presents the conclusions and recommendations based on the main objective, the research problem and findings of the study. This chapter will also address the contribution of the study and the area for further studies.

CHAPTER 7

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

7.1 INTRODUCTION

This study was undertaken to develop a model of privatisation of the State Owned Enterprise for the South African Airways. The previous chapter presented an appropriate privatisation model to be used in SAA. This chapter presents the summary of the synthesised findings per objective, the conclusion of the study, recommendations, an area for further research and the conclusion. The finding of the objective of the study will be discussed below:

7.2 SUMMARY OF SYNTHESISED FINDINGS PER OBJECTIVE

7.2.1 Exploring the legal framework governing public ownership in South Africa.

The results of the document analysis, literature review and the interviews agree that the Companies Act No.7 of 2008, Public Finance Management Act No. 1 of 1999, King III Report on Corporate Governance 2002 the South African Airways Act No. 5 of 2007, Department of Public Enterprise strategic plan and draft of revised White Paper on national Transport Policy of 2017, have all the legal stipulations that govern public ownership of enterprises in South Africa including SAA.

The same legal documents also guide financial performance of all state-owned enterprises, including SAA. Results of document analysis (Table 5.2 and 5.3) clearly indicated that legal guidance, legal control, legal rights and obligations, duties and responsibilities, and legal protection, are the main themes that serves the purpose of embracing the corporate governance legal framework governing public ownership of companies in South Africa. The interpretation of these findings was that corporate governance provides a guideline for the structure of policies, rules and regulations designed to effectively manage a company. Bad corporate governance is associated with non-profitability because of financial mismanagement due to non-compliance to expected code of conduct. On the other hand, results of Table 5.4 and 5.5 indicated that transparency, accountability, fiduciary duties, and financial misconduct were the main themes that serve the purpose of embracing the financial management framework governing public ownership of companies in South Africa. The interpretation of the findings was that the aspect of financial management is fully recognised in the South African legal

framework governing public ownership. The findings also showed that corporate governances and financial management are an umbrella board of guiding principles to organisational transparency, accountability, and business success. Apart from establishing the legal framework status of state-owned enterprises, the findings enabled this study to establish insights into understanding of SAA problems in terms of adopting and implementing the SAA policies, besides the aspect of analysing the policy making process.

Findings of the document analysis were synthesised with the interview results in table 5.6, which similarly found that the Public Finance Management Act, 1 of 1999, the Companies Act, 71 of 2008, and the Protocol on Corporate Governance in the Public Sector, provides legal guidance, legal control, legal rights and obligations, duties and responsibilities, and legal protection of companies. Although document analysis was focussing mainly on financial performance and corporate governance in the context of the South African State-owned companies in general, the above results were directly confined to SAA legal framework. In other words, the findings of both interviews and document analysis agree that the SAA financial performance is legally guided and protected by the same legal framework, which must not be violated to ensure successful performance.

Document analysis went further in Section 5.2.1 to analyse SAA state ownership and privatisation legal framework as linked to the following legal frameworks by means of the document analysis approach: The South African Airways Act, Act 5 of 2007, Department of Public Enterprise Strategic plan and draft revised White Paper on National Transport Policy, 2017.

The information recorded in Table 5.5 indicated that, although public ownership is the main theme that is embracing financial management framework governing public ownership of companies in the context of SAA, as dictated by The South African Airways Act, Act 5 of 2007, The Public Finance Management Act, The Companies Act 71, Department of Public Enterprise Strategic plan and the Draft Revised White Paper on National Transport Policy of 2017, it has its roots from private ownership as mentioned in the legal documents. Further analysis of table 5.7 below shows that the aspect of SAA corporate governance, and the main theme and subthemes, reflects a structured model of a state ownership originating from privatisation as characterised by SAA transfer of shares, conversion of South African Airways (Proprietary) Limited into a public company having a share capital, and transfer of SAA shares and SAA interests.

7.2.2 Investigating the financial performance of the South African Airways.

Analysis of the findings of document, literature review and interview results, give consensus that SAA financial performance was a failure between 2010 and 2019 because of the constant losses made during the same stipulated period.

For instance, document analysis results confirm these findings though an assessment of chapter 2 table 2.6 section 2.7:56 which recorded the following results:

- Number of recurring profits during the period 2010-2018: 1
- Number of recurring losses during the period 2010-2019: 7

The results of table 5.9 indicated that the financial performance of an organisation is determined by the profits or losses made. In the context of SAA, the ratio of profits to losses is 1: 7. This is a proportional measure which, beyond reasonable doubt, shows that SAA has not been performing well during the period 2010 to 2019. To strengthen the impact of the results, face-to-face interviews were analysed, focussing more on policy, politics, strategic leadership, mismanagement, and governance as follows:

Policy: The findings indicated that financial performance of SAA has been negatively affected by lack of proper implementation of the SOEs legal stipulations based on the bureaucratic structures involved during the policy making processes, from designing to implementation, whose mandate is not in favour of successful financial performance of SAA.

Politics: Political bureaucracy was associated with exercising a lot of power and control. The political structure was found to be influential on negatively affecting SAA financial performance. The ruling party was blamed for dominating the decision-making process in the way SAA was run, since it forms the majority in parliament. Political interference seems to be blamed for the smooth operations of the production operations. The politics seem to apply bureaucratic power, control and authority in influencing negatively the SAA financial performance.

Strategy Leadership: Strategic leadership was found to be an area of concern whereby SAA leaders in their respective positions were not able to boost productivity, initiate innovative strategies, or motivate with rewards productive programs. Leaders were lacking transformational leadership skills in terms of competency, as well as proper reasoning, or SAA

could not have been affected by such financial challenges.

Mismanagement: Findings indicated that SAA finances were greatly affected by improper management characterised by fraud and corruption. It all shows that racism factors in terms of attitude, management structures and lack of governmental support were also matters of concern. The implication of the findings is that there is a positive relationship between management and poor financial performance of any enterprise. A well-managed company is in favour with successful production.

Market dynamics: Findings also indicated that the SAA financial performance was also affected by stiff competition in the aviation industry from both local and global perspectives, whereby fuel prices fluctuate and make it difficult to maintain costs and increase frequencies. The implication of the findings is that accumulation of revenue and profit is determined by many factors including how frequently an aircraft provides its service in its full capacity.

Governance in the Public: The findings indicated that SAA has been adversely affected by poor governance where officials have neglected their assigned responsibilities. They could not account for their performance with proper record reflecting transparency. The implication of the results is that there is a positive relationship between good governance and successful financial performance.

7.2.3 Investigating factors which affect the financial performance of South African Airways.

Results of document analysis, literature review and face-to-face interviews, collectively agree that poor interpretation and implementation of the legal stipulation governing public ownership in terms of legal guidance, legal control, legal rights and obligations, duties and responsibilities and legal protection, associated with corporate governance legal framework governing public ownership of companies in South Africa, were some of the prevailing factors associated with the poor financial performance of South during the period 2010- 2019. Transparency, accountability, fiduciary duties, and handling financial misconduct are the main financial legal obligations which were neglected during implementation. It is believed that if attention was given to these legal principles, SAA would not have suffered such a financial blow. As highlighted in the previous section, policy, politics, strategic leadership, mismanagement,

market dynamics and governance in the public are the main factors that prompted the SAA financial downfall.

Interpretation of the factors that affect financial performance of SAA triggered this study to reverse the process of the legal public ownership model to privatisation. The results of the analysed documents and public ownership models are, according to research, regarded as constantly undermining privatisation by associating it with economic, social and political inferiority for the benefits of political leader's and to SAA officials (Dean, 2013; Harvey, 2010; Hudis, 2013; Negri, 2010).

7.2.4 Exploring the frameworks and models for privatization of state-owned enterprises

Research findings identified the following frameworks of privatisation models before coming up with the final model:

- Full privatisation
- Semi/partial privatisation
- No Privatisation

The developed privatisation model was based on the findings of the document analysis, face-to-face interviews, literature review in the contexts of the systems constraints theoretical perspective following the following stages.

7.2.4.1 *Removing state regulations, typically in the economic sphere*

Removing and not reducing business regulations.

7.2.4.2 *Equity Sale*

The state sells common shares, instead of only the assets. The company remains the same with only the SAA ownership structure changing hands between the State and the buyer

7.2.4.3 *Equity Sale Agreement:*

Signing the equity sale agreement between the state and SAA based on the full deregulation procedures

7.2.4.4 *Proposed Model*

Proposed Mode Deregulated full privatisation model

7.2.4.5 *Proposed future model name*

Full Privatisation Open Systems Model

7.3 STRATEGIES OF ADDRESSING CHALLENGES

7.3.1 Privatisation Challenges/problems versus privatisation constraints

The findings of this study tried to address gaps from previous studies that failed to address and distinguish challenges/problems from constraints. Unlike other researchers, this study was able to root out state ownership or privatisation constraints before uprooting the challenges. This was from an understanding of the application of the theory of constraints which stipulates that it is constraints that bring about challenges (Trietsch, 2005). It is therefore necessary to identify the SAA privatisation constraints that causes the challenges and problems related to financial performance. This puts one in a position to come up with proper strategies of addressing the challenges at stake.

7.3.2 Privatisation models versus forms of privatisation, process and practices

This study, from the findings picked up from other researchers, created confusion between an understanding of privatisation models and forms of privatisation. Most studies referred to forms of privatisation as models. A model, in simple terms, is defined as a purposeful representation of reality (Clarke, 2005). On the other hand, the term “form”, in the context of privatisation, is a method, an approach, or practice that comes out of implementation of a conceptual model (England, 2010). To close this gap in terms of academic confusion, this study believed in the choice of a model before adopting the form.

7.3.3 Bureaucracy versus total involvement in privatisation processes and practices

The study attempted to close the gap created by the difference between processes and practices of bureaucratic and total involvement of privatisation. Since proponents of privatisation always blame state-run industries for applying bureaucratic practices, this study focused more on the need for total involvement for all concerned stake holders in identifying constraints and

challenges that hampers SAA financial challenges, as well as coming up with relevant strategies to solve the encountered challenges.

7.3.4 Privatisation legal framework and versus relevant supporting theories

This study identified a gap between stipulations of business policies, strategies and interventions of privatisation frameworks that have been projected and recommended and relevant supporting theories and implementation. Many researchers, in one way or the other, attempted to apply the agency theory, the stewardship theory, shareholder theory, the corporate governance theory and Wong's three pillars of SOC reform to reflect challenges associated with SAA in line with the implementation of the South African Companies Act 71 of 2008, which dictates the principles and practices of Public Finance Management Act (PFMA). The outcome of the studies did not bear much fruit since the same challenges are still being experienced in many state-owned enterprises in South Africa, including SAA, unless the same identified theories are combined with the systems theory, which is characterised by the following theoretical components:

- Theory of constraints
- The stakeholder/negotiating theory
- The Participatory governance theoretical perspective

7.4 THEORETICAL IMPLICATIONS OF FINDINGS

As highlighted above, this study, unlike other researchers, applied the systems theory in developing and designing a model of privatisation in the context of the Systems Theoretical framework in relation to privatisation problems and limitations. This is because of its characteristics, which collectively focus on the significance of the functionality of every component of a structure or system, with the hope of achieving common goals (Kazer, 2013). In other words, the systems theory perceives the notion that separating a single part of a structure is mostly likely to disrupt the smooth coordination of the system, which is supposed to operate in a holistic and mechanically related sequence (Rosenberg, 2006). The existence of systems theory, apart from serving the purpose of working towards accomplishment of a mutually shared goal/s, also gives assistance in supporting and maintaining the efficient function of any form of a system from failure (Leveson, 2011; Best & Holmes, 2010; Arnold & Wade, 2015). As linked to developing a privatisation model, this study builds upon the

systems theory by integrating the theory of constraints with the intention of analytically identify constraints that disrupt the smooth running of an organisation in terms of effectiveness, by way of initiating a well-co-ordinated link between all the components that makes up the whole system (Linhares, 2009).

The process and practices of developing a privatisation model cannot be effectively done outside the guidance and support of legal frameworks and relevant theories: corporate governance, theoretical perspective comprised of the agency theory, the stewardship theory, the enlightened shareholder theory, the new corporate governance theory and Wong's three pillars of SOC; these are further bricks to be built upon the systems theory reflect constraints and challenges associated with SAA in line with South African Companies Act 71 of 2008, which dictates the principles and practices of Public Finance Management Act (PFM and the Protocol on Corporate Governance in the Public Sector.

Further integrating of the System Theory with the principles and characteristics of Deborah Auger (1999)'s Lessons Learned from the States Model will assist this study to develop a form of privatisation from one, or a combination of the following forms, as the final stage: contracting, vouchers, public private partnership, franchise grants and subsidies, assets sale, volunteerism, private donations, service Shedding and Deregulation (England, 2011). A more detailed description of the systems theory will be presented below, apart from the discussion under this section of the theoretical framework in this chapter.

7.5 CONTRIBUTION OF THE STUDY

The study made a vast contribution for developing a privatisation model for the SAA with the aim of resolving challenges associated with poor financial performance as a result of poorly co-ordinated corporate, economic and political governance. The developed model has been provisionally coined a Deregulated Full Privatisation Model with the hope of establishing a Full Privatisation Open Systems Model in the event effective scientific tests have been performed to justify the proposed model. Adoption and application of the principle of the Systems theory, which has also been strengthened by the theory of constraints and the stake holder theory, has also been a major theoretical contribution which has established a comprehensive strategy of the process of developing a privatisation model. The combination of the theories has also brought about a critical thinking mind and action research through

brainstorming, to come up with sustainable measures for the process of privatisation, through the involvement of officials of public and private enterprises.

Additionally, the researcher has provided relevant information to both national and international business officials, with a deeper understanding regarding the application of the systems theory during the privatisation processes. Finally, it is envisaged that findings of the study will contribute in terms of sharing information, knowledge, and ideas with other related scholars. This could be done by publishing the observed research findings in an accredited journal or at academic conferences. Therefore, the study would attempt to contribute significantly to the current body of knowledge in the field of business privatisation.

7.6 AREAS FOR FURTHER STUDIES

Based on the proposed full deregulation privatisation model, this study recommends further research that can scientifically and academically justify Full Privatisation Open Systems Model, based on proper statistical tests such as the Delphine technique, or regression analysis, in line with the principles of the systems theory. It is anticipated that adoption and implementation of the model would add not only theoretical value, but practical value, also with the proposed and the provisionally coined name which has been developed from the existing systems theory whose principles are characterised by total involvement, full participation and interdependence of different sectors to come up with team-based decision.

7.7 CONCLUSION

From the findings of this study, it can be concluded that a full privatisation model, which is fully deregulated is a possible tool for improving financial performance of SAA, firstly because of lack of the strict government policies imposed by politicians, and the ruling party which forms most of the policy makers maintaining control over SAA economic operations. Secondly, full deregulation is most likely to remove strictly controlled state regulated policies on SAA to ensure increased competitiveness, productivity, efficiency, and reduced prices. Thirdly, in the adoption of the deregulation and equity sale as forms of privatisation, the new private owner will be entitled to full ownership of the company to include assets and liabilities. This form of privatisation will ensure that the state no longer has any business connections with SAA, since the agreement involves clearing outstanding debts and credits by the new owner. It is also concluded that implementation of the principles and practices of the systems theory through the application of the constraint's theory, the stakeholder/negotiating theory and the

participatory governance theoretical perspective plays an important role in developing and designing a privatisation model effective enough to address challenges associate with organisational performance.

7.8 RECOMMENDATIONS

The recommendations are based on the findings of the study and includes the following:

7.8.1 Deregulation of SAA

The state is recommended to full deregulation of SAA by way of abolishing power and control over SAA business operations for the company to regain business competition in the market. Research findings have established the following in the context of SAA:

- There is a positive co- relationship between deregulation, increased competition, and increased investment opportunities
- There is a positive relationship between increased competition and business and market innovation and reduced costs of air tickets
- Less compliance to government mandated restrictions allows provision of competitive prices, employment creation, allows business exposure to other countries, accumulate assets, freely interact with consumers

7.8.2 Equity sale as a form of SAA privatisation

Following the deregulation process, the South African Government is recommended to opt for an equity sale. This is where the state sells SAA equity for the purposes of enhancing financial growth and revival and capital accumulation. As highlighted in the research findings, the SAA current shares will be the transacted without affecting the daily business operations except the structure and powers of ownership. As indicated with the findings, another advantage is that the state will no longer have any business connections with SAA since the agreement involves clearing of outstanding debts and credits by the new owner. This will be in line with the principles of complete deregulation. It is hoped that the state won't be able to exploit SAA business operations as before. The equity sale is also hoped to absorb business professionals with expertise and knowledge to revive SAA business operations.

7.8.3 Equity Sale Agreement

It is recommended that to officialise recommendation 1 and 2, an equity sale agreement be signed between the state and the new SAA private owners. The signing of the equity sale agreement between the state and SAA must be based on the full deregulation procedures

7.8.4 Legal framework

The South African Government is recommended to introduce an Airline Deregulation Act that reduces or completely prohibits it to exert control and pressure over SAA private owners in terms of fares price stipulations and free market in the aviation industry.

Based on the proposed full deregulation process, the adoption of a FULL PRIVITISATION MODEL should be activated following the utilisation of the systems theoretical perspective which is highlighted in the next recommendation.

7.8.5 Theoretical and practical recommendations

It is recommended that during the policy making process of SAA deregulation and privatisation process, the South African government adopts the principles and practices of the systems theory in the context of the theory of constraints, the stakeholder/negotiating theory, and the participatory governance theoretical perspective, which has been underpinning this study. This is the same theory that has successfully been utilized to develop this provisional fully deregulated privatization model of SAA.

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Annexure A: Approval of Research Proposal



PO Box 1174, Vanderbijlpark
South Africa, 1900

Faculty of Humanities
Humanities Research Management Committee
Tel: (016) 910-3662
23991437@nwu.ac.za
Date: 12 December 2019

Ms A. Moletsane

Student no: 21877963

Research title as approved by the HRM committee:

A MODEL FOR PRIVATISATION OF STATE OWNED ENTERPRISE: THE CASE OF SOUTH AFRICAN AIRWAYS

Dear Ms Moletsane

This letter serves to confirm that your PhD research proposal has been approved by the Humanities Research Management Committee.

The ethics application is referred to the:

* Research Ethics Committee- BaSSREC: X.

* Research Ethics Committee-HHREC: _____.

You will find the details on the procedure that you will have to follow to submit to the Ethics Committee on the NWU-website. For the HRMC-records, please inform Ms Precious Nale as the responsible person when your submission has been successfully completed and approved (Precious.Nale@nwu.ac.za).

Yours sincerely

Prof C Hofisi

Chairperson: Vaal Campus Humanities Research Management Committee

Annexure B: Ethical Approval Letter



Private Bag X1290, Potchefstroom
South Africa 2520

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Senate Committee for Research Ethics
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11 October 2021

ETHICS APPROVAL LETTER OF STUDY

Based on approval by the Basic and Social Sciences Research Ethics Committee (BaSSREC) on 11/10/2021, the Basic and Social Sciences Research Ethics Committee hereby approves your study as indicated below. This implies that the North-West University Senate Committee for Research Ethics (NWU-SERC) grants its permission that, provided the special conditions specified below are met and pending any other authorisation that may be necessary, the study may be initiated, using the ethics number below.

Study title: A model for privatisation of state-owned enterprise: The case of South African Airways																																					
Study Leader/Supervisor (Principal Investigator)/Researcher: Prof M.T. Lukamba																																					
Student/Research Team: A.M. Moletsane (21877963)																																					
Ethics number:		<table border="1"><tr><td>N</td><td>W</td><td>U</td><td>-</td><td>0</td><td>1</td><td>9</td><td>8</td><td>6</td><td>-</td><td>2</td><td>0</td><td>-</td><td>A</td><td>7</td></tr><tr><td colspan="3">Institution</td><td colspan="4">Study Number</td><td colspan="2">Year</td><td colspan="4">Status</td></tr></table>								N	W	U	-	0	1	9	8	6	-	2	0	-	A	7	Institution			Study Number				Year		Status			
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Approval of the study is initially provided for a year, after which continuation of the study is dependent on receipt and review of the annual (or as otherwise stipulated) monitoring report and the concomitant issuing of a letter of continuation.																																					

Special in process conditions of the research for approval (if applicable):

General conditions: While this ethics approval is subject to all declarations, undertakings and agreements incorporated and signed in the application form, the following general terms and conditions will apply: • The study leader/supervisor (principle investigator)/researcher must report in the prescribed format to the BaSSREC: - annually (or as otherwise requested) on the monitoring of the study, whereby a letter of continuation will be provided, and upon completion of the study; and - without any delay in case of any adverse event or incident (or any matter that interrupts sound ethical principles) during the course of the study. • The approval applies strictly to the proposal as stipulated in the application form. Should any amendments to the proposal be deemed necessary during the course of the study, the study leader/researcher must apply for approval of these amendments at the BaSSREC, prior to implementation. Should there be any deviations from the study proposal without the necessary approval of such amendments, the ethics approval is immediately and automatically forfeited. • Annually a number of studies may be randomly selected for an external audit. • The date of approval indicates the first date that the study may be started. • In the interest of ethical responsibility, the NWU-SERC and BaSSREC reserves the right to: - request access to any information or data at any time during the course or after completion of the study;

- to ask further questions, seek additional information, require further modification or monitor the conduct of your research or the informed consent process;
- withdraw or postpone approval if:
 - any unethical principles or practices of the study are revealed or suspected;
 - it becomes apparent that any relevant information was withheld from the BaSSREC or that information has been false or misrepresented;
 - submission of the annual (or otherwise stipulated) monitoring report, the required amendments, or reporting of adverse events or incidents was not done in a timely manner and accurately; and / or
 - new institutional rules, national legislation or international conventions deem it necessary.
- BaSSREC can be contacted for further information or any report templates via 21081719@nwu.ac.za / 13128388@nwu.ac.za.

The BaSSREC would like to remain at your service as scientist and researcher, and wishes you well with your study. Please do not hesitate to contact the BaSSREC or the NWU-SCRE for any further enquiries or requests for assistance.

Yours sincerely



Prof Jacques Rothmann

Chairperson NWU Basic and Social Sciences Research Ethics Committee

Original details: (22351930) C:\Users\22351930\Desktop\ETHICS APPROVAL LETTER OF STUDY.docm
8 November 2018

File reference: 9.1.5.4.2

Annexure C: Consent form for all interview participants



NORTH-WEST UNIVERSITY
YUNIBESITHI YA BOKONE-BOPHIRIMA
NOORDWES-UNIVERSITEIT
VAAL TRIANGLE CAMPUS

PO Box 1174, Vanderbijlpark
South Africa, 1900

Web: <http://www.nwu.ac.za>

DATE:

BaSSREC Authorization

Prof Jacques Rothmann
Digitally signed by Prof Jacques Rothmann
Date: 2021.10.12 10:43:05 +02'00'

Approved 12 October 2021

PARTICIPANT INFORMATION LEAFLET AND CONSENT FORM

TITLE OF THE RESEARCH PROJECT: A Model for privatisation of State-Owned Enterprise:
The case of South African Airways

ETHICS NUMBER: NWU-01986-20-A7

PRINCIPAL INVESTIGATOR: Mrs Annie Mojaesi Moletsane

ADDRESS: 112 Ring Road, Three Rivers North, Vereeniging, 1929

CONTACT NUMBER: 083 626 1395

You are being invited to take part in a research project that forms part of my research study. Please take some time to read the information presented here, which will explain the details of this project. Please ask the researcher any questions about any part of this project that you do not fully understand. It is very important that you are fully satisfied that you clearly understand what this research is about and how you could be involved. Also, your participation is entirely voluntary, and you are free to decline to participate. If you say no, this will not affect you negatively in any way whatsoever. You are also free to withdraw from the study at any point, even if you do agree to take part. Prior to publication of the study's results (or the point that publication is in process), you may also withdraw the data you generate.

This study has been approved by the Basic Social Sciences Research Ethics Committee (BaSSREC) of the Faculty of Humanities of the North-West University (NWU-01986-20-A7) and will be conducted according to the ethical guidelines and principles of the international Singapore Statement on Research Integrity (2010) and the ethical guidelines of the National Health Research Ethics Council. It might be necessary for the research ethics committee members or relevant authorities to inspect the research records to make sure that we (the researchers) are conducting research in an ethical manner.

What is this research study all about?

- Qualitative research has been the methodological choice of this study. This study will also be conducted by means of using a case study research design to explore the conceptual framework, geared towards developing a privatisation model in the context of South African Airways. The researcher has been trained to use the methods mentioned in the previous sentence.
- Nine (9) participants will be included in this study in the form of interviews. The study will also analyse documents from the following organisations: Auditors General Reports, department of Public Enterprises reports, Department of Transport Annual Reports, King's Report III, National Treasury Annual Reports, and South African Airways Annual Reports. All these reports will be from 2010 to 2019.

Duration of the involvement of the subjects

Time required	Duration of data collection
Face-to-face interviews The consent from the 3 Ministries Executives and SAA Executives, 60 minutes each participant.	2 Weeks
Document Analysis 3 hours for each document	2 Weeks

The objectives of this research are:

MAIN RESEARCH OBJECTIVE

- To investigate the best model for the privatisation of State-Owned Enterprises in the context of South African Airways.

SUB-RESEARCH OBJECTIVES

- Explore the legal framework governing public ownership in South Africa.
- Investigate the financial performance of the South African Airways.
- Investigate factors which affect the financial performance of South African Airways.
- Explore the models for privatisation of state-owned enterprises.

Why have you been invited to participate?

- You have been invited to participate because: You are directly or indirectly involved in the affairs of public and private enterprises in terms of experience, knowledge and influence of their business principles and practices with much focus on SAA.
- You have also complied with the following inclusion criteria:
 - You are a relevant respondent selected through each of the Director Generals of the Department of Public Enterprises, Department of Transport, SAA CFO and COO, and ANC, DA and EFF senior officials.
- The consulted Director Generals officially acknowledged that the selected subjects above for the interview participants qualified for inclusion in the study on the grounds of their potentiality contributing to the topic basing on their knowledge and experience of the positions that they are occupying. The Director Generals are also requested that they nominate Subject Matter Experts who have the same knowledge, experience and expertise to be interviewed should they not able to be part of the interviews because of their busy schedules.
- You will be requested to respond to the interview questions on the interview guide.

- You will be requested to sign this Informed Consent Statement to indicate that you voluntarily consent to participate in the study, before the study commences.

Will you benefit from taking part in this research?

- There are no expected direct benefits except an assumption of a sense of empowerment, gained by the participant as well as an increase in knowledge that came about as a result of the study may lead to better job performance and work-related satisfaction.
- There are no expected indirect benefits except the assumption that the results of the study will contribute to resolve financial challenges associated with organizations that they work for and for the socio-economic benefits of the community at large.

Are there risks involved in your taking part in this research and how will these be managed?

The risks in this study, and how these will be managed, are summarised in the table below:

<i>Probable/possible risks/discomforts</i>	<i>Strategies to minimize risk/discomfort</i>
There will be no expected serious risks with the interview locations of the face to face interviews since these will be conducted at the participants' work places according to scheduled times. The only potential risk expected is physical discomfort as a result of fear of spread of the COVID 19 during the interview session.	If the disease still exists by then, the researcher will make sure that necessary precautions are taken including social distance, sanitising hands and the use of three-ply face masks. The researcher will provide the sanitizer and masks.
The other risk can be that the participant may be tired during the interview.	The researcher will provide a 10-minute comfort break if requested.
Potential social, emotional and/or psychological discomfort on the part of the participant and researcher.	Both parties may immediately withdraw from participation if they experience any such discomfort.

- *However, we do believe that the benefits to you and to science (as noted in the previous section) outweigh the risks we have listed. If you disagree, then please feel free not to participate in this study. We will respect your decision.*
- *Should we learn, in the course of the research, that someone is harming you, or that you are intending to harm someone, then we must tell someone who can help you/warn the person you are intending to harm.*

Who will have access to the data?

- Anonymity (that is, in no way will your results be linked to your identity) will be maintained by way of not disclosing your name in all the responses you make interviews. Rather, pseudonyms or codes will be used in place of the actual name of each participant.
- Confidentiality (that is, I assure you that we will protect the information we have about you) will be ensured by avoiding sharing the participant's information with anybody else. In actual fact, reporting of findings will be strictly anonymous
- The employer will not have access to the collected data. Only the researchers, the Supervisor and the ethical committee will have access to the data. Data will be kept safe and secure by locking hard copies in locked cupboards in the researcher's home and for electronic data it will be password protected.
- Only the researcher will be responsible for the transcribing of the audio-recorded data. The researcher will not share with anyone the aspects of the data. As soon as data has been transcribed, it will be deleted from the recorder. Additional data (transcripts) will be stored for 5 years in a secure and locked cabinet.

What will happen to the data?

- Analysis of the data will begin as soon as the interviews are completed and continued throughout data gathering. At the end of the interviews, the audio-recordings will be transcribed, and the data examined for key issues raised by participants in response to each topic. From these key issues, patterns will be noted, and data categorised and discussed accordingly. Patterns emerging from the data will be noted and the findings will then be interpreted.
- This is a once-off study, so the data will not be re-used.

Will you be paid/compensated to take part in this study and are there any costs involved?

No, you will not be paid/compensated to take part in the study. If participating in the research means that you have to travel especially for the purpose of participating, then your travel costs will be paid. There will thus be no costs involved as the face-to-face interviews will be done at the participant's offices.

How will you know about the findings?

- The general findings of the research will be shared with you via email upon request.
- If you would like feedback on your personal results, then contact me on the details provided on the consent letter.

Is there anything else that you should know or do?

- You can contact (*researcher*). Annie Moletsane at cell No. +27 (0)83 626 1395, email address annie@vut.ac.za if you have any further queries or encounter any problems.
- You can contact the chair of the Basic Social Sciences Research Ethics Committee (Prof Jacques Rothmann) at 018 299 1595 or 21081719@nwu.ac.za if you have any concerns or complaints that have not been adequately addressed by the researcher.
- You will receive a copy of this information and consent form for your own records.

Declaration by participant

By signing below, I agree to take part in a research study entitled:
"A Model for privatisation of State-Owned Enterprise: The case of South African Airways".

I declare that:

- I have read and understood this information and consent form and it is written in a language with which I am fluent and comfortable.
- I have had a chance to ask questions to both the person obtaining consent, as well as the researcher (if this is a different person), and all my questions have been adequately answered.
- I understand that taking part in this study is voluntary and I have not been pressurised to take part.
- I understand that what I contribute (what I report/say/write/draw/produce visually) could be reproduced publicly and/or quoted, but without reference to my personal identity.
- I may choose to leave the study at any time and will not be penalised or prejudiced in any way.
- I may be asked to leave the study before it has finished, if the researcher feels it is in my best interests, or if I do not follow the study plan, as agreed to.
- I understand that the researcher will use a tape recorder and take notes for the interview.

Signed at (*place*) on (*date*) 20.....

.....
Signature of participant

.....
Signature of witness

Declaration by researcher

I (*name*) Annie Mojaesi Moletsane, declare that:

- I explained the information in this document to
- I encouraged him/her to ask questions and took adequate time to answer them.
- I am satisfied that he/she adequately understands all aspects of the research, as discussed above
- I did/did not use an interpreter.

Signed at (*place*) on (*date*) 20.....

.....
Signature of researcher

.....
Signature of witness

Declaration by researcher and participant

Personal face-to-face interviews during Covid-19 restrictions

Additional declaration by participant in those instances where the participant requests to participate in a personal face-to-face semi-structured interview:

By signing below, I _____, acknowledge the following information related to the required measures regarding Covid-19:

I declare that:

- It is my personal choice and preference to participate in a personal face-to-face semi-structured interview with the researcher.
- This requires that I consent to the following strict measures to safeguard the personal health and safety of myself and that of the researcher/interviewer/primary investigator:
 - I consent to the researcher taking my temperature before the interview using a thermometer. ☐ Yes ☐ No
 - I confirm that my temperature measured at _____ degrees. ☐ Yes ☐ No
 - I consent to use the three-ply mask provided by the researcher. ☐ Yes ☐ No
 - I consent to wear the three-ply mask for the full duration of the interview. ☐ Yes ☐ No
 - I consent to the researcher sanitising the interview context using a sanitiser with an 80% alcohol content before the commencement of the interview. ☐ Yes ☐ No
 - I consent to the researcher using a sanitiser with an 80% alcohol content before and during the interview if required. ☐ Yes ☐ No

Signed at (*place*) _____ on (*date*) _____ 20 ____

Signature of participant

Signature of researcher

Annexure D: Interview Guide for SAA



NORTH-WEST UNIVERSITY
YUNIBESITHI YA BOKONE-BOPHIRIMA
NOORDWES-UNIVERSITEIT

A MODEL FOR PRIVATISATION OF STATE-OWNED ENTERPRISE: THE CASE OF SOUTH AFRICAN AIRWAYS

INTERVIEW GUIDE FOR OFFICIALS FROM SAA EXECUTIVES (CHIEF FINANCIAL OFFICER AND HoD: FINANCIAL ACCOUNTING)

Dear Participants

My name is Annie Mojaesi Moletsane pursuing a PhD in Public Management and Governance at North West University, Vaal Triangle Campus, South Africa. My thesis is entitled “**A model for privatisation of State-Owned Enterprise: The case of South African Airways**”.

You have been identified as one of the respondents and I am kindly requesting for your time and cooperation to respond to the questions in this interview. Please note that this interview is voluntary, and you may withdraw at any time if you feel the study is causing any harm to you.

Please note that there are no right or wrong answers. The researcher will uphold any guarantee confidentiality and anonymity. To ensure anonymity, the researcher will assign codes/numbers to each interview and not the names of the respondents. Please note that the researcher will use a tape recorder and take notes for this interview. This interview will take approximately 60 minutes to complete. The information gathered from the participants will be used for academic purpose only and the responses will be kept for the duration stipulated by the University.

Your participation and contribution are greatly appreciated.

Respondent's signature: _____ Date: _____

SECTION A: DEMOGRAPHICAL INFORMATION

Please mark each question with a cross (X).

1. Gender:

Male	Female
1	2

2. Designated group:

White	1	African	2
Coloured	3	Asian	4
Other (specify):	5		

3. Age group:

Younger than 20	20 – 29	30 – 39	40 – 49	50 – 59	60 +
1	2	3	4	5	6

4. Level of education:

Diploma	1
Advanced Diploma	2
Post Graduate Diploma	3
Bachelor's degree or equivalent	4
Master's degree or equivalent	5
Doctorate degree	6

5. Experience on the post:

0 to 5 years	1
6 to 10 years	2
11 to 15 years	3
16 to 20 years	4
Over 20 years	5

SECTION B: INTERVIEW QUESTIONS: SAA EXECUTIVES

1. What is your perception towards SAA legal framework in relationship to financial performance based on the following Legal Acts:
 - Public Finance Management Act, Act 1 of 1999
 - Companies Act, Act 71 of 2008
 - Protocol on Corporate Governance in the Public Sector
2. What are your opinions regarding the Stipulations of the Public Finance Management Act, Act 1 of 1999 in relation to SAA financial performance based on the management of the following:
 - Revenue
 - Expenditure
 - Assets
 - Liabilities
3. What are your opinions regarding stipulations of the Companies Act, Act 71 of 2008 in relation to SAA financial performance?
4. What are your opinions regarding the stipulations of the Protocol on Corporate Governance in the Public Sector in relation to SAA financial performance?
5. What are your perceptions regarding the financial performance of SAA during the period of 2010-2018 based on the following factors:
 - Policy
 - Politics
 - Strategy
 - Leadership
 - Mismanagement
 - Market dynamics
6. May you please identify financial performance indicators that determines financial success.
7. What are the factors which affect the financial performance of South African Airways?

8. May you please share your perceptions towards the following privatisation model in the context of SAA regarding improving financial performance:
- Full privatisation (100%)
 - Semi privatisation
 - No privatisation
 - Public-private partnership
9. May you please describe the characteristics of a closed system privatisation model.
10. What is the impact of a closed systems privatisation model on the business financial performance?
11. What is your perception regarding the impact of closed systems privatisation model on business financial performance?
12. What are the characteristics of an open systems privatisation model?
13. What is the impact of an open systems privatisation model on the business financial performance?
14. What is your perception regarding the impact of an open systems privatisation model on business financial performance?
15. What are your views towards engaging the process of designing a model of privatisation in the context of an open systems privatisation model?

THANK YOU FOR YOUR PARTICIPATION

END OF INTERVIEW GUIDE

Annexure E: Interview Guide for Public Enterprises



NORTH-WEST UNIVERSITY
YUNIBESITHI YA BOKONE-BOPHIRIMA
NOORDWES-UNIVERSITEIT

A MODEL FOR PRIVATISATION OF STATE-OWNED ENTERPRISE: THE CASE OF SOUTH AFRICAN AIRWAYS

INTERVIEW GUIDE FOR OFFICIALS FROM DEPARTMENT OF PUBLIC ENTERPRISES (DEPUTY DIRECTOR GENERAL AND CHIEF RISK OFFICER)

Dear Participants

My name is Annie Mojaesi Moletsane pursuing a PhD in Public Management and Governance at North West University, Vaal Triangle Campus, South Africa. My thesis is entitled “A model for privatisation of State-Owned Enterprise: The case of South African Airways”.

You have been identified as one of the respondents and I am kindly requesting for your time and cooperation to respond to the questions in this interview. Please note that this interview is voluntary, and you may withdraw at any time if you feel the study is causing any harm to you.

Please note that there are no right or wrong answers. The researcher will uphold any guarantee confidentiality and anonymity. To ensure anonymity, the researcher will assign codes/numbers to each interview and not the names of the respondents. Please note that the researcher will use a tape recorder and take notes for this interview. This interview will take approximately 60 minutes to complete. The information gathered from the participants will be used for academic purpose only and the responses will be kept for the duration stipulated by the University.

Your participation and contribution are greatly appreciated.

Respondent's signature: _____ Date: _____

SECTION A: DEMOGRAPHICAL INFORMATION

Please mark each question with a cross (X).

1. Gender:

Male	Female
1	2

2. Designated group:

White	1	African	2
Coloured	3	Asian	4
Other (specify):	5		

3. Age group:

Younger than 20	20 – 29	30 – 39	40 – 49	50 – 59	60 +
1	2	3	4	5	6

4. Level of education:

Diploma	1
Advanced Diploma	2
Post Graduate Diploma	3
Bachelor's degree or equivalent	4
Master's degree or equivalent	5
Doctorate degree	6

5. Experience on the post:

0 to 5 years	1
6 to 10 years	2
11 to 15 years	3
16 to 20 years	4
Over 20 years	5

SECTION B: INTERVIEW QUESTIONS: DEPARTMENT OF PUBLIC ENTERPRISES

1. What is your perception towards SAA legal framework in relationship to financial performance?
2. What are your opinions regarding the Stipulations of the Public Finance Management Act, Act 1 of 1999 in relation to SAA financial performance?
3. What are your opinions regarding stipulations of the Companies Act, Act 71 of 2008 in relation to SAA financial performance?
4. What are your opinions regarding the stipulations of the Protocol on Corporate Governance in the Public Sector in relation to SAA financial performance?
5. What are your views towards the link between the practical implementation of the South African legal framework and financial performance of public enterprises in the context of SAA?
6. Share with us your views regarding the financial performance of SAA since 2010 to date in terms of success and failures.
7. What is the impact of privatisation on the operations of the airline?
8. How the airline manages its fixed and overhead costs, external cost exposures such as the following:
 - The fuel prices (including hedging strategy)
 - Foreign currency denominated expenses
 - Use of cash incentives to drive productivity
9. What would you say are SAA's main strengths if any, in terms of finances?
10. What would you say are SAA's main weaknesses about finances?

11. What would you say are SAA's main opportunities finances?
12. What would you say are SAA's main threats if any, with regards to finances?
13. May you please share with us your influence as the public enterprise on the current financial challenges faced by SAA.
14. Share with us your perceptions towards a suggestion of privatisation of SAA.
15. If your responses are in support of the above view, which privatisation model would you favour most and why?

THANK YOU FOR YOUR PARTICIPATION

END OF INTERVIEW GUIDE

Annexure F: Interview Guide for Department of Transport



NORTH-WEST UNIVERSITY
YUNIBESITHI YA BOKONE-BOPHIRIMA
NOORDWES-UNIVERSITEIT

A MODEL FOR PRIVATISATION OF STATE-OWNED ENTERPRISE: THE CASE OF SOUTH AFRICAN AIRWAYS

INTERVIEW GUIDE FOR OFFICIALS FROM DEPARTMENT OF TRANSPORT (DIRECTOR GENERAL AND CHIEF DIRECTOR: AVIATION, SAFETY AND SECURITY)

Dear Participants

My name is Annie Mojaesi Moletsane pursuing a PhD in Public Management and Governance at North West University, Vaal Triangle Campus, South Africa. My thesis is entitled “A model for privatisation of State-Owned Enterprise: The case of South African Airways”.

You have been identified as one of the respondents and I am kindly requesting for your time and cooperation to respond to the questions in this interview. Please note that this interview is voluntary, and you may withdraw at any time if you feel the study is causing any harm to you.

Please note that there are no right or wrong answers. The researcher will uphold any guarantee confidentiality and anonymity. To ensure anonymity, the researcher will assign codes/numbers to each interview and not the names of the respondents. Please note that the researcher will use a tape recorder and take notes for this interview. This interview will take approximately 60 minutes to complete. The information gathered from the participants will be used for academic purpose only and the responses will be kept for the duration stipulated by the University.

Your participation and contribution are greatly appreciated.

Respondent's Signature: _____ Date: _____

SECTION A: DEMOGRAPHICAL INFORMATION

Please mark each question with a cross (X).

1. Gender:

Male	Female
1	2

2. Designated group:

White	1	African	2
Coloured	3	Asian	4
Other (specify):	5		

3. Age group:

Younger than 20	20 – 29	30 – 39	40 – 49	50 – 59	60 +
1	2	3	4	5	6

4. Level of education:

Diploma	1
Advanced Diploma	2
Post Graduate Diploma	3
Bachelor's degree or equivalent	4
Master's degree or equivalent	5
Doctorate degree	6

5. Experience on the post:

0 to 5 years	1
6 to 10 years	2
11 to 15 years	3
16 to 20 years	4
Over 20 years	5

SECTION B: INTERVIEW QUESTIONS: DEPARTMENT OF TRANSPORT

1. How do you perceive the South African legal stipulations regarding the transport sector in the context of SAA as related to financial performance?
2. How would you rate the financial performance of SAA for the last ten years?
3. What role policy could or should have played in supporting the state-owned carrier?
4. What is the role of policy in incubating the domestic industry to support its growth and sustainability?
5. What do you think are the contributing factors of SAA financial challenges and why?
6. What are your views of privatisation of SAA?
7. Is there any other solution from your department than privatising SAA?

THANK YOU FOR YOUR PARTICIPATION

END OF INTERVIEW GUIDE

Annexure G: Interview Guide for Politicians



NORTH-WEST UNIVERSITY
YUNIBESITHI YA BOKONE-BOPHIRIMA
NOORDWES-UNIVERSITEIT

A MODEL FOR PRIVATISATION OF STATE-OWNED ENTERPRISE: THE CASE OF SOUTH AFRICAN AIRWAYS

INTERVIEW GUIDE FOR POLITICAL PARTIES: DA, ANC AND EFF

Dear Participants

My name is Annie Mojaesi Moletsane pursuing a PhD in Public Management and Governance at North West University, Vaal Triangle Campus, South Africa. My thesis is entitled “**A model for privatisation of State-Owned Enterprise: The case of South African Airways**”.

You have been identified as one of the respondents and I am kindly requesting for your time and cooperation to respond to the questions in this interview. Please note that this interview is voluntary, and you may withdraw at any time if you feel the study is causing any harm to you.

Please note that there are no right or wrong answers. The researcher will uphold any guarantee confidentiality and anonymity. To ensure anonymity, the researcher will assign codes/numbers to each interview and not the names of the respondents. Please note that the researcher will use a tape recorder and take notes for this interview. This interview will take approximately 60 minutes to complete. The information gathered from the participants will be used for academic purpose only and the responses will be kept for the duration stipulated by the University.

Your participation and contribution are greatly appreciated.

Respondent's signature: _____ Date: _____

SECTION A: DEMOGRAPHICAL INFORMATION

Please mark each question with a cross (X).

1. Gender:

Male	Female
1	2

2. Designated group:

White	1	African	2
Coloured	3	Asian	4
Other (specify):	5		

3. Age group:

Younger than 20	20 – 29	30 – 39	40 – 49	50 – 59	60 +
1	2	3	4	5	6

4. Level of education:

Diploma	1
Advanced Diploma	2
Post Graduate Diploma	3
Bachelor's degree or equivalent	4
Master's degree or equivalent	5
Doctorate degree	6

5. Experience on the post:

0 to 5 years	1
6 to 10 years	2
11 to 15 years	3
16 to 20 years	4
Over 20 years	5

SECTION B: INTERVIEW QUESTIONS: POLITICAL PARTIES: DA, ANC AND EFF

1. What are your roles towards designing and controlling the legal framework of Public Enterprises in South Africa?
2. May you please share with us your views about the current financial status from the past 10 years from a political point of view.
3. What are your views towards the influence of politicians in the current financial challenges faced by SAA?
4. What role the parliament and its committees played in their oversight over SAA?
5. What are some of the gaps identified in that oversight that may have allowed the down spiral to continue unstopped?
6. What are some recommendations to improve oversight in SOEs, using SAA as a case study?
7. How would you rate the performance of SAA in terms of the financial performance?
8. What are your views towards a privatisation model of SAA?
9. Would SAA 's performance improve once privatised?
10. There are various models of privatisation, which ones are you aware of and please explain them.
11. In your opinion, what would be an ideal privatisation model for ensuring that SAA succeeds once privatised?

THANK YOU FOR YOUR PARTICIPATION

END OF INTERVIEW GUIDE

Annexure H: Certificate of Language Editing



Proofreading Certificate

It is hereby certified that this thesis has been proofread and edited for spelling, grammar and punctuation by a professional English language editor from www.OneStopSolution.co.za

Client

Annie Mojaesi Moletsane

A model for privatisation of state-owned enterprise:
The case of South African Airways

Editor

Bruce Wesson

.....
Name

.....
Signature

01 December 2022

.....
Date

I cannot guarantee that the changes that I have suggested have been implemented nor do I take responsibility for any other changes or additions that may have been made subsequently. The track changes of the language editing will be available for inspection upon enquiry, for a period of one year.

Contact

One Stop Solution
18 Woltemade str
Kabega Park
Port Elizabeth
6045

Redene Steenberg
076 481 8341
www.OneStopSolution.co.za

Annexure I: Turnitin

22558497:Annie_Moletsane_2_Dec_A_2022.docx			
ORIGINALITY REPORT			
15%	13%	4%	8%
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