Corporate governance perspectives on cadre deployment in South African state-owned entities

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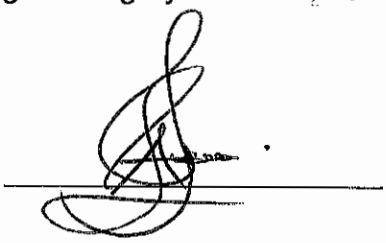
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DECLARATION

I, *Attie Lowrens Jansen*, declare that this mini-dissertation titled *Corporate Governance Perspectives on Cadre Deployment in South African State-Owned Entities* is my work and that all the quoted sources have been cited and acknowledged by means of complete references. This study employed secondary data obtained from published articles, books, and online resources, for which I assume full responsibility. This work has not been presented for any degree or assessment at any other academic institution. This mini dissertation constitutes my original research, for which I assume complete responsibility regarding its integrity and content.

Signed: 

Date: 26 February 2026

DEDICATION

This mini-dissertation is dedicated to all who stand for principled leadership, accountability, and transparency in South Africa. This endeavour was made possible by the relentless encouragement of my family and mentors, whom I dedicate this work to as a sign of thanks. Their faith in me, as they did when I was younger, is that I will be a person who has fought for and supported the ideals and values of honesty and integrity within our community.

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PREFACE

Exploring corporate governance perspectives on cadre deployment within South African state-owned entities (SOEs) requires understanding the principles that govern the interplay among corporate governance, politics, and public administration. SOEs are essential for fostering economic development, delivering public services, and correcting failures in key industries such as energy, transport, and telecommunications (Khambule, 2025:65). Profit-making is not solely their priority; their role also extends to ensuring socioeconomic stability and inclusivity in developing nations as a reaction to South Africa's historical economic disparities (Chinomona *et al*., 2023:2; Marimuthu *et al*., 2023:1096).

Good corporate governance in SOEs reduces the adverse effects of public ownership by following certain principles that determine trust and sustainability in operations and increase their competitiveness at both the domestic and international levels (Zahid *et al.*, 2023:44089; Zhang, 2023:5). Furthermore, the King Report IV highlights environmental, social, and governance (ESG) issues as part of corporate duties, which are included in SOE frameworks (Sun *et al.*, 2022:3, Wu *et al.*, 2020:2).

At the core of this analysis is the politics-administration dichotomy, a theoretical construct introduced by Woodrow Wilson in 1887, which advocates for the separation of political influence and administrative operations to ensure effective governance (Pierre & Peters, 2020:159). This theoretical framework articulates concerns that cadre deployment, characterised as the strategic assignment of party loyalists to crucial governmental positions, may jeopardise this separation and compromise institutional integrity.

The practice of cadre deployment prioritises loyalty over merit, inhibiting the effective delivery of public services. Scholarly work has shown that such initiatives have generated numerous problems within public services, leading to dissatisfaction with their low levels of service. However, by prioritising politics over competence, we are not simply producing an underqualified elite populated by associates but also creating an environment fertile for poor governance, corruption, and mismanagement, thus reducing the effectiveness of the public sector.

Although this phenomenon is not exclusive to developing countries, it is particularly evident in South Africa due to inadequate institutional safeguards. The appointment of

unqualified individuals to critical positions perpetuates a governance paradigm in which personal or party-political loyalty takes precedence over professional competence, thereby compromising accountability and transparency within SOEs. Cadre deployment affects socio-economic issues, such as civil unrest and public dissatisfaction, as evidenced by numerous protests in South Africa.

Thus, examining corporate governance perspectives on cadre deployment in South African SOEs is not solely a critique of administrative practices. It aims to identify systemic issues arising from the intertwining of political interests and governance structures. This dynamic complicates efforts to deliver effective services and underscores the need to re-evaluate recruitment and deployment strategies that prioritise professional meritocracy over political affiliation.

ABSTRACT

The study examined the multifaceted relationship between corporate governance and cadre deployment practices within South African state-owned entities (SOEs). The research is grounded in the theoretical framework proposed by Woodrow Wilson in 1887 and contextualised within the corporate governance models of Agency Theory and Stakeholder Theory to evaluate the impact of cadre deployment on the disruption of accountability mechanisms and the reduction in strategic effectiveness. Using qualitative desktop research and an interpretivist paradigm, the study drew on secondary sources, including reports from the Zondo Commission, the Auditor-General and Public Protector, as well as relevant academic literature, to examine the impact of cadre deployment in SOEs from a corporate governance perspective in South Africa.

The research suggests that failures in governance systems are exacerbated by inefficient cadre deployment practices, reducing accountability and transparency in SOEs. The findings reveal a persistent pattern of political interference that compromises governance mechanisms, resulting in an overlap between allegiance to the then-governing party and fiduciary duty. The evidence suggests that cadre deployment not only contributes to institutional instability but also hinders the application of ethical leadership principles as explained in the King IV Code. The analysis reveals that historical and political contexts significantly influence governance frameworks, with entrenched patronage systems hindering efficiency and eroding trust. Implementing strong corporate governance is crucial for mitigating the risks of malfeasance and enhancing efficiency in SOEs.

The research proposes prioritising appointments based on merit, enhancing corporate governance, and minimising political interference in the management of SOEs. It recommends restructuring board appointments, increasing independent oversight, and depoliticising governance in SOEs in the context of an emerging economy.

Keywords: Corporate Governance, Cadre Deployment, South African, State-Owned Entities, Accountability, Dishonesty, King IV Code.

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LIST OF ACRONYMS

AGSA	Auditor-General of South Africa
AI	Artificial Intelligence
ANC	African National Congress
BRICS	Intergovernmental organisation consisting of 10 countries Brazil, Russian Federation, India, China, South Africa, Egypt, Ethiopia, Indonesia, Iran, and the United Arab Emirates
CSR	Corporate Social Responsibility
DBSA	Development Bank of South Africa
ESG	Environmental, Social and Governance
GDP	Gross Domestic Product
GNU	Government of National Unity
IDC	Industrial Development Corporation
IEC	Electoral Commission of South Africa
IoDSA	Institute of Directors South Africa
NWU	North-West University
OECD	Organisation for Economic Co-operation and Development
PFMA	Public Finance Management Act 1 of 1999
POPIA	Protection of Personal Information Act 4 of 2013
PP	Public Protector of South Africa
PRASA	Passenger Rail Agency of South Africa
PRISMA	Preferred Reporting Items for Systematic Review and Meta-Analysis
SAA	South African Airways
SABC	South African Broadcasting Commission
SOE	State-Owned Enterprise
Zondo Commission	Judicial Commission of Inquiry into Allegations of State Capture, Corruption and Fraud in the Public Sector including Organs of State

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CHAPTER ONE

1. INTRODUCTION

Corporate governance serves as a critical framework for enhancing accountability, transparency, and ethical conduct across operations in public- and private-sector entities. Within the South African context, State-Owned Enterprises (SOEs) hold significant relevance to societal and economic advancement, owing to their role as providers of essential services and facilitating substantial contributions to the national fiscus (De Widt *et al.*, 2025:164). However, many of them have been criticised for governance shortcomings, financial mismanagement, and political interference, particularly through the cadre deployment mechanism. The practice of cadre deployment strategically positions political affiliates in leadership roles within entities like SOEs, which appear to contravene the principles of sound governance by favouring allegiance over competency, thereby possibly leading to foreseeable instances of corruption and other forms of maleficence (Adebayo & Ackers, 2024:174).

The legislative foundation, as outlined in legislation such as the Public Finance Management Act 1 of 1999 (PFMA), aims to regulate financial oversight, transparency, and resource efficiency and utilisation within the public sector (Naidoo, 2002:158). Further governance and management frameworks for SOEs are prescribed in various other statutes and governance codes, including the Companies Act 71 of 2008 (Loubser, 2010:506) and the King IV Report on Corporate Governance (IoDSA, 2016), which has since been replaced by King V in October 2025 and will be effective from 1 January 2026 (IoDSA, 2025).

Cadre deployment is a controversial policy in South Africa as it encourages the bestowal of politically connected individuals as political appointees in the management of government institutions, among them SOEs (Zulu *et al.*, 2022:14) which entities, as state-owned or state-controlled entities, have an essential place in the economic and developmental environment, as they should promote economic growth and deliver key public services (Naidoo, 2016:353). The African National Congress (ANC) has justified cadre deployment as necessary to ensure that the governance of SOEs, in this case, reflects party policies. Critiques, however, argue that this threatens the notion of meritocracy, reduces institutional autonomy, and further defies certain principles of the Constitution, thereby creating conditions that favour unethical governance (De Widt *et al.*,

2025:164). Revelations from the Judicial Commission of Inquiry into Allegations of State Capture, Corruption and Fraud in the Public Sector including Organs of State (the Zondo Commission) have drawn parallels between cadre deployment, poor governance, state capture and rampant corruption, particularly in strategic SOEs like ESKOM, the Passenger Rail Agency of South Africa (PRASA), South African Airways and Transnet (Motswaledi & Maseng, 2024:241). The Zondo Commission's investigation has demonstrated that the convergence of politics and corporate governance has resulted in decision-making inertia and pervasive corruption, thereby reinforcing concerns about the operational effectiveness of South Africa's SOEs (Makole, 2022:45; Ntshangase *et al.*, 2024:22).

The deployment of cadres, a formalised practice of the ANC and its tripartite alliance, has long occupied a contested position within the constitutional and administrative law landscape in South Africa. In the case of Mlokoti v Amathole District Municipality & another (2009), the Eastern Cape High Court rendered a juridical landmark judgment in this respect, declaring political interference in appointments in the public sector unlawful and incompatible with constitutional requirements of legality, rationality, and merit-based administration. Mlokoti (2009) has been consistently interpreted by legal scholars to hold that, while political parties may articulate policy preferences, such preferences may not encroach upon the appointment powers vested in administrative authorities by statute. The judgment, therefore, laid bare cadre deployment, when practised through either direct or indirect political instruction, as a behaviour that undermines the constitutionally mandated separation between party and state, erodes the professional independence of public institutions, and hollows out administrative accountability (Hoexter, 2012; De Visser, 2009:9).

While there have been no appellate reversals of Mlokoti, the continuation and, in some cases, institutionalisation of cadre deployment since 2009 indicate a distressing mismatch between constitutional jurisprudence and political practice. Scholars argue that this disregard has materially contributed to the emergence of a "shadow state" operating alongside the constitutional state through informal networks of loyalty, patronage, and political indebtedness (Shava & Chamisa, 2018:3; Martin & Solomon, 2016:24).

According to Mlambo *et al.* (2022:129), cadre deployment serves to subvert key principles of public administration, including meritocracy and fair competition. Meritocracy denotes a principle where competence and fairness prevail in an institution, leading to individuals

being rewarded and promoted based on their abilities, merits, and achievements (Napoletano, 2024:5). Meritocracy is the principle of governance whereby careers and responsibilities are assigned, and rewards are dispensed based on the perceived ability and competence shown by individuals (Mutize & Tefera, 2020:10). Fair competition is a constitutionally protected right as per Section 27 of the Constitution of the Republic of South Africa, 1996 (the Constitution), which states that: “When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective”.

The 2024 judgment by the High Court marks a clarifying jurisprudence, cutting through the semantic veil which has long protected cadre deployment through “recommendations”. However, constitutional scrutiny cannot rely on the nomenclature associated with political conduct, as the Court affirmed; it rests on its practical effect on administrative decision-making. Evidenced by sections 195(1) and 197 of the Constitution, the Court declared that when a political party’s preference, however informally framed, materially influences, predetermines or pressures a decision to appoint, it is no longer permissible for political interference. South African constitutional and administrative law scholars have long recognised that this logic is unacceptable: if party structures affect the delivery of public services through informal (rather than formal) means, then political neutrality in the public service is breached (Hoexter, 2012).

The absence of meritocracy and equitable competition, often attributed to the cadre deployment system, has led to inefficiency, corruption, and mismanagement within SOEs. Cadre deployment is akin to nepotism and cronyism, causing the appointment of less competent people in the political fold ahead of their more competent equals, resulting in the weakening of the effectiveness of the organisation and the state in general, and derailing societal confidence (Mlambo *et al.*, 2022:13). The focus should be on aligning decision-making with organisational objectives and fostering a culture of efficiency, accountability, and performance (Adebayo & Ackers, 2022:172). In this instance, meritocracy is considered a core, *de facto* principle, particularly in the context of exploration within SOEs tasked with onerous, high-risk mandates or public utilities (Bałtowski & Kwiatkowski, 2022:19). The defiance of meritocratic principles among SOEs hinders organisational performance and leads to inefficiencies and governance deficiencies (Adanlawo & Chaka, 2024:267). In particular, the prioritisation of political

support in board appointments, as delegated by the ANC cadre deployment policy, significantly compromised the operational integrity of SOEs (Chitiga-Mabugu *et al.*, 2022:745).

On the other hand, equitable competition emphasises creating a level playing field in which every individual has an equal opportunity to succeed based on their capabilities and efforts (Som, 2022:34). This principle is necessary for making organisational dealings equal and transparent, including hiring and promotion processes (Liu *et al.*, 2023:1620). Fair competition reduces obstacles that threaten the validity of organisational systems (Mutize & Tefera, 2020:11). This approach enables the assignment of responsibilities to the most qualified citizens, thereby strengthening institutional capacity and enhancing public trust (Serongoane & Ukwandu, 2021:47). In South Africa, the loss of equitable competition in SOEs has led to governance challenges, inefficiencies, and frequent calls for financial bailouts (Adanlawo & Chaka, 2024:267).

The shift towards merit-based representation in relation to competitive practices has been attributed to favourable outcomes in governance and organisational performance on a global scale (Bałtowski & Kwiatkowski, 2022:342). For instance, a study on governance practices in Africa found that SOEs that emphasised core values, such as a merit-based approach to nominations and competition, were instrumental in improving performance relative to those that prioritised political support (Mutize & Tefera, 2020:14).

The assignment or appointment of persons because of loyalty towards a certain political affiliation, instead of their skills are arguably an effort to establish political control and ensure that the relevant state departments align with the governing party's agenda (Zulu *et al.*, 2022:16). Although political support may help realise the goals of a political agenda, it is often the opposite of meritocracy and good governance, which, in turn, constitute fundamental requirements of institutional effectiveness and accountability (Mlambo *et al.*, 2022:13). Political support in SOEs can cause the organisations to sacrifice organisational objectives and efficiency for political goals, corruption, and inefficient service delivery (Naidoo, 2016:28). The Zondo Commission stressed the adverse effect of political support on SOEs in South Africa, which often resulted in state capture, corruption, and the loss of billions of rands (Zondo Commission, 2022:215). The deployment of politically connected, yet incompetent personnel, in critical positions hinders the government's operation and undermines public trust (Zondo Commission, 2022:216).

It is also argued that political patronage fosters a culture of 'dependency' and mediocrity, in which loyalty, rather than functional competence, is (or perceived to be) the governing principle, leading to stagnation in terms of innovation and responsiveness in public institutions (Mlambo *et al.*, 2022:133). This ANC cadre deployment policy creates a conflict of interest, in which decisions are based on what is best for the political party rather than what is best for the organisation. Addressing such practices will demand vigorous institutional governance systems, a more transparent appointment process, and the selection should be made exclusively on the grounds of merit (Naidoo, 2016:31). In the same vein, findings of Chinese SOEs studies suggest that an emphasis on meritocracy and equitable resource allocation adds positively towards improved performance and sustainability (Bae *et al.*, 2024:12).

In South Africa, promoting these principles in SOEs could establish robust governance systems that will prioritise skills and competence over political patronage (Som, 2022:35). This approach will not only ensure the success of these organisations but also restore public trust in their operations (Serongoane & Ukwandu, 2021:50). By ensuring that appointments are effective and opportunities are accessible to available talent, SOEs can lead in innovation, accountability, and operational performance (Chitiga-Mabugu *et al.*, 2022:747).

For the past ten years, South African SOEs have faced a range of issues, including operational inefficiencies, misuse of public funds, and ongoing calls for financial bailouts. Large-scale bailouts funded by taxpayers are placing significant financial strain on the state; more critically, they raise concerns about the accountability and efficiency of SOEs as managers of public resources (Auditor-General, 2022:56). The Auditor-General has made a similar claim regarding performance and governance, finding financial mismanagement, irregular expenditure, and a lack of accountability. These audits provide important mechanisms to assess governance, transparency, and performance, helping to ensure that SOE leadership is responsible for the decisions it makes and executes (Fakie, 2005:62).

The Zondo Commission broadly highlighted the impact of cadre deployment on SOEs. This commission investigated the possibility of state capture and revealed how cadre deployment contributed to the politicisation of SOEs, often at the expense of their performance. In the commission's final reports, these politically influenced appointments were considered one of the main reasons for underperformance, inefficiency, and

financial ruin in SOEs (Zondo Commission, 2022:142). The Zondo Commission (2022:145) further explained this point, noting that appointing incompetent or inexperienced individuals to key positions in these institutions has effectively destroyed the efficiency and accountability systems of these strategic bodies.

Corporate governance, the system by which organisations are directed and controlled to achieve strategic objectives, accountability, and transparency, is therefore fundamental in addressing some of these challenges (Naidoo, 2016:15). The King Report on Corporate Governance for South Africa, with specific reference to the requirements of the King IV Code, outlines an inclusive set of principles designed to advance governance practices across the public, private, and SOE sectors. King IV includes a dedicated supplement that addresses the governance requirements of SOEs, emphasising ethics, accountability, stakeholder engagement, and transparency as the foundations of good governance practices (Naidoo, 2016:16). (This study will continue to refer to King IV as King V has only recently been published and will only come into effect from 2026, as set out above.)

This study aims to examine the foundation and practice of cadre deployment and evaluate its impacts on the performance, accountability, and transparency of South Africa's SOEs. By analysing these challenges from a corporate governance perspective, this study seeks to explain how cadre deployment has affected the governance of SOEs and propose potential reforms.

1.1 Background of the Study

SOEs have a significant impact in South Africa, particularly through infrastructure development, the provision of necessary services, and addressing socio-economic problems (Naidoo, 2016:353). These SOEs have, however, been criticised for their governance and performance, with political influence and cadre deployment being the primary focus (Zulu *et al.*, 2022:14). This practice created doubts about how effective, accountable, and transparent SOEs are in their execution of mandates (Mlambo *et al.*, 2022:129).

In South Africa, the fiduciary duties of directors encompass, among others, the duty of care, the duty of loyalty, and the duty to act independently and in the best interests of the company, as set out in the Companies Act and common law. In terms of the duty of care, directors must exercise the degree of care, skill and diligence that a reasonable person

would do who has both (a) the general knowledge, skill and experience that may be reasonably expected of a person carrying out similar functions to those carried out by them in relation to that company; and (b) their general understanding of corporate governance in business (Coetzee & Van Tonder, 2016:3).

The Companies Act requires a director to act in good faith and the best interests of the company. This serves to guide decisions that consider shareholder value as a general principle while also balancing corporate performance with stakeholder interests (Mafundu & Mafini, 2019:5). South African case law has further emphasised the repercussions for violating these duties, underscoring the importance of responsibility among company directors (Mudzamiri, 2023:158).

The appointment process for SOE boards is partially guided by the PFMA, and the Department of Public Service and Administration (DPSA) handbook and the Constitution provide additional best practices and guidelines. Section 12 of the PFMA empowers the Minister to appoint members to SOE boards, alongside Section 195 of the Constitution and Sections 100-104 of the DPSA, which constitute a key mechanism of government control over state resources. Equally, the Companies Act establishes a governance framework by setting out fiduciary duties that guide directors in acting in the best interests of the respective company (including SOEs). This legal infrastructure thus enables the establishment of governance norms while also providing a supportive framework for disciplining directors.

Despite their significance, SOEs have faced serious operational problems, including inefficiency, financial mismanagement, and corruption, which have hindered their effective integration into national development (AGSA, 2023). These have been the trigger for discussions on the reform of governance frameworks and the adverse effects of political patronage in the leadership of SOEs (Zondo Commission, 2022:319). This section discusses the role of SOEs in South Africa and the role of corporate governance, specifically under the King IV Report, in guiding SOEs' operations, as well as concerns about how cadre deployment influences SOE governance and performance.

1.1.1 The Role and Purpose of SOEs

SOEs in South Africa play a strategically important role, as they are at the heart of the country's critical industries, such as communications, transport, defence, funding, and energy supply, which are crucial for the development and growth of the South African

economy (Naidoo, 2016:353). They create jobs, innovate, and serve as the core of South Africa's developmental state and the government's socio-economic objectives (Kathrada *et al.*, 2021:513). Notable SOEs include Eskom (electricity generation), Transnet (transport and logistics), and South African Airways (SAA) (the national airline) (Chitiga-Mabugu *et al.*, 2022:735). These SOEs play a significant role as engines of industrial activity, thereby contributing to the South African economy. Eskom, for example, supplies electricity to households and to the commercial and industrial sectors, sustaining economic activity and enabling growth across various segments. SAA and Transnet also facilitate the movement of goods and people between locations, thereby facilitating trade and promoting economic integration (Chitiga-Mabugu *et al.*, 2022:736).

Section 195 of the Constitution outlines the objectives and functions of SOEs: to deliver efficient, effective, and economical services to all members of the community; to respond to the developmental needs of the South African economy; and to promote the well-being of the public. These constitutional principles ensure that SOEs are aligned with the achievement of broader national socio-economic aims and the interests of the South African population. SOEs in South Africa are subject to various laws, regulations, and oversight mechanisms to ensure compliance with constitutional requirements. The PFMA is an essential piece of legislation that provides a framework for financial management, transparency, and the effectiveness and efficiency of the application of public funds (Naidoo, 2016:360). These legal and corporate governance frameworks are supplemented by specific oversight mechanisms (such as the board of directors and internal and external auditing) and extensive reporting requirements to enforce transparency and accountability in SOE activities (World Bank, 2014:16).

A high number of South African SOEs have, in recent times, found themselves in a dire financial situation requiring bailouts, some even facing virtually unavoidable collapse (Nyatsumba & Pooe, 2023:78). Ginting and Naqvi (2020:192) emphasise the importance and relevance of analysing the severity and causes of these failures and bailouts. The King IV Code, published in 2016, acts as a detailed guide to corporate governance in South Africa. According to the IoDSA (2016:27), SOEs are expected to apply recommended principles and practices to achieve good governance. The supplement to the King IV Code for SOEs highlights the importance of clearly defining the responsibilities of the board and the shareholders of the SOE (Naidoo, 2002:358-359).

1.1.2 King IV Code and SOEs

The King IV Code is crucial, especially for SOEs, which have played a prominent role in discussions on governance, accountability, and ethical leadership. It consists of a set of principles designed to promote transparency, accountability, and sound governance across all organisations, including those in the public sector. The operationalisation of this code prioritises ethical leadership and stakeholder inclusivity, key to restoring trust in these entities (Adebayo & Ackers, 2024:174; Smith & Marx 2022:214; Thakhathi *et al.*, 2021:472). This framework is particularly relevant given the history of poorly managed SOEs, which have faced allegations of mismanagement and corruption, causing many stakeholders and the public to be sceptical about these entities (Albertus, 2019:62; Corvino *et al.*, 2020:3).

Studies reveal that a well-implemented King IV Code is likely to provide a better governance framework in SOEs, which could impose better accountability and reporting standards (Dzingai & Fakoya, 2017; Smith & Marx, 2022:214). For example, the incorporation of internal audit functions in SOEs based on King IV principles can improve the transparency and accountability of financial reporting, and in doing so, minimise misconduct (Adebayo & Ackers, 2024:174; Smith & Marx, 2022:215).

Considering these challenges, there is a growing voice for an extensive introspection and overhaul of corporate governance models that are specific to the South African landscape, particularly in SOEs (Albertus, 2019:62; Thakhathi *et al.*, 2021:473). Scholars have argued that these reforms should not merely defer to the principles of the King IV Code but also consider the individualities of local corporate governance challenges and cultural contexts (Bassi, 2009:3). Although SOE governance in South Africa has been increasingly subject to criticism, it also offers opportunities to promote more robust and responsible corporate governance practices through the application of the King IV Code.

1.1.3 The Role of Directors

In South Africa, directors have fiduciary duties that are inherent to corporate governance and originated in common law, which was partially codified in the Companies Act. Directors are expected to exercise good faith, loyalty, and diligence in preference to their own benefits, which is defined as the duty of care and the duty of good faith (Muzanenhamo, 2023:56). The Companies Act also states that directors must fulfil their powers in the best interest of the company, considering the benefits of shareholders, thus

aligning with stakeholder theory (Sewpersadh, 2022:325). These duties may be enforced with the aid of slashing accountability to the company and its stakeholders (Coetzee & Van Tonder, 2016:45). This notion suggests that mechanisms for transparency and accountability must be strengthened to ensure that certain directors take their responsibilities seriously. Accordingly, the strict legal environment helps ensure that such fiduciary duties are properly observed within South Africa.

1.2 Problem Statement

Access to skilled and competent staff in the South African public sector is a key prerequisite for effective governance and the efficient delivery of services (Mlambo *et al.*, 2022:131). The deployment of professional, knowledgeable, and intellectual cadres, underpinned by high ethical morality, to drive the levers of executive authority within public sector institutions is not an uncommon practice; however, the deployment of political cadres within positions held by the ANC party in South Africa has been lacking and has proved to be detrimental to governance and service delivery (Kaizer, 2022:5). The effectiveness of these SOEs was adversely affected by systemic weaknesses, primarily major political meddling under the guise of cadre deployment. This practice is posited to have led to the appointment of individuals who lack the qualifications and relevant experience for effective governance, thereby engendering instability at the board level and increasing the risk of corruption. Political interference appears to be an indirect contradiction with fundamental principles of governance, thereby affecting fiduciary duties and strategic oversight, ultimately endangering public confidence in these institutions (Ntshangase *et al.*, 2023:139; Tsheola & Sebola, 2023:139).

Scholars have observed that corruption and regulatory obstacles can negatively impact the performance of SOEs, thereby exacerbating their operational inefficiencies (Chitiga-Mabugu *et al.*, 2022:739; Tan & Tusha, 2023:2150). In South Africa, the ANC has faced extensive criticism for its practice of cadre deployment, which seems to be a contributing factor to the political patronage that hinders SOEs' performance (Abbana & Marimuthu, 2023:3, Tsheola & Sebola, 2023:29). This concern is part of a broader systemic issue, with the structure intended to support governance marred by pervasive political influence. The absence, obstruction or misuse of effective control and monitoring mechanisms exacerbates these governance issues, revealing a deficiency in government oversight and adherence to established governance best practices (Chinomona *et al.*, 2023:3, Matsiliza, 2024).

The purpose of the study is to provide insight into how political appointments, as implemented through the cadre deployment policy, have influenced governance outcomes, and to identify necessary reforms to ensure the effective and accountable performance of SOEs. Examining the interaction between political influences and corporate governance within South African SOEs is crucial. The study proposed pragmatic reforms to enhance governance and public confidence, thereby transforming SOEs into effective instruments for national development.

1.3 Research Objectives

The primary purpose of this study was to enhance the effectiveness of South African SOEs through examining the impact of cadre deployment on corporate governance processes within SOEs.

The secondary objectives are as follows:

- To examine relevant theoretical and legal foundations that underpin corporate governance in South African SOEs.
- To investigate the nature and scope of cadre deployment within the governance structures of SOEs through synthesising evidence from official reports, regulatory findings, and scholarly literature regarding governance failures linked to cadre deployments in SOEs.
- To assess the effect of cadre deployment on board independence, ethical leadership, and accountability.

1.4 Research Question

How do cadre deployment practices within South African SOEs affect compliance with sound corporate governance principles?

1.5 Scope of the Study

The scope is limited to nationally operating South African SOEs under the control of the government, specifically strategic SOEs that are crucial for South Africa's socio-economic development and have been associated with governance failures, e.g., Eskom, Transnet, SAA, PRASA and the South African Broadcasting Commission (SABC), as was reported on by the Zondo Commission. Non-strategic, lesser-known SOEs are excluded from this

study unless cited explicitly in national reports or academic publications. Local and provincial SOEs (including international public entities) are not considered in this study.

1.5.1 Significance of the Study

The study has both practical and theoretical significance, particularly considering the persistent governance crisis within South Africa's SOEs. The decline in public trust, ongoing governance challenges, and leadership instability within SOEs have prompted calls for reform. By examining cadre deployment within the context of corporate governance, this research aims to enhance understanding of the institutional and political factors that impede SOEs' performance capabilities. From an academic perspective, the study broadens the discussion of corporate governance in emerging democracies, where the distinction between party-political interests and public administration often remains unclear. It provides a South African example for comparative global studies of public governance, especially within the BRICS constellation of countries and other post-colonial states with comparable tensions.

1.5.2 Industry Under Investigation

This study focused on the public enterprise sector, with particular emphasis on SOEs domiciled with the South African national government. This ranges from various strategic industries, which include:

- Energy (Eskom),
- Logistics and transport (Transnet, PRASA, SAA), and
- Broadcasting and communication (SABC).

1.5.3 Geographical Demarcation

The research is geographically limited to the Republic of South Africa and focuses on national SOEs, which are governed, funded, and/or regulated by the central government.

1.6 Definitions of Terminology

In academic studies, particularly in business management, political science, and public governance, it is essential to present clear, accurate and consistent concepts. Therefore, discourses related to SOEs, cadre deployment, and corporate governance are 'context-

bound' and are determined by political, legal, and sectoral dynamics. The following definitions are applicable to this study.

1.6.1 State-Owned Entities (SOEs)

According to the OECD (2015), SOEs are entities classified by whether the state owns more than 50% of their equity, thereby enabling the state to control ownership and influence business strategy and operational policy. As per the definition of the World Bank (Arrobbio *et al.* 2014:71) a SOE is an enterprise where the government owns a part or full ownership rights, which include direct shareholding or, by means of regulatory power, influencing and controlling the entity's operations. In addition, the International Monetary Fund (2018) states that SOEs are legally separate entities with economic and social objectives that operate under state control.

An SOE in South Africa is an organisation established by the state to provide services or goods that meet public demand and help stimulate economic growth (Naidoo, 2016:9). These entities are essential to the South African economy, accounting for 27% of domestic gross product (GDP) from utilities, transportation, and energy sectors (Hlobo *et al.*, 2022:5). They are established to achieve social and economic purposes and to satisfy the unfilled needs of the market not serviced by the private sector, especially in the field of infrastructure and essential services (Muzanenhamo, 2023:56).

1.6.2 Cadre Deployment

There is a plethora of definitions regarding cadre deployment. In South Africa, 'cadre deployment' refers to a party's deployment of loyal party members into government or state departments (Mlambo *et al.*, 2022:12). The purpose is to ensure that those in leadership positions subscribe to and are loyal to the party's political outlook, thereby controlling governance. Mlambo *et al.* (2023:12) argue that cadre deployment policy is not only about inculcating loyalty-based employment but also about filling high-ranking government positions with party members, leading to myriad problems, including the destabilisation of institutions and an increase in dishonesty. One of the most serious governance deficiencies in cadre deployment is that it creates a structural conflict of interest for both the appointed candidate and the executive authority responsible for the appointment. Constitutionally, this conflict compromises the values enshrined in sections 195(1) and 197(3), which require professional, impartial, and accountable public administration.

1.6.3 Corporate Governance

Corporate governance can be described as the structure and values used in an institution to guide decision-making and management, focusing on transparency, accountability, fairness, and ethical behaviour (Naidoo, 2016:362). Corporate governance is the set of rules, practices, and processes that guide and control the board of directors, ensuring accountability to the organisation's owners and serving the interests of stakeholders like shareholders, management, customers, suppliers, financiers, government, and the community (Naidoo, 2016:363). This definition emphasises the importance of a reputable company operating in accordance with its principles.

This framework is critical to the creation of a conducive climate for economic stability and growth, and its importance is emphasised in the post-apartheid economy, where the re-engineering of corporate governance practices has been influenced by the historical economic policies of the country (Adebayo & Ackers, 2024:182, Maroun *et al.*, 2014:209). The King IV Code allows companies the discretion to establish governance practices while simultaneously holding them accountable to stakeholders for their decisions (Costa & Ngcetane-Vika, 2021; Tshipa *et al.*, 2018:375).

1.6.4 Accountability

Gray (1994:18) defines accountability as the condition of being answerable to another individual for a particular matter. It involves individuals accountable for explaining and justifying their actions to stakeholders and encompasses both the repercussions and the responsibilities associated with decision-making. Lerner and Tetlock (1999:259) explore accountability within the framework of decision-making, emphasising its influence on individual reasoning, particularly under conditions of low certainty. They propose that the effects of accountability on judgment stem from the interaction of various forms of accountability and the decision context, rather than from social facilitation, and from an interplay among factors that constitute cognitive processes (Lerner & Tetlock, 1999:260).

1.6.5 Corruption

In the South African legal system, corruption has a particular meaning and is criminalised under the Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA). PRECCA is a comprehensive piece of legislation designed to reduce and disrupt corrupt practices. Corruption is broadly defined as the abuse of public or private office for private gain (Thomann *et al.*, 2025:2; Treisman, 2000:401). Under Section 3 of PRECCA, the

basic offence of corruption is defined as any person who, directly or indirectly, whether by themselves or through another person on their behalf, accepts, agrees to accept, or attempts to accept any gratification from any other party, either for themselves or for a third party, in order to influence their actions, exercise their authority, or perform any duties related to their job. Gratification under this definition includes any advantage in terms of money or other benefits.

1.6.6 King IV Code

The King IV Report, or King IV Code of Corporate Governance, is a cornerstone of the corporate governance framework in South Africa. Published in November 2016 by the Institute of Directors in Southern Africa (IoDSA), King IV follows the direction set by the preceding King I, II and III and emphasises a holistic view of governance centred on ethical leadership, corporate citizenship, and integrated reporting (Bhana & Suknunan, 2022:89; Corvino *et al.*, 2020:3). King IV aims to create an organisational culture of accountability within entities by requiring transparent governance processes and putting businesses in a position to engage with all stakeholders (Enslin *et al.*, 2023:229). This study will focus on King IV, as the greater part of cadre deployment practices in South African SOEs occurred during its reign. Notice is taken of the implementation of King V from January 2026.

1.7 Literature Review

The literature pertinent to this research will be sourced from academic journals and books, government publications, official websites, legislation, dissertations, and theses, with the aim of addressing the objectives of the literature review. The databases accessed via the Library Services at the North-West University included EBSCOhost®, A-Z Journal List, Google Scholar™, MEDLINE®, PubMed, and ScienceDirect®. The researcher prioritised the use of relevant legislation (specifically the Companies Act and PFMA), peer-reviewed articles, policy documents, and reports from the Zondo Commission and the Public Protector.

1.8 Research Design and Methodology

The study employed a non-empirical, qualitative research design based on a desktop research methodology that utilised only secondary data sources. This mini dissertation was compiled using Saunders, Lewis and Thornhill's research onion (Saunders *et al.*,

2009:43), which is divided into six layers: research philosophy, research approach, research strategy, choices, time horizon, and techniques and procedures. Chapter 2 will provide a more in-depth discussion of the nature and purpose of each layer.

1.8.1 Rationale for Using Secondary Data

One of the significant advantages of secondary data is the savings in time and cost. As qualitative research is often time-consuming and requires prolonged engagement with participants, secondary analysis enables researchers to work with an already established dataset, thereby reducing the need for resources in qualitative research (Redman-MacLaren *et al.*, 2014:2). Using secondary data was based on three critical rationales:

- Cadre deployment has been well-researched by government commissions (like the Zondo Commission), Public Protector reports and investigations in South Africa's media. These sources provide high-quality, context-specific information that cannot be easily replicated through fieldwork.
- Cadre deployment is a highly politicised issue. When gathering primary data through interviews or surveys, there is a potential risk to both respondents and researchers. Secondary data eliminates this hazard and still allows access to credible perceptions.
- A mini dissertation usually takes a shorter time to complete, i.e., eight to 10 months. The use of curated secondary data enables researchers to become deeply immersed in the topic without the logistical and ethical complications associated with collecting primary data.

1.8.2 Research Paradigm

A phenomenological research methodology will be utilised in this study. The study of the nature of phenomena, including aspects such as their quality, manifestations, and the circumstances in which they occur, is known as qualitative research (Busetto *et al.*, 2020:2). The primary goal of qualitative research is to gain an in-depth understanding of people's experiences related to a specific subject. Therefore, the study adopts an interpretivist perspective and employs a qualitative approach. Furthermore, an observation method was used, in which the researcher observes the events under investigation as an objective third party who is not directly involved in them (Nickerson, 2024:3). This approach enables the researcher to examine these SOEs through the lens of various groups of people, with the aim of developing new, richer conceptions and

interpretations of social contexts and arrangements. The approach addresses this complexity by providing essential data to research participants.

1.8.3 Research Approach

The approach for this study is qualitative, utilising content analysis (i.e., a literature review based on legislation, case law, academic articles, journals, and reports). The study also uses documentation as a data collection method, gathering internal and external papers, including newspaper articles, websites, and annual reports, to shed further light on an interesting phenomenon and support other evidence forms (Nickerson, 2024:4). According to Graue (2015:5), qualitative research answers unanswered questions. This assertion confirms that qualitative research is the appropriate method for this study. This study will employ an inductive approach.

1.8.4 Research Methodology

Aspers and Corte (2019:155) defined qualitative research as an iterative process that aims to expand scientific understanding by identifying new distinctions related to the studied phenomenon. Specific methods might include content, thematic, and discourse analysis (McCombes & George, 2022:76), whereas thematic analysis closely examines qualitative data to identify broad themes and patterns (Caulfield, 2019:2).

This study utilises a qualitative method, particularly a thematic analysis, as it will enable the exploration of the concept of cadre deployment, precisely its nature and purpose, within the context of South African SOEs. This method is beneficial for the researcher to better understand the successes and challenges of cadre deployment. This process will involve sorting literature, which relies on logical analysis, judgment, reasoning, synthesis, and dialectical thinking to summarise content or themes. After sorting the literature, the data must be analysed to understand how these distinct types of literature relate to one another.

Lambert (2012:81) defines a literature review as a critical analysis of what is known about the research topic, the relevant themes associated with it, and the different perspectives presented. Fink's (2019:24) description of a literature study indicates it as a systematic evaluation of existing data that identifies, assesses, and interprets its collective meaning.

The following sources were utilised for this literature study, which will primarily be sourced through the search engines and databases provided by the NWU library:

- Publications in academic journals.
- Academic books and journals.
- Government reports (specifically those of the Auditor-General and Public Protector) and policy documents.
- Relevant laws and regulations.
- Relevant reported South African case law.
- The King IV Code of Corporate Governance and, in particular, the SOE supplement to it.
- Reports from relevant South African commissions of inquiry, specifically the Zondo Commission.
- Thesis and dissertations relevant to the research topic.
- Blogs, online forums, and other sites that provide opinions, viewpoints, and insights on the research topic.

Recognising the diverse approaches within literature reviews, this research utilises a critical literature review. An effective critical review presents, analyses, and synthesises material from diverse sources (Grant & Booth, 2009:93) to demonstrate that the researcher reviewed and assessed the literature.

This research employs a qualitative literature review to synthesise existing knowledge on the concepts of corporate governance and cadre deployment, and their real-world application in South Africa's SOEs.

1.8.5 Research Strategy

A research strategy is the best way for a researcher to choose a data collection method that will allow the researcher to meet the study objectives and answer the research question (Melnikovas, 2018:32). The archival strategy is used to categorise the literature using logical analysis, judgment, reasoning, synthesis, and dialectical thinking.

1.8.6 Reliability and Liability

Lincoln and Guba (1982:3) suggest four criteria to be applied to ensure the trustworthiness of qualitative studies: credibility, transferability, dependability, and confirmability. In this study, particular reliance is placed on sources such as the Constitution, relevant legislation (the Companies Act and PFMA), the interpretation of these laws by South African courts, the King IV Code and its SOE Supplement, and the findings of relevant judicial commissions of inquiry.

1.8.7 Inclusion and Exclusion Criteria

Inclusion criteria are the characteristics that potential participants must possess to be included in the study and to answer the research question (Amundsen *et al.*, 2018:3; Wong *et al.*, 2018:132). Exclusion criteria are used to define which types of subjects are not suitable for enrollment in a study, typically due to physical or psychological conditions, or other reasons that may influence the results (Humphreys, 2017:54; Luoto *et al.*, 2013:13).

1.8.7.1 Inclusion Criteria

The following inclusion criteria directed the study:

- Sources span from 2009 to 2024 (in order to cover the so-called state capture period in South Africa), highlighting policy updates and ongoing governance issues, including corporate governance and cadre deployment;
- Relevant documents that are directly related to corporate governance, cadre deployment, or the management of South African SOEs;
- Preferably peer-reviewed journal articles, reports from the government and the Public Protector, legal documents, Auditor-General reports, findings from the Zondo Commission, and credible investigative reports from the media;
- This research will solely incorporate secondary data.

1.8.7.2 Exclusion Criteria

The following exclusion criteria directed the study:

- Opinion pieces or editorials without evidence or documentary support.
- Sources drawing from governance frameworks external to the focus of a governance system in South Africa or the global context.
- Reviews and/or duplications or summarisations without original information or interpretation.
- This study will not utilise primary data. No interviews or surveys will be conducted.

1.8.8 Data Analysis Techniques

Thematic analysis is a flexible and widely recognised approach to qualitative data analysis that aims to identify, analyse, and report patterns within the data. The influence of Braun and Clarke, who provided a six-step approach for supporting researchers in

properly conducting thematic analysis, has contributed significantly to the development and implementation of this method (Naeem *et al.*, 2023:4). These thematic stages include familiarising oneself with the data, generating initial codes, searching for themes, reviewing the themes, defining and naming them, and interpreting the data. This methodological rigour ensured that the themes are not just subjective formations but are grounded in the data (Riebschleger *et al.*, 2017:9). The process involved:

- Open coding - Initial coding of textual data to identify keywords, policy terms, and recurring issues.
- Categorisation - Grouping codes into thematic clusters such as 'board independence,' 'political interference,' 'merit-based appointment,' and 'institutional failure.'
- Interpretive analysis - Interpreting the themes within the context of Wilson Theory, Agency Theory and Stakeholder Theory, assessing how cadre deployment distorts governance responsibilities, erodes fiduciary trust, and undermines strategic oversight in SOEs.

The data analysis was performed manually, without the use of any software tools to handle the codes and themes.

1.8.9 Limitations of the Study

While desk research provides a strong foundation for examination, this study has limitations, namely:

- The researcher will not be interviewing SOEs' management, boards, or politicians to understand the lived experience, which is arguably limited.
- Some sources provided institutional and political perspectives (e.g., state-funded or politically driven think tanks).
- Secondary data could not keep up with recent developments, especially the Government of National Unity, and trends since the last update are not measurable.

To mitigate and address these limitations, the researcher employed the following:

- The study used triangulation with different data types (academic, government reports, journalistic).

- The study relied on trustworthy and verified resources: peer-reviewed articles, books, Zondo Commission Reports, Public Protector (PPSA) reports, and Auditor General (AGSA) reports.
- Throughout the discussions, there was a continuous acknowledgement of the interpretive limitations.

1.8.10 Ethical Consideration

The study does not involve human participants; specific ethical standards remain essential, amongst others:

- To ensure academic honesty, the NWU Harvard Referencing Guide (2020) was used to reference all the sources accordingly.
- To preserve confidentiality and institutional trust, the researcher endeavoured not to misrepresent and/or selectively quote sources in such a way as to distort what the sources meant.
- The researcher maintained transparency throughout. The study avoided inserting personal bias into politically sensitive content.

The following ethical considerations are reflected in the overall research design, as the required scientific and ethical consent was obtained from the relevant committees of the Faculty of Economic and Management Sciences at North-West University (NWU). Although secondary data were used, care was taken to ensure the continuous protection of anonymity and confidentiality, where and if applicable, and to adhere to the relevant provisions of the Protection of Personal Information Act 4 of 2013 (POPIA).

Academic integrity will be maintained in this study. Hence, measures will be implemented to ensure proper academic referencing of acceptable sources, avoid copyright infringement, and obtain timely and consistent guidance from the study leader to identify errors. The researcher will receive oversight from the study leader to ensure factual accuracy and avoid the risk of personal biases and plagiarism. The final document will undergo a Turnitin verification to ensure academic integrity and mitigate the risk of plagiarism or the use of Artificial Intelligence (AI). No gate-keeping approval was required; however, the NWU's guidelines for non-empirical studies were adhered to. Artificial intelligence and the MSWord Editor function were used for language editing purposes according to the relevant policies of the NWU.

1.8.11 Summary of the Chapter

The chapter explored the study through the background and problem statement. The objectives and research question(s) were outlined in conjunction with the methodological approach of the study. The inclusions and exclusions pertinent to the study were explained, as well as the limitations.

1.9 Contribution of the Study

The findings of this study will serve as a compass for SOEs and the government, guiding them back to their raison d'être: delivering high-quality services and good governance. The means to achieve this end may be selected through the strategic use of individuals who are not only experts but also qualified by lot and experience. Upon the conclusion of the study, the affected entities must adhere meticulously to the stringent principles of corporate governance. They must consider the significant findings of pertinent commissions of inquiry, which have effectively identified the critical deficiencies in the misuse of the cadre deployment policy.

1.10 Layout of the Study

The study is presented in a traditional mini-dissertation format. The layout of the chapters is as follows:

Chapter 1: Introduction and Background to the Study

This chapter introduces and provides the background of the study. It sets the research question and specifies the objectives of the study as well as the inclusions and exclusions. The chapter explained the importance of this research and operational definitions of several key terms.

Chapter 2: Research Methodology

This chapter discusses the research design and methodology. There is no sampling technique or questionnaire design, and the data collection method is not specified, as the study employed a literature review or analysis approach. Information was collected through literature by sourcing relevant articles, reports, and journals that examine cadre deployment. Literature was reviewed to gather the necessary data to discuss cadre deployment in relation to corporate governance in SOEs. This undertaking provided a

foundation of knowledge on cadre deployment, informing the research design and methodology.

Chapter 3: The Nature, Functioning and Governance of SOEs

The chapter examines the legal foundations and the role of SOEs in South Africa. It discusses the specific functions of SOEs in the country and highlights their major shortcomings. The chapter introduces corporate governance and its significance in both developed and developing nations. It then focuses on the unique governance structures of SOEs, which are often neglected in corporate governance research.

Chapter 4: The Concept, Nature and Implementation of Cadre Deployment in South African SOEs

This chapter examines the concept of cadre deployment in SOEs and the policy of cadre deployment derived from the ANC. It then evaluates the impact of this policy on SOEs, through the specific perspective of the Auditor-General's and relevant commissions of enquiry's reports.

Chapter 5: Overview of the Research, Findings, Conclusions, Limitations and Recommendations

This chapter explores the impact of cadre deployment on governance and service delivery in South African SOEs. The research objectives and hypotheses are revisited, and the limitations and contributions are discussed. Future research directions are outlined in relation to the established objectives and research question.

CHAPTER TWO: RESEARCH METHODOLOGY

2 INTRODUCTION

This chapter outlines the research methodology used to examine the role of corporate governance in reducing cadre deployment within South African SOEs. This chapter describes the study design, data sources, and analyses employed to achieve the study's objectives and primary research question. The study employed a desktop approach, relying solely on secondary data sources. This strategy enabled the researcher to synthesise, in a structured manner, the available evidence from academic literature, official government reports, policy papers, legislation, law reports, and reputable media investigations.

2.1 Research Design

Research design is the structure that provides a clear description of the basis for selecting subjects, the experimental treatment, and the means used to apply that treatment (Creswell & Creswell, 2017:67). This research employed a qualitative, descriptive, and exploratory design that is interpretive and situated within the desktop research approach, which utilises only secondary data sources.

Qualitative research is especially well-suited when the aim is to study complex social processes, generate a deep understanding, and establish patterns in textual and documentary data (Denzin & Lincoln, 2011:88). The study does not attempt to quantify relationships but rather to interpret the governance implications of cadre deployment as reported in annual reports, commissions of inquiry, academic books, case law, and scholarly articles. Exploratory studies are best suited for research questions that seek to answer questions that have not been adequately explored, are conceptually uncertain, or are politically sensitive (Saunders *et al.*, 2019:44).

Desktop research is a systematic identification of existing external sources and a critical review of data sources to create synthesised ideas and understanding (Jesson *et al.*, 2011:45). As Snyder (2019:334) asserts, desk research enables the synthesis of fragmented knowledge and the critical assessment of evidence in a transparent and reusable manner. This is particularly applicable where there is voluminous and credible documentary evidence comparable to the reams of official reports and scholarly analyses available on state capture in South Africa, particularly in relation to SOEs.

Given the politically sensitive nature of the study and the potential for biased or disinclined reporting from key informants, a non-empirical design was used to minimise ethical and practical constraints. Bowen (2009:29) asserts that document analysis provides the researcher with access to an amount of data that is not influenced by recall bias and can also be triangulated from multiple distinct sources.

2.2 Qualitative Research Approach and Interpretivism Paradigm

This study employed a qualitative research design based on an interpretivist paradigm, which is focused on understanding the meaning and complexity of social phenomena by sensitively interpreting textual and documentary sources (Denzin & Lincoln, 2011:89). The qualitative method is suitable when the research aims to examine the “how” and “why” of processes, relationships, and institutional dynamics, rather than measuring variables or testing statistical relationships (Denzin & Lincoln, 2011:89; Flick, 2018:59).

An interpretivist paradigm views reality as socially constructed, and having researchers immerse themselves in the context and subjective aspects is necessary to achieve a deeper understanding of a phenomenon (Creswell & Creswell, 2017:43). In this study, interpretivism is the philosophical driver for examining the discursive red thread between the practice of cadre deployment and organisational culture in SOE governance, and how these practices are written, critiqued, and authenticated in publicly available documentation in South Africa. As Bowen (2009:30) describes, qualitative document analysis is a suitable method for examining topics that are difficult to quantify, such as firsthand reports that may be politically sensitive or otherwise inaccessible.

Quantitative research approaches, conversely, are essential for measuring broad trends in data, but are less adept at capturing the subtle, contested, and socially constructed nature of political practices, such as cadre deployment (Silverman, 2021:65). Quantitative techniques commonly assume structured data and predetermined categories, but they also risk oversimplifying complex issues of governance failure and underestimating the interpretative element of how these failures are constructed and legitimised. As Flick (2018:60) points out that qualitative research enables researchers to view policy discourse and institutional narratives through the lens of multiple stakeholders, revealing their layered meanings and contradictions. Thus, a qualitative method was more appropriate than quantitative methods for answering the research questions and achieving the study’s objectives.

Secondary sources, such as the Zondo Commission Reports and Public Protector Reports, or academic research, are particularly well suited to qualitative research because they combine rich empirical detail with reflective interpretation. Johnston (2017:625) reports that synthesising secondary data through qualitative means allows new conceptualisations to emerge and fragmented knowledge to come together. Therefore, a qualitative interpretivist approach is the most suitable framework for examining the impact of cadre deployment on the requirements of accountability, transparency, and ethical leadership in South African SOEs.

2.3 Rationale for Using Secondary Data

The preference for a secondary data approach in this study is grounded in methodological arguments and particular contextual considerations relating to the research topic. The term secondary data analysis, by contrast, refers to the systematic examination and interpretation of pre-recorded materials (e.g., reports, policy papers, and earlier studies) to answer new research questions or gain a deeper understanding of a given phenomenon (Johnston, 2017:627). Some researchers argue that secondary data is valuable in research where there are substantial amounts of accurate and easily accessible material (Saunders *et al.*, 2019:46). Regarding cadre deployment and corporate governance at SOEs in South Africa, there exists a substantial body of evidence, including, but not limited to, the Zondo Commission reports, Public Protector reports, Auditor-General reports, case law, and peer-reviewed academic literature.

Bowen (2009:31) notes that document analysis, as a secondary data study method, presents rich context that other primary research methods might not, for instance, places where participants might be hesitant to disclose sensitive information. In view of the potentially charged nature of cadre deployment and corporate governance, this study is firmly grounded on substantiated documents rather than personal testimonies, which are more likely to be affected by self-censorship or bias. Furthermore, secondary data also supports triangulation, which enhances the credibility of findings through comparison and contradiction between evidence from different independent sources (Heaton, 2004:34).

Snyder (2019:334) also contends that in areas where evidence is fragmented or distributed across multiple disciplines, such as public administration and political economy, secondary data analysis allows scholars to aggregate knowledge and discover macro trends that elude individual studies. At the practical level, secondary data is also

conducive to time and resource efficiency (Johnston, 2017:628). The quantity and quality of the materials gathered indicated that no new primary data collection was necessary, particularly since the research objectives were to synthesise and critique what is already known. For these reasons, a secondary data approach is not only methodologically defensible but also consistent with ethical and practical considerations.

2.4 Data Sources and Collection

The 'quality' of any research, but above all one based only on secondary sources, strongly depends on the credibility and transparency of the process of collecting the data. As Vartanian (2010:64) contends that a clear account of the identification, appraisal, and selection of data sources is necessary to improve replicability and reduce the risk of bias.

This research followed a systematic search process, in line with comprehensiveness and relevance (Boell & Cecez-Kecmanovic, 2015:164). The methodology was characterised by a search for a wide range of documents on the interaction between corporate governance, cadre deployment, and the functioning of SOEs in South Africa.

The data collection process consisted of several stages.

Stage 1 - Database and Repository Searchers

Electronic repositories and academic databases were utilised and searched using combinations of terms, such as 'cadre deployment,' 'corporate governance,' 'state capture,' 'South African SOEs,' 'board independence,' and 'political appointments,' to produce the material. Core databases included the following and were accessed through the NWU library:

- EBSCOhost®;
- A-Z Journal List;
- Google Scholar™;
- MEDLINE®;
- PubMed; and
- ScienceDirect®. Library.

As Jesson *et al*. (2011:87) note, the inclusion of grey literature sources in scholarly databases broadens the evidence available and reduces the impact of publication bias.

Stage 2 - Grey Literature Collection

Recognising that not all the relevant material is indexed in academic journals, the review also drew on grey literature such as:

- Zondo Commission Reports (2018-2022);
- Public Protector Reports;
- Auditor-General South Africa audit reports.

Grey literature is recognised due to its capacity to reflect current institutional policy developments and practical settings in public administration (Godin *et al.*, 2015:3).

Stage 3 - Screening and Documentation

These documents were reviewed to ensure authenticity, credibility, representativeness and meaning, as per the recommended criteria of Scott (2014:39) for analysing documentary evidence.

Stage 4 - Data Organisation

From 2009 to 2024 is a crucial epoch for the examination of governance practices of cadre deployment and policy discourse; SOE governance modes throughout this period are key due to their framing of what has been widely acknowledged as the state capture era in South Africa. During this period, significant political and institutional developments occurred, including systemic corruption, creeping political capture, and diminishing oversight of state institutions and SOEs.

When these specific years are examined, they provide the researcher with a valuable opportunity to assess how state capture has influenced governance reforms, policy responses, and efforts to restore accountability and integrity in SOEs, clearly highlighting both the challenges faced during this important period and the types of new initiatives attempted. Snyder (2019:335) contends that to produce practical literature syntheses, evidence should be sourced widely and deeply.

2.5 Data Analysis Techniques

This study followed a qualitative thematic analysis approach, recognised as a rigorous and visible method for systematically and robustly interpreting textual and documentary evidence (Braun & Clarke, 2006:83; Guest *et al.*, 2012:65). This method was selected due to its capacity to enable researchers to recognise patterns, combine various sources and interpret inherent meanings that can be inferred from the data itself (Nowell, 2017:4).

As Flick (2018:61) observes, the purpose of qualitative analysis is not merely to describe content but to interpret and contextualise information within the framework of the research objectives and theoretical underpinnings. In this study, the analysis process was informed by the interpretivist paradigm, which recognises that knowledge is socially constructed and context-dependent (Creswell & Poth, 2018:44).

The analysis evolved in the following steps:

Preparation and Organisation of Data

All selected articles, reports, and books were manually reviewed and prepared for structured coding and retrieval. Texts were categorised by form (e.g., government reports, journal articles, policy documents, and case law) and metadata (e.g., date, author, and publication source) to ensure effective management of the analysis.

Open Coding

Open coding enables the deconstruction of data into smaller fragments, thereby maintaining the context of the data (Saldaña, 2021:78).

Categorisation and Theme Development

Codes were categorised into themes based on commonality and interconnection. The circularity of this process led to the refinement of categories in relation to the data through a process of constant comparison (Gibbs, 2007:134).

Interpretation and Synthesis

Themes were considered in relation to the study's theoretical framework (Agency Theory and Stakeholder Theory) to describe how cadre deployment practices impact corporate governance. This interpretive synthesis aligns with Braun and Clarke's (2006:79) focus on transcending preliminary description to achieve analytical depth.

Validation of Findings

To enhance credibility and trustworthiness, the study employed triangulation to compare findings across multiple document types and sources. Triangulation, as argued by Patton (2015:49), reduces the likelihood of systematic errors and enhances the credibility of qualitative findings. The researcher achieved an audit trail by writing reflective memos and coding reports.

2.6 Inclusions and Exclusions Criteria

Defining inclusion and exclusion criteria is a crucial step in any systematic literature review or secondary data analysis. As noted by Petticrew and Roberts (2006:28), established criteria contribute to the transparent, replicable, and rigorous nature of the review as they minimise the risk that subjective bias will be introduced during the materials' selection. As stated in 1.7.7, the study will adhere to the established criteria.

2.7 Ethical Considerations

Ethical soundness is a cornerstone of high-quality research, even when the study relies entirely on secondary data. While desktop research does not entail direct human interaction, it is necessary to comply with ethical principles in order to maintain the integrity of the findings and to respect the original authors and organisations that generated the data (Resnik, 2018:73). A significant moral responsibility in the secondary use of documents is to represent sources accurately and transparently. As Silverman (2021) highlights, it is essential to be careful not to misquote or selectively quote evidence in ways that distort meaning. In this study, the researcher endeavoured to maximise the extent to which verbatim and sensitively contextualised interpretations sustained findings.

'Reflexivity' is also crucial for the documentarian, as they must be aware of their influence and prejudice when reading historical documents (Wiles, 2012:128). Reflections and analytic notes were continually recorded during the analysis, documenting analytic choices, emergent understandings, and the rationale for coding decisions to enhance the transparency of the analytic process.

When it comes to politically charged topics like cadre deployment, there is a moral duty not to bring the government's name or the governing political party's name into disrepute, simply by making reckless allegations or reaching conclusions without evidence. Triangulation and critical analysis of each document's origins and credibility are also crucial in preventing misinterpretation (Flick, 2018:62).

This research was conducted in accordance with the ethical protocols provided by North-West University and in accordance with all applicable principles of the Declaration of Helsinki, as applied to social research (World Medical Association, 2013:2192). The relevant Scientific Committee of the North-West University Business School and the Ethics Committee of the Faculty of Economic and Management Sciences granted formal

scientific and ethical approval. The researcher signed an independent research declaration at the outset to confirm that this research posed no risk to either individuals or corporations (other than through a close reading of public records).

2.8 Limitations of the Study

All research has inherent limitations, and being transparent about these is an essential component of academic integrity (Creswell & Creswell, 2017:68). Research employing a qualitative desktop study approach has certain limitations that can affect the generalisation and interpretation of the results.

A notable limitation is the lack of primary data. As Johnston (2014:623) highlights, secondary data analysis refers to the use of data that have been collected for purposes other than those of the current research and may not provide the researcher with the opportunity to engage further with subtle or emergent issues. For instance, the research was unable to interview SOE senior managers or policymakers to get first-hand insights into cadre deployment practices. While this approach reduces ethical and logistical complexities, it necessarily confines the analysis to publicly available sources.

Another limitation is the potential for biases in documentary sources. Commission reports, media investigations, and policy papers are often written by bodies with specific briefs or editorial guidelines. Bowen (2009:31) states that document analysis is prone to selective focus, framing effects, and political agenda, and should be critically evaluated to prevent distorted interpretations. The researcher mitigated such bias through triangulation across multiple data types and sources; however, residual subjectivity cannot be entirely eliminated.

This study is not generalisable. Qualitative research is contextual, and this study is influenced by the context in which it operates, i.e., the institutions and politics of South Africa regarding selected SOEs during 2009-2024 (Patton, 2014:45). Although the conclusions may also be valid under similar political circumstances, they should not be considered statistically representative or universally valid across the board.

The dependency on English-language articles is also a limitation; potentially useful content within other South African languages was omitted to maintain interpretive comparability. The language of choice in qualitative research can restrict the diversity of perspectives captured in analysis (Wiles, 2012:90). Lastly, due to the considerable

number of available volumes, particularly for the Zondo Commission Reports, it is possible that some relevant details or cases could not be analysed in depth; however, the researcher tried to be as exhaustive as possible. Consistent with Tracy's (2010:839) emphasis on reflexive honesty, these limitations are stated explicitly to provide a balanced view of the study's contributions and limitations. However, the methodical and stringent approach applied throughout the research process contributes to the credibility, trustworthiness, and relevance of the study.

2.9 Synthesis of the Findings

A systematic recapitulation of the methodological decisions in the study is essential to demonstrate how the study design, data collection, and data analysis collectively contribute to the fulfilment of the research objectives and primary research question. For Creswell & Poth (2018:65), synthesis is a cohesive narrative that weaves together philosophical assumptions, methodological approaches, and analytic procedures into a seamless whole.

The research was guided by the interpretivism paradigm, which is premised on the notion that certain social phenomena, such as cadre deployment and corporate governance, are socially constructed and situation-specific (Denzin & Lincoln, 2011:63). This stance influenced the decision to adopt a qualitative research design rather than a quantitative one, as this approach is regarded as conducive to collecting rich data within complex organisational and power dynamics (Silverman, 2021:48).

As Johnston (2017:625) notes, secondary analysis enables researchers to access rich, credible data without increasing participant burden or risk, especially in politically sensitive fields. This was achieved by incorporating diverse documentary sources, including reports from the Public Protector, findings from the Zondo Commission, audit reports by the Auditor-General, and academic journal articles. By doing so, the research was grounded in a broad evidence base (Boell & Cecez-Kecmanovic, 2015:164).

To analyse the data, thematic analysis was adopted, a recognised approach where researchers identify and interpret patterns within qualitative text (Braun & Clarke, 2006:79). As Nowell *et al*. (2017:4) state, thematic analysis allows for the combination of inductive and deductive coding methods, ensuring a disciplined analytic process.

Ethical considerations were carefully addressed through rigorous attribution of sources, critical reflexivity, and adherence to the principles of intellectual honesty and respect for the integrity of the documents analysed (Wiles, 2012:91).

2.10 Summary of the Chapter

Chapter 2 has presented the methodological approach used to examine expressions of corporate governance in cadre deployment at SOEs in South Africa. It began by outlining the rationale for using a qualitative, exploratory research design rooted in the interpretivist paradigm, which focuses on interpreting social phenomena rather than measuring them.

The chapter also provided a rationale for the use of secondary data, as it suggested that publicly available materials (not least government reports, academic literature, and policy documents) were rich sources of data, and combined with the ethical and practical issues, produced a situation where collecting primary data was less appropriate around this politically sensitive topic. The thermal analysis model was used as a methodical and open, step-by-step approach to screen, analyse, and select the relevant code.

The study employed thematic analysis. The chapter presented the coding, categorisation, and interpretation stages. This method was selected for its depth and ability to uncover patterns and themes in repeated sections and complex texts. Ethical considerations, such as fair and unbiased treatment of sources, reflexivity, and adherence to institutional protocols, were also addressed to illustrate the research's inclusive scope. The methodological decisions presented in this chapter provide a clear, transparent, and academically robust foundation for the findings and discussion in the study. The following chapter will discuss the nature, functioning, and governance of SOEs.

CHAPTER THREE: THE NATURE, FUNCTIONING AND GOVERNANCE OF SOEs

3 INTRODUCTION

SOEs are a critical instrument for policy execution and socioeconomic development in most countries, particularly in developing countries such as South Africa. Such bodies are frequently required to provide core services, stimulate industrial development, and compensate for market failures when private sector finance and capacity are scarce. Yet the nature of SOEs and the twin demands of economic efficiency and public accountability make the very concept of an SOE awkward, often straddling the blurred boundary between political and administrative governance.

This chapter analyses the organisational form, mandate and governance that describe the terrain in which South African SOEs operate. It begins with their constitutional and legal basis, then turns to the governance requirements and (in)solidarity arrangements under which they must work and be supervised. Significant focus is placed on the mechanisms of board composition, executive oversight, and ethics-based leadership, given their importance within the governance discourse in the South African context. The chapter situates the political and administrative nexus within which enterprises operate, providing the background for the cadre deployment considerations addressed in later chapters of the study. The chapter further explored the theoretical frameworks introduced by Woodrow Wilson in 1887, with a focus on the Agency and Stakeholder theories of governance.

3.1 Conceptual Framework

In research, the notion of a conceptual framework is used to organise the hierarchical relationships among the elements pertinent to a research question. Ukwoma and Ngulube (2021:3) state that a conceptual framework can aid a researcher in expressing their thoughts when grand theories are not applicable or if they are absent.

3.1.1 Overview of Corporate Governance in South Africa

The King IV Report on Corporate Governance for South Africa, recognised as one of the preeminent corporate governance documents in the country, reinforces several principles that align with the growing international focus on business ethics and corporate behaviour. The report is anchored in themes of ethical and political leadership as embodied in the

concepts of integrity, competence, commitment, accountability, fairness, and transparency (ICRAFT) (IoDSA, 2016). This is the groundwork for any organisation seeking to advance equity and community inclusion.

Corporate governance is defined by the King IV Report as the exercise of ethical and effective leadership by the governing body towards achieving the following governance outcomes: an ethical culture, good performance, effective control, and legitimacy (IoDSA, 2016:11). That said, Principle 1 of King IV assert that the board must lead in an ethical, practical way to set the tone of the organisation through its leadership. Principle 2 governs the ethics of the organisation, governing its values and fostering an ethical culture, while Principle 3 ensures that the organisation is and is seen to be a responsible corporate citizen (IoDSA, 2016:37). These principles require leadership that can execute strategy at scale while also being accountable and transparent in its actions, which has the greatest impact on promoting community equity and inclusion (Deloitte, 2016).

The ongoing debate about leadership and its ethical aspects reveals that leaders are held to the same standards that they promote. According to Bhana and Suknunan (2022:89), the weaknesses in corporate governance, as exemplified by several recent significant corporate scandals, are frequently attributed to leadership deficiencies in moral consciousness, particularly in the pursuit of profit or competitive advantage. Ethical leadership is a crucial factor in developing a corporate culture that places ethical values on the agenda at all levels of the organisation. Research on the association between ethical leadership and performance in an organisation confirms that leaders should promote a values-based climate that will inspire trust from stakeholders (Bhana & Suknunan, 2022:89). This concept is further expanded by Dzingai and Fakoya (2022:89), who argue that governance frameworks within organisations play a critical role in shaping accountability to ensure that corporate executives fulfil their duties appropriately. To collaboratively govern effectively, sustainably, and for the common good, organisations need to set the context and ensure an appropriate division of responsibilities, with transparent and visible reporting.

Transparency and equity are essential in corporate governance (IoDSA, 2016:24). Mokabane and Du Toit (2022:2) reinforce this expectation by suggesting that organisations which maintain transparency are likely to improve their performance and enhance their reputation among investors and the public. Corvino *et al.* (2020:2) also propose that fair practices promote stakeholders' engagement and contribute to the

broader governance context. Hence, companies are encouraged to incorporate appropriate disclosure mechanisms that are consistent with the transparency and fairness principles outlined in the King IV Report. Smith and Marx (2022:209) emphasise that stakeholder involvement fosters a sense of belonging and ownership of corporate sustainability through cooperative governance praxis. An inclusive governance framework can enable organisations to better align their goals with the best interests of society, thereby enhancing their legitimacy and acceptance in the marketplace.

At the level of public governance, the rollout of the King IV governance principles has revealed shortcomings in service delivery and open governance, particularly in municipalities. Many local authority councils' functions fall below par in some or all their capacities, and this manifests in ineffective governance and subsequent disillusionment among citizens (Mamokhere, 2024:3). King IV provides local authorities with the flexibility to enhance their governance practices as governments seek to improve service delivery and build public confidence. Empirical studies confirm that organisations which practise integrated reporting significantly enhance their performance, creating a synergistic relationship between governance transparency and financial success (Mokabane & Du Toit, 2022:4). The incorporation of these concepts into governance mechanisms is necessary, as they underpin operational efficiency and the social responsibility corporations owe to their communities.

3.1.2 Government Challenges in SOEs

SOEs are government-owned organisations established to provide public services and support national economic development. Globally, they are essential in providing critical services, including transportation, energy, and public health. They also contribute to the implementation of government policies and the achievement of goals such as job creation, infrastructure development, and poverty reduction (Abbana & Marimuthu, 2023:1096; Khambule, 2025:64). In South Africa, Eskom, Transnet, PRASA, and SAA are key SOEs crucial for economic growth and essential services (Bezuidenhout, 2021:4; Mukonavanhu, 2024:9).

South African SOEs faced difficulties stemming from governance failures, financial mismanagement, and political interference. These issues are marked by insufficient oversight, a lack of accountability, and poor risk management, which undermine public trust and the performance of SOEs (Adebayo & Ackers, 2024:173; Motswaledi & Maseng,

2024:240). In South Africa, SOEs face governance challenges stemming from political interference, which undermines integrity and decision-making. The case of SAA shows how such interference hinders its mandate and efficiency (Hendrickse, 2022:289; Motswaledi & Maseng, 2024:241). Political influence also leads to resource misallocation, prioritising loyalty over competency in appointments (Bezuidenhout, 2021:5; Khambule, 2025:64).

South Africa's SOEs face inefficiencies, leading to financial losses and failure to meet financial targets, thereby risking the economy through dependence on government bailouts (Abbana & Marimuthu, 2023:1096; Maloa, 2020:2). Eskom and SAA highlight systemic governance and operational issues, with an analysis of losses and unsustainable margins leading to increasing debt and operational challenges (Abbana & Marimuthu, 2023:1097; Mukonavanhu, 2024:4). The underperformance of SOEs in key sectors like energy and transportation is concerning. Eskom is crucial to South Africa's power supply, but it struggled with load shedding and infrastructure issues due to mismanagement and poor governance (Abbana & Marimuthu, 2023:63; Hendrickse, 2022:291).

Studies, such as those in Singapore, emphasise the importance of transparency, accountability, and stakeholder engagement as key to overcoming inefficiencies (Adebayo & Ackers, 2022:172). Debates on integrated reporting emphasise the need for SOEs to improve accountability and sustainability. It helps align financial and non-financial performance, enabling SOEs to convey value creation and meet stakeholder demands for transparency and accountability (Dlamini *et al.*, 2021:14). This adoption can alleviate governance concerns and foster accountability and ethical leadership. International evidence demonstrates that SOEs can enhance effectiveness through modern governance frameworks, addressing vulnerabilities caused by poor governance or political interference, and improving accountability, efficiency, and stakeholder confidence (Coelho *et al.*, 2024:21; Mutize & Tefera, 2020:11).

Sustainable economic growth in South Africa depends on optimising SOEs' performance through a comprehensive review of operational frameworks, governance, and stakeholder engagement (Adebayo & Ackers, 2024:173; Chinomona *et al.*, 2023:2). The credibility of South Africa's SOEs depends on delivering mandates with strong governance and integrity. Reforming governance, improving financial management, and

enhancing transparency are crucial for restoring public trust and achieving socioeconomic goals (Emuron & Yixiang, 2020:229; Matsiliza, 2024:12; Sibanda *et al.*, 2024).

3.1.3 The Framework for the Appointment Boards of SOEs

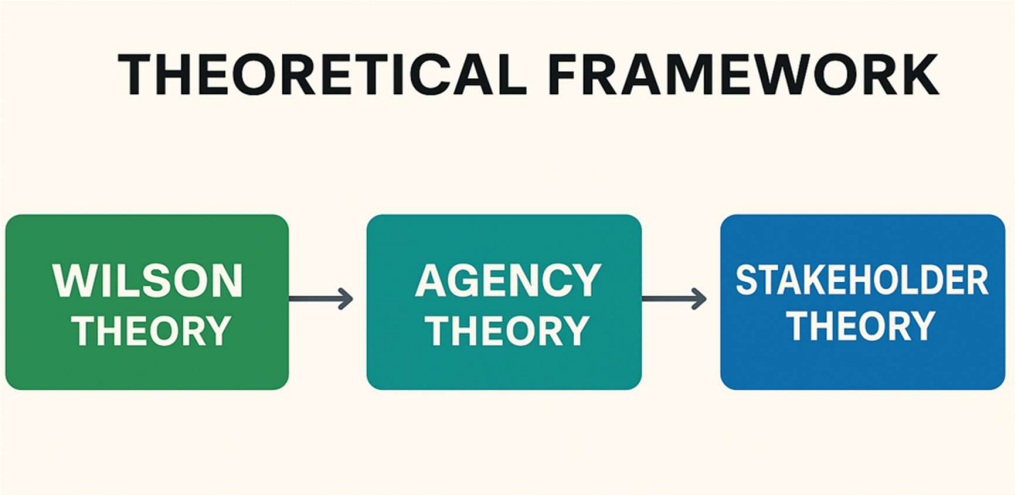
SOEs are regulated by both the Companies Act, Constitution and the PFMA with respect to the framework for appointing executives and boards. The Companies Act provides the regulatory framework for companies in South Africa, addressing matters concerning the composition of the board of directors, its functioning and powers, as well as the roles of executive and non-executive directors, and the rights and duties of directors in particular (Adebayo & Ackers, 2024:173). Adherence to sound corporate governance principles, as outlined in governance codes such as the King Code (Adebayo & Ackers, 2024:173; Nicolo & Andrades-Peña, 2024:4718) has influenced the specific criteria for these appointments.

The PFMA prioritises accountability and oversight of boards, mandating that SOEs operate in line with national policy objectives (Mthombeni *et al.*, 2023:253). The government itself is central to this process through the offices of the respective Ministers, which often oversee the appointment of board members, serving as a balancing act between general interest and corporate governance mechanisms that address specific concerns, such as political intervention (Putra *et al.*, 2023:126).

Adopting such an integrated method aims to enhance governance and operational efficiency, while also promoting transparency and integrity in SOE management (Adebayo & Ackers, 2024:175; Mpete & Maier, 2024:4; Mthombeni *et al.*, 2023:254).

3.2 Theoretical Framework

Theoretical frameworks significantly impact academic practice by tracing relationships between research and existing knowledge, thereby adding rigour to research within a given framework. For instance, Lacerda *et al.* (2024:3) suggest that the theoretical framework is a system of interlinked, logically developed concepts that represent the researcher's understanding of a theory, providing structure to the research. This connection to a theory grounds the study and mitigates researcher bias by structuring interpretation and study design. This study utilised three theories as depicted in Figure 3.1, namely Wilson's Theory, the Agency Theory, and the Stakeholder Theory.



Source: Original Extraction by the Researcher (2025)

Figure 3.1: Theoretical Framework - Wilson, Agency, and Stakeholder Theory

Analysing these theories is key to understanding governance, management, and stakeholder engagement in cadre deployment within SOEs. Wilson's theory focuses on administrative efficiency and democratic responsiveness, suggesting that effective government depends on a competent bureaucracy shielded from political influence to serve the public, rather than partisan interests (Petrunin, 2024:28). It aligns with the applications of the Agency Theory, which examines conflicts between principals and agents with differing interests (Abderrahim, 2024:3219). The Stakeholder Theory complements this framework by emphasising the importance of recognising and addressing the interests of all parties affected by organisational decisions, rather than prioritising merely the interests of shareholders (Saida, 2024:6237).

3.2.1 Wilson's Theory

Wilson's Theory of Public Administration, established in 1887, highlights the importance of separating politics from administration. Wilson argued for a distinct division between political decisions and administrative actions, emphasising the need for a professional bureaucracy free from political interference to ensure efficient and expert governance (Agulhon & Mueller, 2022:95; McCandless & Guy, 2013:358; Milenković, 2023:1355). He advocates that public administrators should operate with autonomy to implement policies effectively, suggesting a principal-agent relationship where administrators (agents) execute the directives of elected officials (principals) (Slomski, 2021:109). This is important in the deployment of cadres in SOEs, where appointed individuals are expected

to integrate business operations with government policies from a professional angle (Mlambo *et al.*, 2022:11)

Wilson's administrative theory is essential to understanding, particularly its influence on the governance model in SOEs. Cadre deployment, which involves assigning key roles to individuals loyal to the ruling party, often prioritising political loyalty over competence, contrasts with Wilson's merit-based system and leads to inefficiencies and democratic compromises (Duncan, 2024:23; Pestritto, 2012:22). Challenges of maladministration in South Africa's SOEs highlight the need for Wilsonian principles, advocating for administrators' professional training apart from political ties (Rosser, 2010:549; Thompson, 2010:31). In South Africa, historical and socio-political factors complicate this, as the post-apartheid government balances democratic representation with effective governance by hiring unskilled professionals (Berg, 2017:3, Cook; 2007:295). This balance challenges both governance efficacy and democratising public administration, aligning with Wilson's view that these areas should remain separate for effective service delivery (Raadschelders, 2002:579; Rosser, 2010:547).

3.2.2 Agency Theory

Agency Theory examines conflicts between principals and agents due to differing interests (Abderrahim, 2024:3221). In this study, the government serves as the principal, and SOEs executives and board members act as agents, managing state objectives and public resources. When agents prioritise their interests, such as political loyalty and personal gain, over the principal agency loss occurs, leading to reduced accountability and moral hazard (Bruton *et al.*, 2015:93; Stan & Xu, 2015:93). Practices that prioritise political loyalty over expertise can exacerbate these issues, increasing agency costs, diminishing fiduciary responsibilities, and reducing efficiency (Wu *et al.*, 2020:2; Yuan *et al.*, 2021:4).

SOEs have conventionally been considered hybrids, situated at the interface between the market and government. Bruton *et al*. (2015:94) mention that challenges regarding SOEs in balancing state and market pressures are important to manage. This approach often yields divergent objectives, particularly when political considerations take precedence over economic rationality. Argento *et al*. (2019:512) argue that state ownership significantly restricts the transparency of sustainability disclosures, thereby suggesting a potential advance on corporate accountability. These complications are perhaps best

highlighted by the mixed-ownership reforms in China, which reveal trade-offs among different types of shareholders, with political ties potentially constraining operational efficiency (Li *et al.*, 2022:391; Zhang *et al.*, 2022:8).

Li *et al*. (2020:391) highlight that corporate governance frameworks within centrally administered SOEs ineffectively incentivise innovation due to persistent agency problems rooted in political patronage. The implementation of mixed-ownership reforms suggests that introducing non-state actors can improve governance performance; however, ingrained political connections can deter meaningful accountability and operational effectiveness (Li *et al.*, 2023:1115; Yuan *et al.*, 2021:3).

Recent research suggests that government involvement often steers firms towards goals that meet political targets rather than financial performance, creating a substantial misalignment between the interests of the principal and the agent (Wang *et al.,* 2019:4). Moreover, agency costs can escalate from decisions made under competitive pressures that diverge from traditional economic drivers, leading to behaviours that counteract efficiency and accountability within SOEs (Bruton *et al.*, 2015:95).

The implications of the Agency Theory for SOEs also intersect with considerations of environmental and social governance (ESG) factors. Scholars have demonstrated that SOEs often prioritise broader societal benefits and adhere to stricter corporate social responsibility (CSR) agendas than their private-sector counterparts, driven not solely by market incentives but also by political oversight and public expectations (Huang *et al.*, 2023:934; Yang *et al.*, 2023:4). However, this increased sensitivity to social responsibilities can entrap them in cycles of inefficiency and dependency on state support, illustrating classic agency theory dilemmas where objectives conflict with economic viability (Yang *et al.*, 2024:79; Zou & Ma, 2023:4).

The Agency Theory provides important implications for the relationship between the state (principal) and SOEs' managers (agents). The political party layers further complicate the dynamics, as political agency costs arise from moral hazard and relationship deficits. Although mixed-ownership reforms offer some potential to address these concerns by introducing multiple governance mechanisms, the structural influence of political considerations must be addressed to reconcile the state's strategic objectives with the day-to-day operational practices of SOEs.

3.2.3 Stakeholder Theory

The Stakeholder Theory, articulated by Freeman in 1984, asserts that organisations should consider the interests of all stakeholders, not just shareholder profits. This approach strikes a balance between competing interests for sustainable governance and trust (Liou *et al.*, 2023:3; Medvedeva *et al.*, 2022:5).

Research suggests that board structures and dynamics significantly affect stakeholder engagement in corporate governance. Tibiletti *et al*. (2020:898) note that independent boards advocate for stakeholder protections, promoting engagement and preventing political bias. Neglecting stakeholder interests can erode trust, as seen in the public sector, where engagement is crucial for guideline development (Petkovic *et al.*, 2020:4). Engaging stakeholders is essential for competitiveness and sustainability. Lyulyov *et al*. (2023:4) note that active stakeholder engagement can help identify and resolve challenges early. Prioritising cadre deployment over stakeholder engagement undermines trust, as seen in sectors where stakeholder influence affects project outcomes (Petkovic *et al.*, 2020:5).

Stakeholder trust can lead to adverse outcomes, such as hindered collaboration or reduced performance (Jagelaviciute *et al.*, 2022:2097). Understanding stakeholder power dynamics is crucial, especially in the face of political interference or partisan priorities that override collective interests (Singto *et al.*, 2018:3). Stakeholder theory helps assess the impact of cadre deployment on legitimacy, emphasising the importance of balanced, trust-building stakeholder dialogue and strong governance.

Stakeholder theory emphasises the need for governance to balance diverse interests and avoid political pressure. The risks associated with cadre deployment highlight the importance of engaging all stakeholders to maintain trust and legitimacy, thereby ensuring the long-term success of a country or organisation (McGrath & Whitty, 2017:723).

3.3 Ethical Leadership and Accountability

Ethical leadership and accountability are components of effective corporate governance in SOEs in South Africa. In corporate governance, accountability holds leaders accountable for their decisions and actions and also affects the efficiency and effectiveness of SOEs.

A similar connection between ethical leadership and accountability is supported by Adebayo and Ackers (2024:176), who demonstrate the role of auditing processes in advancing corporate governance within South African SOEs. According to their study, all stakeholders in society will benefit from a well-designed audit, which will provide proper accountability and address the most common governance issues (Adebayo & Ackers, 2024:177). The accountability crisis in South African SOEs calls for stricter governance and recognising whistle-blower protection as crucial for transparency (Radulović, 2023:63). Whistle-blower programmes are essential for promoting ethical behaviour and fostering a culture of accountability and moral leadership.

Good corporate governance in South Africa's SOEs should be grounded in ethical leadership and accountability. Measures to strengthen transparency and accountability are crucial to address governance failures. By promoting an ethical culture, fostering engagement, and developing robust accountability mechanisms, entities can help ensure they are not overwhelmed by the complexities of political interference and public scrutiny, thereby restoring public trust and improving their effectiveness.

3.4 Summary of the Chapter

This chapter presented literature that described corporate governance and cadre deployment in relation to SOEs in South Africa. This conceptual clarification provided definitions for key concepts, including corporate governance, cadre deployment, and SOEs.

The chapter considered Wilson's Theory, Agency Theory, and Stakeholder Theory as the main theoretical lenses, explaining how they contribute to understanding the politics-administration relationship, political principals, appointed agents, and the broader stakeholder context in SOEs. An examination of governance frameworks, such as the King IV Report, highlighted standards for ethical leadership and transparency in SOEs. However, evidence indicates ongoing non-compliance stemming from political interference, compromised board independence, and operational failures. The literature review demonstrates research on governance challenges and state capture; however, it lacks a comparative analysis of legal, policy, and academic literature on how cadre deployment impacts corporate governance. The following chapter will discuss the concept, nature, and implementation of cadre deployment in SOEs in South Africa.

CHAPTER 4: THE CONCEPT, NATURE, AND IMPLEMENTATION OF CADRE DEPLOYMENT IN SOEs IN SOUTH AFRICA

4. INTRODUCTION

The trustworthiness and rigour of this study lie in both the providence and pertinence of the secondary data used. The researcher conducted a systematic search in electronic repositories and academic databases to capture evidence from the grey literature. This process reflected defined search terms consistent with the key themes of the study, in accordance with ‘cadre deployment,’ ‘corporate governance,’ ‘state capture,’ ‘South African SOEs,’ ‘board independence,’ and ‘political appointments.’ These terms were chosen specifically to capture data that represent the intricate dynamics of political appointments and their corresponding governance architectures in South African SOEs.

The content was drawn from a wide range of reputable sources, demonstrating both institutional credibility and topical relevance. Primary data sources were the Zondo Commission Reports, which present findings with far-reaching implications for systemic corruption, state capture, and governance failures; the Public Protector Reports, which guide constitutional oversight of maladministration and ethical lapses; and audit reports from the AGSA, which examine financial performance, compliance, and internal control weaknesses in SOEs. Policy papers of the Department of Public Enterprises and the National Treasury were also reviewed to determine the legislative and regulatory framework for SOEs. Relevant articles published between 2009 and 2024 were reviewed for this chapter. The research also included investigative journalism from reputable media outlets. These sources were fundamental to interpreting the governance context of SOEs, although not all were recorded in public statistics. This chapter outlines the rationale for each included source category and the methodological safeguards employed to ensure that the evidence base underpinning the study is academically credible.

4.1 Cadre Deployment in South African SOEs

According to Mlambo (2023:5) cadre deployment refers to the strategic placement of party loyalists in key positions within public institutions to realise the political aims of the ruling party. This process is considered ‘dual-edged,’ with proponents arguing that, on the one hand, coordination can improve policy alignment and spark transformative agendas. Critics argue that cadre deployment is incompatible with the principle of meritocracy,

fosters patronage that is difficult to dislodge, and undermines institutional autonomy (Mlambo *et al.*, 2022:5; Swanepoel, 2022:441).

Cadre deployment in South Africa's public sector is heavily scrutinised, raising concerns about eroding trust in government institutions. A pervasive culture of diminished trust, coupled with the perception of state capture, has a detrimental impact on employee morale within the public sector (Witter *et al.*, 2024:7). The resultant situation is described as one of overbearing control combined with inadequacy, which is a function of the patronage associated with cadre deployment as well as corruption (Gilson *et al.*, 2024:1089; Witter *et al.*, 2024:7). This, in turn, creates a self-reinforcing trap that not only represents another phenomenon that favours loyalty over competence in the appointment of party apparatchiks but also reduces the average level of accountability.

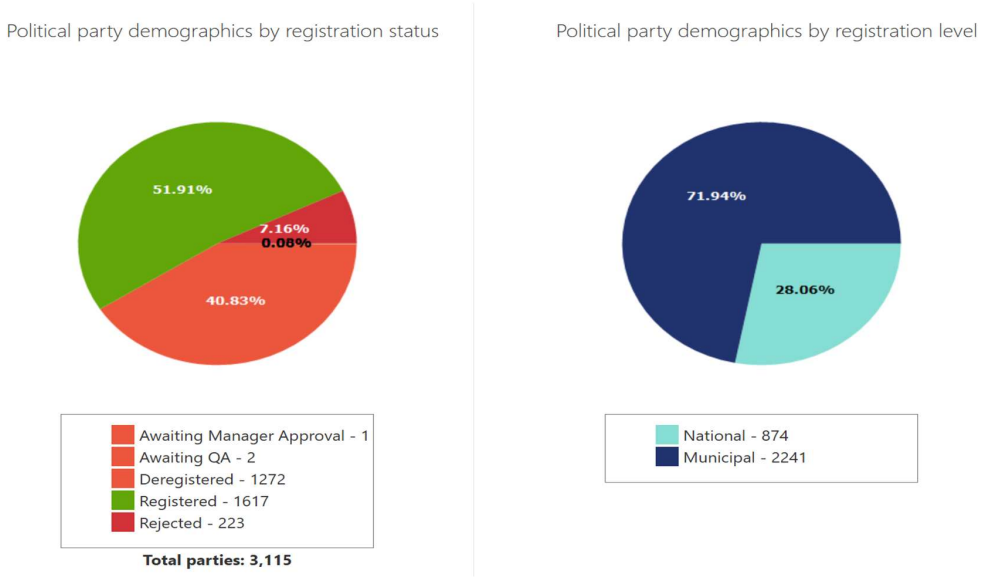
Mlambo (2023:5) notes that cadre deployment undermines service delivery and erodes trust, causing public disillusionment. Cadre deployment is linked to corruption through the appointment of unqualified individuals to strategic positions of authority, while inefficiency raises questions about the integrity of public offices and institutions. Mbandlwa (2023:2) contends that in such appointments, the threshold of incompetence manifests itself at the operational level, which in turn affects the institution's capacity to execute its mandate efficiently. Loyalty over competence is deeply rooted in sensitive institutions, overshadowing meritocratic considerations, and leaving the intended beneficiaries disenchanted and dismayed.

The socio-political consequences of cadre deployment are not confined to particular institutions but extend to the broader context of the democratic ethic in South Africa. Regarding the adverse general effects of political patronage on public service efficiency, Motswaledi and Maseng (2024:242) argue that political patronage dominates the public service, creating an environment of corruption and inefficiency that detracts from good governance and service delivery. Politicising public service personnel installations, as depicted above, poses the inevitable question of the junction between politics and accountability, leading to a vicious cycle of incompetent administration and corrupt processes in public service systems (Swanepoel, 2022:445).

Studies advocate for reforming cadre deployment practices within public service sectors. Makole (2022:23) advocates merit-based decisions over politically motivated ones, thereby promoting meritocracy and renewing trust in public institutions. Continuous

evaluation of socio-political influences on cadre deployment is crucial to prevent political manipulation and ensure effective delivery of public service (Mlambo *et al.*, 2023:6; Swanepoel, 2022:445)

South Africa operates a multi-party political system comprising more than 3,115 registered political entities, according to the Independent Electoral Commission (IEC, 2025). Nevertheless, only a select few, namely the ANC, the Democratic Alliance (DA), and the Economic Freedom Fighters (EFF), exert substantial national influence (Mattes *et al.*, 2024:491; Mpofu *et al.*, 2022:69). The May 2024 election, however, saw the emergence of another political party, Umkhonto Wesizwe, which ranked third nationally in voter support. Figure 4.1 illustrates the current state of these numerical standings.



Source: IEC (2025)

Figure 4.1: Demographic Composition of Political Parties

These political parties in South Africa stem from the 1994 transition to democracy, which has encouraged diverse ideologies. Despite being enabled by this environment to participate and enrich the political landscape, smaller parties often struggle for visibility and viability, as they are overshadowed by major parties with greater resources and media attention (Kadt *et al.*, 2023:564; Lewis, 2021:194). That said, the 2024 election changed this narrative, as what had been classified as small parties went on to form a Government of National Unity with the ANC, still the largest party, and the DA, the second-largest party.

The influence of political interference through cadre deployment has a significant impact on corporate governance practices within SOEs. As noted by Adebayo and Ackers (2022:177), a comparative analysis indicates that while SOEs in countries such as Singapore exhibit effective governance frameworks, South Africa's SOEs encounter challenges due to appointment processes influenced by political considerations. The continuation of the cadre deployment policy by the ANC represents broader party politics in South Africa, thereby complicating the accountability structures within SOEs. According to Thabane (2024:3), transitioning from an appointment structure based purely on political considerations to one that values professional expertise and competence is crucial for reinstating expertise within SOEs. This shift necessitates a re-evaluation of the balance between political influence and professional competency in the public sector (Costa & Ngcetane-Vika, 2021:61; Khumalo & Mazenda, 2021:62).

It is essential to recognise that the presence of numerous political parties in South Africa does not necessarily constitute a strong democratic system in which all voices are equally heard. The electoral system over the past 30 years has been dominated by the ANC, which has maintained significant political power, prompting discussions about the quality and nature of democracy in the country. Thus, while the number of registered parties is high, the real competition is among a few key players (Lewis, 2021:194; Mancebo, 2020:57).

4.2 The ANC and Cadre Deployment

The ANC is the sole political party in South Africa that has a policy on cadre deployment, which significantly influences SOEs, corporate governance, and the delivery of public services (Mlambo, 2022:6). This deployment has impacted SOEs like Eskom, which suffered from operational issues such as widespread "load shedding" due to politically influenced management inefficiencies rather than merit-based governance (Mlambo *et al.*, 2022:6; Ntshangase *et al.*, 2023:6).

The ANC's cadre deployment policy has significantly influenced South Africa's politics and the functioning of SOEs over the past three decades. This policy emphasises loyalty to party ideals rather than bureaucratic meritocracy (Mlambo *et al.*, 2022:12). The cadre deployment policy has been criticised for its impact on governance and public service, as it is perceived to have a link to corruption, ineffectiveness, and a lack of skilled individuals in government (Swanepoel, 2022:446). This practice promotes nepotism, weakens the

distinction between the party and the state, erodes accountability and professionalism (Swanepoel, 2021:12), and potentially leads to the public losing faith in their interests being served (Tsheola & Sebola, 2023:49).

While effective in certain departments, a significant challenge is that appointments are not merit-based; they are politically motivated, leading to increased internal party dissent and fuelling unnecessary power struggles that hinder effective governance. (Mongale & Venter, 2024:4). This issue has garnered considerable media attention, particularly in instances of maladministration, such as when officials are appointed without the requisite skills for their positions (Zantsi, 2023:159). The challenge confronting the ANC is to reform this policy in a manner that harmonises party loyalty with the imperative for professional expertise and responsible governance.

4.3 Sectoral Focus of the Study - Key SOEs

SOEs play a key economic role in South Africa, supporting national development and service provision. The country has approximately 700 SOEs in various sectors (Hlobo *et al.*, 2022:3). Their structure and function are to be understood in relation to corporate governance, political staffing, and cadre deployment. South Africa's substantial share of SOEs makes it a key case for governance and economic policy implications within the African development agenda (Adebayo & Ackers, 2022:177; Phaladi & Ngulube, 2024:2). The societal or socio-economic impact of these SOEs extends beyond the financial aspect, but also about demonstrating what can be achieved with state resources in creating public goods and services, addressing historical inequalities, and promoting social cohesion (Adebayo & Ackers, 2024:177; Phaladi & Ngulube, 2024:2:). SOEs in South Africa are also recognised as important drivers of a developmental shift, especially in emerging economies (Adebayo & Ackers, 2022:177). As highlighted in Section 1.4.2: Industry Under Investigation, the focus of the study will centre around these SOEs.

4.3.1 Energy - Eskom

Corporate governance is crucial for evaluating the health of South Africa's SOEs, especially in the energy sector, with Eskom being at the centre. Governance structures highlight key risks and opportunities facing public enterprises, including corruption and demands for transparency and accountability. Corporate governance is linked to company performance, with studies showing that better governance leads to superior financial results (Affes & Jarboui, 2023:375; Aziza & Aviola, 2024:12). Eskom's operational and

financial challenges underline the urgent need for strong governance, as poor practices have decreased investor confidence and compromised public trust and economic stability (Masegare & Ngoepe, 2018:585; Gardazi *et al.*, 2023:22).

The Zondo Commission explained that, at Eskom, governance collapsed under political interference, with boards and executives being replaced or sidelined on the basis of loyalty rather than competence; procurement rules were flouted or manipulated; and oversight mechanisms were rendered ineffective (Zondo Commission, 2022:143). One example was its finding that contracts for coal supplies had been awarded despite non-compliance with quality and testing requirements, a revelation that led to the suspension of senior officials who had raised these concerns (Zondo Commission, 2022:143).

The deployment of cadres into leadership emasculated independent decision-making, creating an environment in which the procurement process was hijacked for private interests, rendering a utility incapable of fulfilling its basic responsibility: providing electricity reliably (Zondo Commission, 2022:145). The Zondo Commission (2022:145) insists that this breakdown in governance was far more than an accumulation of technical glitches; it was deliberately created by a pattern of filling and emptying key positions to secure political allegiance at the expense of fiduciary responsibility.

The impact of Eskom on the economy emphasises the need for sustainable governance that considers economic, environmental, and social responsibilities (Kurowsk & Huk, 2021:2). The kind of corporate governance expected of Eskom in South Africa requires fulfilling both financial and social obligations, using Corporate Social Responsibility (CSR) as a perspective. Strong governance has been shown to improve CSR and sustainability, which are essential for an organisation engaged in environmentally intensive energy production (Lu *et al.*, 2019:4; Zehir *et al*., 2023:3).

Sustainable Development Goal (SDG) 16, which emphasises strong governance, underpins efforts to enable responsible operations in the energy sector as it transitions to renewable energy sources. More significant governance frameworks facilitate the synchronisation of impactful CSR initiatives with cleaner energy production (SDG 7) and sustainable industries (SDG 9) (Ngcobo & De Wet, 2024:3; Skosana *et al.*, 2023:). For example, the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) exemplifies national initiatives to scale up renewable energy generation;

however, it exhibits governance gaps in policy coherence and financial incentives (Hendrickse, 2022:293; Sanusi *et al.*, 2022:78).

Research indicates that a strong governance system can lead to a reduction in corruption, particularly in the energy sector, which is susceptible to regulatory capture (Lu *et al*., 2019:4; Grabińska *et al*., 2021:3). Given Eskom's historical reputation for corruption and incompetence, its governance practices should be approached with caution, further emphasising the need for structural reforms to adopt higher international standards of operation (Santosa *et al*., 2020:92). Incorporating corporate governance principles within the context of Eskom's operations will result in its financial regeneration, addressing issues geared towards economic growth in the local market while improving the utility's ability to supply reliable electricity, restore investor confidence, and maintain stakeholder loyalty (Latchu & Singh, 2022:467).

4.3.2 Logistics and Transport - Transnet, PRASA and SAA

Corporate governance analysis of cadre deployment in SOEs, notably in the railway and transport sectors, requires an understanding of the operational complexities and governance challenges in companies such as Transnet, PRASA, and SAA. This is vital in the management of the organisation, as it maintains sustainable strategic decisions and fosters accountability in South Africa's evolving logistics environment.

As South Africa's largest logistics company, Transnet, SAA, and PRASA significantly contributes to the facilitation of freight transportation, a crucial factor in economic growth (Ittmann, 2018:2). Inefficient logistics systems, particularly due to a poor governance system, can result in a considerable amount of revenue loss and inefficiency in performance, with logistics costs consuming a significant portion of South Africa's total expenditure (Havenga, *et al.*, 2016:2). SOEs' governance provisions should, therefore, ensure that management practices are consistent with national interests and promote transparency and accountability. Havenga *et al.* (2016:3) emphasise that the implementation of robust monitoring systems is essential for assessing the performance of logistics corridors and providing assurance of the strategic indicators that must be met, such as cost efficiency and throughput increases.

The Zondo Commission investigated several SOEs, including SAA and PRASA. The Commission focused on irregular public appointments, improper conduct by the national executive and public officials, and the coordinated efforts of the Gupta enterprise in

seizing control of governance and procurement within SOEs and government agencies. The following were noted by the Zondo Commission (2022:297):

"State capture in the South African context evolved as a project by which a relatively small group of actors, together with their network of collaborators inside and outside of the state, conspired systematically (criminally and in defiance of the Constitution) to redirect resources from the state for their own gain. This was facilitated by a deliberate effort to exploit or weaken key state institutions and public entities…to a large extent this occurred through strategic appointments and dismissals at public entities and a reorganisation of procurement processes."

SAA, for example, failed to comply with legislation and suffered from severe governance shortcomings; it has been forced into business rescue despite receiving in excess of R40 billion in bailouts, as attested to by the AG reports (De Widt *et al.*, 2025:165; Ward, 2021:3). Transnet is also reported to have a high propensity for poor financial governance, which has resulted in inefficiencies and ramifications for the South African economy, including escalating public debt associated with incompetent mismanagement (Havenga *et al.*, 2016:5; Ntshangase *et al.*, 2024:47).

The cadre deployment dilemma is particularly relevant in this context, as it directly affects the ability of qualified individuals to secure key positions in SOEs. The crystallisation of political objectives into appointment mechanisms can erode the functioning of entities such as Transnet, PRASA and SAA, which have historically experienced issues with service delivery inefficiency and financial management (Havenga *et al.*, 2016:5). Merit-based appointments can help the SOEs attract and retain skilled personnel, thereby improving their logistics services. This aspect is notably significant considering the costly logistics-related constraints that serve as substantial cost drivers within the transport industries of South Africa (Plane, 2021:379).

Aderibigbe and Gumbo (2022:3) assert that effective governance is vital in advancing service delivery and operational resilience within SAA. This illustrates a broader tendency to integrate transport governance with sustainability objectives that recognise the dual imperatives of environmental stewardship and economic sustainability. Green logistics may catalyse enhanced performance, particularly in the context of the urgency imposed by global carbon-neutrality policy mandates and local sustainability objectives (Du *et al.,* 2023:2743; Ntuli *et al.*, 2024:5).

4.3.3 Broadcasting and Communication - SABC

Cadre deployment in South Africa has largely become integrated into the operations and management of SOEs, like the SABC, where political patronage trumps the appointment of board members and the suitability and accountability of those who serve. These deployments have frequently clashed with corporate governance principles that aim to bring transparency, as well as promote a consultative approach in which the management of public resources is guided by stakeholders (Adebayo & Ackers, 2022:137). Audit findings have consistently revealed mismanagement and wasteful spending within the SABC, prompting calls for governance reforms (Thabane & Snyman-Van Deventer, 2018:5; Cassim, 2019:153). Political interference in the SABC operations has also hindered efforts to achieve fiscal sustainability, and the government has provided financial support to the broadcaster (Nyembezi *et al.*, 2019:5).

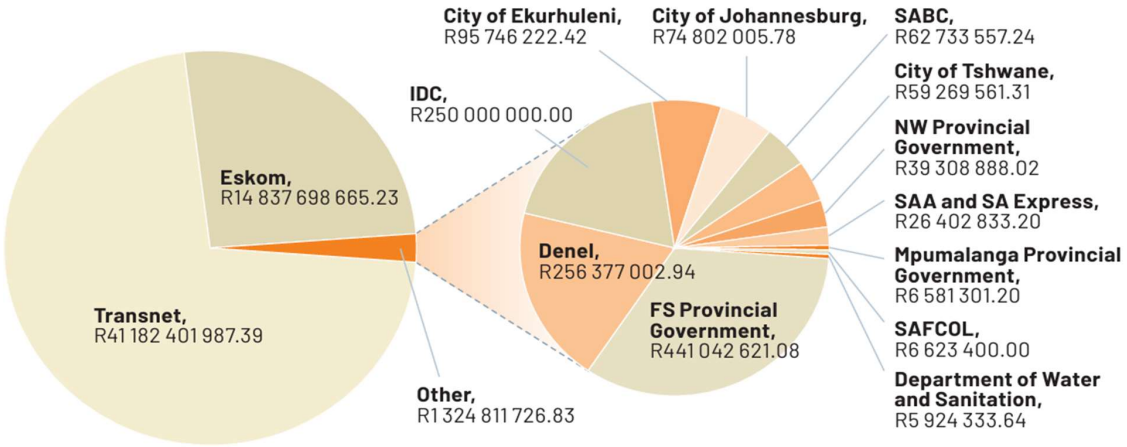
There have been consistent governance and political challenges at the SABC over the years, with implications for organisational functioning and public confidence (Berger & Jjuuko, 2007:95). The SABC struggled to protect its independence, given the pressures from politics over which it had less control (Berger & Jjuuko, 2007:95). The breakdown in governance has affected its ability to operate effectively and maintain its role as a public broadcaster that provides widespread service to society, both in terms of media environments and the promotion of citizen participation (Fourie & Malan, 2020:4).

The appointment of cadres to these positions has led to governance shortcomings, resulting in financial mismanagement (Adebayo & Ackers, 2022:138). Theories of corporate governance have eschewed the SABC discourse of unethical governance and the inevitability of administrative inefficiencies and inanities that render misrule or management an institution-wide concern for the organisation (Adebayo & Ackers, 2024:178). Integrated reports are widely regarded as the primary mechanisms for improving stakeholder accountability and transparency in SOEs (Corvino *et al*., 2020:3), as identified in various studies. These reports promote transparency in governance practices, which can minimise the adverse effects associated with cadre deployment through increased stakeholder oversight and participation (Corvino *et al*., 2020:3; Erin & Adegboye, 2021:418). These effects of political interference in employment opportunities have adverse implications for good governance, which is linked to ethical leadership, stakeholder engagement, and transparency reforms.

4.4 Overview of the Zondo Commission - Cadre Deployment

The Zondo Commission was established in South Africa to investigate, among other matters, corruption and maladministration in the public sector, particularly in SOEs (The Presidency of South Africa, 2023). The inquiry, conducted between January 2018 and June 2022, called more than 300 witnesses in over 429 hearings, and recorded approximately 1.7 million pages of evidence from major state-owned enterprises, including Eskom, Transnet, SAA, Denel, SABC, and PRASA (Public Affairs Research Institute, 2022).

According to the Public Affairs Research Institute (2022), “The Commission estimated the total amount of money spent by the state, which was ‘tainted’ by state capture, to be around R57 billion. More than 97% of the R57 billion came from Transnet and Eskom. Out of these funds, the Gupta enterprise received at least R15 billion. The total loss to the state is difficult to quantify but would far exceed that R15 billion.” Figure 4.2 shows where most of the money was spent by the government, including SOEs that were entangled in the widespread web of state capture.



Source: Zondo Commission (2022)

Figure 4.2: Public funds spent on state capture-related contracts as estimated by the Commission.

The practice of cadre deployment, which has been linked to corruption and inefficiency at SOEs, was one of the central issues investigated by the Zondo Commission. The Commission noted that cadre deployment was one of the facilitating factors for corruption in the SOEs, which further compounds issues relating to governance and accountability

in these institutions (Gilson *et al.*, 2024:1092, Swanepoel, 2022:8). According to the Zondo Commission (2022:213) cadre deployment has distorted the lines between political interests and the interests of a non-partisan public service, thereby hindering the professionalisation of the public service. This practice is identified by the Commission as having “created a culture of corruption, lack of productivity and nepotism” in which people are appointed to SOEs based on allegiance, rather than competency (Van Niekerk, 2024:51).

Studies have shown links between cadre deployment and failures in the public sector, with this practice undermining accountability systems in South African public health systems, which are similar in function to those of SOEs (Gilson *et al.*, 2024:1093). Academic research corroborates these Zondo Commission findings of cadre deployment as symptomatic of a broader crisis of governance across SOEs in South Africa (Swanepoel, 2022:9). According to Adebayo and Ackers (2024:178), the behaviour of corporate governance in SOEs has weakened as political interests have taken precedence over organisational capabilities. This academic criticism resonates with the Zondo Commission findings and recommendations to overhaul the governance and leadership structures that regulate SOEs to reduce their “political patronage over face” (Swanepoel, 2022:9).

The Zondo Commission examined the culture of entrepreneurship, in which politically connected elites exploited state resources for their own benefit, and the mechanisms of cadre deployment enabled this. Executives at SOEs were part of corrupt networks that abused their influence by awarding lucrative state tenders to cronies, thereby damaging the financial stability and reputation of SOEs (Makole, 2022:25). This notion aligns with the literature, which stresses that the politicisation of executive positions in SOEs gravely undermined the functioning and accountability of these entities (Zhou & Njanji, 2021:119).

The Zondo Commission (2022:228) argues that cadre deployment is a significant factor in state capture and corruption, which shows it must be firmly addressed through legislative changes, the introduction of institutional checks and balances, the courageous mainstreaming of recruitment, and greater transparency. South Africa needs these reforms to tackle the entrenched dishonesty, dysfunction, and lack of trust in its governance systems. The Zondo Commission recommended measures to lessen the negative effects of cadre deployment on corporate governance, particularly in SOEs. A

key proposal was to enhance the meritocratic basis of public service appointments by establishing clear criteria for leadership roles in SOEs (Swanepoel, 2022:9).

The Zondo Commission offered informed governance solutions and audit oversight as part of the measures to mitigate risk, ensuring that SOEs are supported through transparency and accountability. This would involve establishing autonomous or independent monitoring structures to oversee executive performance and deployment to minimise cadre deployment and corruption (Adebayo & Ackers, 2024:179; Makole *et al.,* 2024:26) . Adebayo and Ackers (2024:26) add their weight to this focus on accountability by asserting that strengthening SOEs' auditing frameworks could significantly enhance governance practices within those entities, with commensurate improvements in public trust and operational performance.

Another recommendation made by the Zondo Commission was to amend the laws governing SOE operations to enhance accountability and transparency. This reform is crucial for establishing apparent political oversight and operational management, and for reducing the scope for political interference at the operational level of SOEs (Gilson *et al.*, 2024:1095; Swanepoel, 2022:10). The introduction of expert boards and committees, as proposed by some scholars, can exert the required check on the abuse of the SOE governance (Adebayo & Ackers, 2024:179).

The confluence of cadre deployment with corporate governance aspects in SOEs requires institutional reform. What emerged from the Zondo Commission is a reminder of how politically driven appointments can present enormous challenges and provide little impetus to move towards a model of governance that places professional integrity, operational efficiency, and accountability to the public at its core. Scholars advocate for a governance model that ‘values transparency and accountability’ (Van Niekerk, 2024:53), while enabling SOEs to function as the effective agents they are intended to be, free from the ‘shadow of corruption’ that diminishes their social value (Makole, 2022:27).

4.4.1 Linking Cadre Deployment to Governance Failure

Cadre deployment in South Africa exemplifies a governance problem in which political loyalty supersedes meritocracy. The Zondo Commission has described how these techniques led to the ‘blurring of party-state lines’, systemic failures of governance and institutional integrity (Mlambo *et al.*, 2022:13; Swanepoel, 2022:5). Legal minds and researchers contend that cadre deployment has given birth to what is referred to as

‘shadow state’, a terrain plagued by corruption due to less transparency and inefficient service delivery provision (Monkam & Mangwanya, 2024:7; Swanepoel, 2022:5).

Literature corroborates the assertion that patronage has groomed institutional operational inefficiency (Shava & Chamisa , 2018:6; Phadi & Vale, 2020:3). Evidence suggests that this misalignment results in ineffective resource distribution and widespread corruption that requires reformation so that governance structures can once again become meritocratic (Makole, 2022:26; Mbulawa, 2019:4). It is argued that in the absence of a complete departure from cadre deployment, the political environment in South Africa will continue to be blighted by governance-related problems associated with systemic corruption (Mlambo *et al.*, 2022:9; Monkam & Mangwanya, 2024:8).

4.4.2 Key Findings within SOEs Implicated

The observations of the Zondo Commission regarding SOEs, i.e., Eskom, PRASA, SAA, Transnet and SABC, demonstrate glaring governance failures, triggered by the placing of politically connected persons in top positions. This behaviour is inconsistent with basic corporate governance principles and creates conditions conducive to severe misconduct. The Zondo Commission described such activities as actions of ‘unconstitutionality and illegality,’ and evidence a violation of corporate governance practices and principles (Adebayo & Ackers, 2022:181).

This practice has led to corruption and the deterioration of governance protocols, resulting in mismanagement and dysfunction within these entities (Naidoo *et al.*, 2017:42; Hendrickse, 2022:293; Tsheola *et al*., 2023:28; Ntshangase *et al*., 2023:137). The Zondo Commission shared that Eskom is characterised by compromised leadership and poor management practices that compound its operational crises and jeopardise national electrical security (Hendrickse, 2022:294; Tsheola *et al*., 2023:29). Studies have shown that political patronage poses a significant threat to the transparency and accountability necessary for proper corporate governance in SOEs (Ntshangase *et al.*, 2023:137; Thabane & Snyman-Van Deventer, 2018:5).

South Africa’s economy has operated in a ‘triple crisis of governance’, where misgovernance and corruption do not manifest as isolated and superficial symptoms but as systemic problems that compromise effective governance and economic performance (Tsheola & Sebola, 2023:30). This is a grim reminder of the requirement for immediate

reforms to restore the integrity and accountability of the institutions of the state (Ntshangase *et al.*, 2023:137; Thabane & Snyman-Van Deventer, 2018:4).

4.4.3 Erosion of Board Independence and Accountability

Board independence and accountability have been compromised; this is a vital issue that has also prominently appeared in discussions about SOEs across various regions, as well as in the Zondo Commission Report. The report highlights numerous instances where political influence has impacted board appointments at SOEs, leading to serious breaches of acceptable governance standards as outlined in frameworks such as the Companies Act, PFMA and the King IV Report. These appointments, predominantly driven by political patronage rather than values-based actions or corporate stewardship, contribute to the decline of many SOEs, as they foster a culture of governance non-compliance and ethical breaches, including covert procurement activities (Saeed *et al.*, 2016:1877; You & Du, 2012:182). The harmful impact of politically connected boards is supported by research showing that such boards tend to foster an environment conducive to agency conflicts, resulting in comparatively lower firm performance (Saeed *et al.*, 2016:1877; You & Du, 2012:183).

Increased independence of the board and the division of roles between the Chief Executive Officer (CEO) and the Chairperson of the Board are essential for strengthening governance mechanisms (Chen *et al.*, 2022:2419). The absence of these mechanisms, as exemplified by political intervention in the governance of SOEs, is associated with greater risks of corruption and weak financial performance, suggesting the strong necessity of strengthening independent monitoring in the SOEs (Saeed *et al.*, 2016:1878; Uddin *et al.*, 2023:571). More importantly, the literature has been unanimous in highlighting the understanding that heterogeneous and independent boards are superior in monitoring and governance, thereby balancing the interests of all stakeholders (Chen *et al.*, 2022:2419; Saeed *et al.*, 2016:1878, You & Du, 2012:183).

Given the pivotal role that independent and efficient governance mechanisms play in SOEs, the findings re-emphasise the urgency of reforms aimed at ensuring that governance practices within SOEs are legitimate. That said, this requires strong governance structures which focus on independence and accountability, which in turn will enable boards to work effectively in discharging their duties to the various stakeholders (Saeed *et al.*, 2016:1879, Uddin *et al.*, 2023,:571; You & Du, 2012:183).

4.4.4 Scholarly Corroboration

The cadre deployment system in South Africa contradicts the constitutional values of the organs of the state, including neutrality and professionalism. The ANC's modus operandi has often prioritised loyalty over competence, as evidenced by the systemic paralysis of oversight mechanisms, rising corruption, and inefficiency in SOEs (Mlambo *et al.*, 2022:5).

Evidence shows that cadre deployment is, in fact, directly linked to declining government performance, leading to increased corruption and gross mismanagement of resources, which results in public loss of confidence (Shava & Chamisa, 2018:5, Mbulawa, 2019:8). The deliberate placement of party loyalists undermines the independence of public boards, creating an environment that enables corruption (Shava & Chamisa , 2018:7; Mlambo *et al.*, 2023:6). The scholars' consensus is that public service morality and efficiency in South Africa will continue to suffer without reforming cadre deployments (Shava & Chamisa , 2018:6; Mlambo *et al.*, 2022:6).

4.5 Oversight and Regulatory Reports

Oversight and regulatory bodies such as AGSA and the Public Protector have contributed significantly to combating corruption within government, particularly maladministration in SOEs.

4.5.1 AGSA

The AGSA, which is a Chapter 9 Institution, has become a vanguard in evaluating the effectiveness and impact of political influence, particularly in SOEs (AGSA, 2022). Opponents of the system have also maintained that cadres' appointments have led to the deployment of underqualified and incompetent individuals (who are out of their depth in the posts to which they were appointed) to govern and to deliver services in the State (Mlambo, 2022:14).

There is evidence that cadre deployment is also a major driver for poor governance, as unqualified political appointees are invariably placed in the most critical roles within SOEs, reinforcing inefficiency and poor performance. Mlambo *et al*. (2025:15) argue that such a strategy further entrenches inefficiencies in local governance, as political patrons are placed in positions of power rather than emphasising the adverse effects of democratic

centralism in local government and linking the deployment of cadres to the breakdown of service delivery.

Reports published by the AGSA across auditing cycles reveal disturbing patterns of poor SOE performance, specifically highlighting the cadre deployment (AGSA, 2022). Poor audit results are typically attributed to mismanagement and corruption, usually compounded by unqualified staff. Municipalities with poor audit opinions are generally characterised by weak governance activities, a relationship that has been alluded to by the AGSA, reflecting the competence of deployed officials (Mishi *et al.*, 2022:4; Mlambo *et al.*, 2022:7). These findings reinforce the call for strict competence-based appointment policies to mitigate against the adverse impact of cadre deployment (Mishi *et al.*, 2022:4, Mlambo, V.H. *et al.*, 2022).

Furthermore, evidence indicates that the toxic culture of corruption, intertwined with cadre deployment, stifles transparency and accountability in South African SOEs. Shava and Chamisa (2018:5) also argue that environments characterised by cadre deployment are fertile ground for corruption, which undermines procurement and leads to wasteful expenditure. Research findings also confirmed that political appointments based on loyalty led to heightened corruption and maladministration (Dwangu & Mahlangu, 2022:214; Shava & Chamisa, 2018:5).

Criticism of cadre deployment by AGSA has intensified calls for reform and for making South Africa's system of governance more transparent. The AGSA suggests that managers deployed in the SOEs should be 'tested' to address the negative consequences of the current cadre deployment regime (Mlambo *et al.*, 2022:9). By this, Mlambo (2022:15) submits that, for the improvement of the performance of local governance and its integrity in South Africa, there is a need to articulate governance structures in line with Constitutional demands (Mlambo *et al.*, 2022:10).

The AGSA recommends an assessment of SOEs' management capacity to reduce the negative impacts of the current cadre deployment system (Mlambo *et al.*, 2022:10). Mlambo (2022:15) state that aligning governance structures with constitutional principles is essential to improve both local governance performance and integrity in South Africa.

4.5.2 Public Protector

Adv. Thuli Madonsela, the former Public Protector from 2009 to 2016, was a leading figure in exposing how SOEs had been ransacked and mismanaged, and she recommended

the establishment of the Zondo Commission to investigate state capture (Madonsela, 2019:15). Madonsela's report called for a judicial commission of inquiry to investigate state capture and demonstrated how political interference in institutions, including the courts, state broadcasting, judiciary and the so-called democratic institutions, had eroded institutional sanctity and governance within these organisations, which stamped out the value of accountability in these organisations (Madonsela, 2019;15; Tsheola & Sebola, 2023:27).

Madonsela's report indicated that the manipulation of SOE operations by political elites was partisan and often prioritised self and party interests over the public good and proper corporate governance principles (Madonsela, 2019:16). The latter conclusion was supported by numerous studies that found a link between governance performance in South African SOEs and the ruling party's cadre deployment policy. There is a growing corrupt overlap of state and ruling party interests, often at the expense of public service (Matsiliza, 2024; Notshulwana, 2017:3). The outcomes of these institutional investigations reveal systematic governance problems, rather than isolated events, and require a systems-wide approach to reform (Thomas, 2012:452).

Mkhwebane's findings on cadre deployment, a policy implemented by the ANC to promote party allegiance in state entities, also revealed how SOEs were among the casualties, where this system resulted in incompetence and inefficiency (Adebayo & Ackers, 2024:58).

Mkhwebane's insistence on the need to address corporate governance challenges is indicative of the necessity to ensure that the leadership in these SOEs are constituted more in terms of meritocracy than political patronage (Adebayo & Ackers, 2024:59; Tsheola & Sebola, 2023:28). Reports on corporate governance by Mkhwebane revealed weak governance practices, particularly political interference, which resulted in compromised service delivery and a lack of accountability (Adebayo & Ackers, 2024:59; Petersen *et al.*, 2024:231).

The current Public Protector, Nompilo Kholeka Gcaleka, has further addressed these issues. Gcaleka emphasises the importance of governance reform if risks emanating from patronage networks, which undermine traditional forms of accountability, are to be managed (Adebayo & Ackers, 2024:60; Petersen *et al.*, 2024:231). Evidence indicates that appropriate governance mechanisms in South African SOEs are lacking,

predominantly due to political interference that hinders transparency and accountability (Adebayo & Ackers, 2022:60; Matsiliza, 2024).

Gcaleka underlines the continued difficulties that SOEs face in maintaining good governance in South Africa's political context. This is especially striking when state intervention and influence, particularly through party-affiliated nominees, result in dependencies on individuals without the prerequisite skills to conduct efficient SOE oversight (Adebayo & Ackers, 2022:61; Khumalo & Mazenda, 2021:62).

4.6 Strategy and Selection Criteria - The Outcomes

The research employed a systematic search strategy and relied on electronic archives and academic databases to retrieve literature on the intersections between cadre deployment, corporate governance, and SOEs in South Africa. The terms were used in combination with Paper Connect to create a complete literature mind map. This research is grounded in corporate governance and cadre deployment, with a focus on South African SOEs. The following themes were essential for this study:

- Cadre Deployment
- Board Independence
- Political Appointments

Each of these branches is further developed in the associated sub-themes in Figure 4.3, namely state capture, regulatory oversight, and governance failures. The themes are then linked through politicisation of boards, a central discourse which shapes governance. The results are evident in large SOEs such as Eskom, Transnet, SAA, SABC and PRASA, all of which were implicated in reports and findings of the Zondo Commission.



Source: Original Extraction by the Researcher (2025)

Figure 4.3 Flow diagram - Core themes and keywords

4.6.1 Cadre Deployment as a Catalyst for State Capture

To examine the interplay among cadre deployment, state capture, and South African SOEs, the researcher investigated these phenomena in the country's governance literature. Figure 4.4 illustrates that all three are components of broader systemic issues that affect the operational efficiency and integrity of SOEs in South Africa.



Source: Original Extraction by the Researcher (2025)

Figure 4.4: Impacts of corporate governance

The placement of cadres in strategic positions where loyalists hold key government roles has been central to the governance approach of SOEs. This is known as the state capture strategy, which allows private interests to influence public entities in their favour. Mlambo (2023:6) argues that these are breeding grounds for malpractice and have further negative impacts on organisational stability and corruption. Cadre deployment encourages the placement of loyalists over competent actors, leading to a convoluted

relationship between state objectives and party interests, and thus further entrenches institutions in corrupt practices (Swilling & Callaghan, 2021:578).

4.6.2 State Capture Impact on SOEs

The effects of state capture on the effectiveness of SOEs are startling. The latter has been compromised, corrupted by political meddling through cadre deployment. Ntshangase *et al*. (2023:138) contend that the so-called political patronage system adopted by the ANC undermines the strategic utility of SOEs, such as Eskom, leading to long-term energy shortages that consequently compromise service delivery. This illustrates how state capture can redirect SOEs away from their mandates and toward advancing the electoral prospects of incumbents.

Furthermore, investigations reveal that SOEs performed poorly, and the effects of government interventions were mostly weak or had only marginal positive side effects. The implication of this is that financial support does not necessarily lead to improved performance (Marimuthu & Kwenda, 2019:43). Therefore, the connection between cadre deployment and state capture causes inefficiency and fosters a dependency on government bailouts, which SOEs find difficult to repay during financial crises (Swilling & Callaghan, 2021:579).

4.6.3 Erosion of Accountability and Governance

Cadre deployment and state capture have eroded public confidence in governance systems, particularly in SOEs. Swilling and Callaghan (20221:579) argue that the fusion of political systems with SOE administrative systems is corrosive of accountability and is accompanied by a culture of impunity and unethical behaviour. The resulting link between corruption and a culture of poor governance includes the endorsement of strategies that undermine the objectives of institutions, hindering their effective functioning for the welfare of the populace (Adebayo & Ackers, 2022:125). The aftermath depicts a scene where a disgruntled public takes to the streets in protest, clearly expressing deep-seated frustration and demanding effective service delivery, but hampered by poor governance (Mlambo *et al.*, 2022:7)

4.6.4 Commendations for Reforms

To mitigate the adverse consequences of cadre deployment and state capture, academics suggest the professionalisation of the public service and control of SOEs

(Swilling & Callaghan, 2021:579). Makole (2022:8) submits that meritocratic appointments are indispensable for the restoration of the state's integrity and order, and that they require reforms in cadre deployment and the system's broad reform of organisational structure that have enabled state capture. By restoring public confidence in transparency and accountability, South Africa can begin to reassert the operational independence of the SOEs and, in turn, enhance their contribution to national developmental objectives (Swilling & Callaghan, 2021:580). The interaction of cadre deployment, state capture, and South African SOEs illustrates a complex political environment that raises questions about governance and service delivery in South Africa.

4.6.5 Corporate Governance and Political Appointment

The relationship between corporate governance, board independence, and political ties is unclear in both the SOE and politically related firm contexts. This triangulation in Figure 4.5 illustrates how power can compromise the effectiveness of corporate governance by eroding board independence and further complicating governance issues.

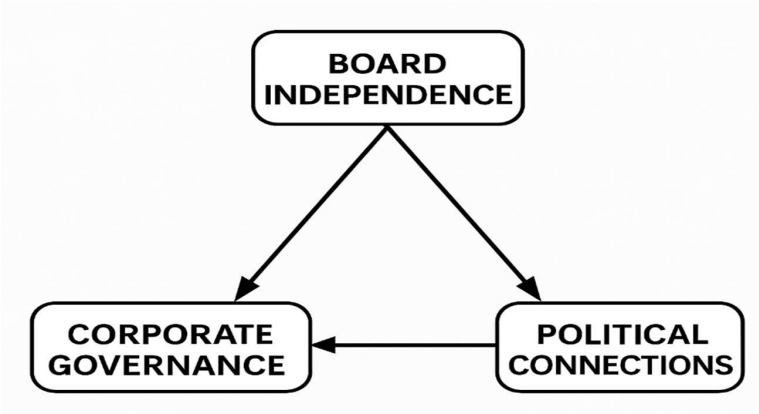


Figure 4.5: Power Factor Triangulation

Corporate governance refers to the mechanisms, processes, and relationships through which businesses are directed and controlled, ensuring accountability and transparency for shareholders and stakeholders (Mlambo *et al.*, 2022:8). However, political support often undermines these governance standards. Mthombeni *et al.* (Mthombeni, 2023:255) state that political considerations in the appointment of directors can result in the appointment serving the interests of the political rather than the best interests of the firm. This is especially true in environments where those with political influence hold key roles,

resulting in conflicts of interest and discrepancies between organisational mandates and political objectives (Sameera, 2020:23).

Evidence shows that public interest entities that favour political allegiance in board composition are likely to experience governance deficiencies, leading to erosion of trust among stakeholders and degradation of organisational performance (Dzingai & Fakoya, 2017:3). This suggests that political appointments may lead to weak corporate governance frameworks that lack independent oversight and accountability.

4.6.6 Board Independence as a Governance Safeguard

Research indicates a positive link between a higher proportion of independent directors on boards and better governance, a trait associated with improved financial performance and lower corporate risk (Arilyn & Kharismar, 2019:24). An independent board will be able to resist pressure from external political sources to a greater extent due to the lack of any ties or obligations that politically appointed members might have (Ooko *et al.*, 2024:301). Political appointments pose risks to board independence, as appointees may prioritise loyalty to their political sponsors over the strategic vision and stakeholder interests of the organisation. This circumstance may result in a governance crisis, in which boards become ineffective in their oversight function and are more likely to cause governance failures, fraud, and poor decision-making within the organisation (Ngwenze & Kariuki, 2017:110).

4.6.7 Addressing Governance Challenges

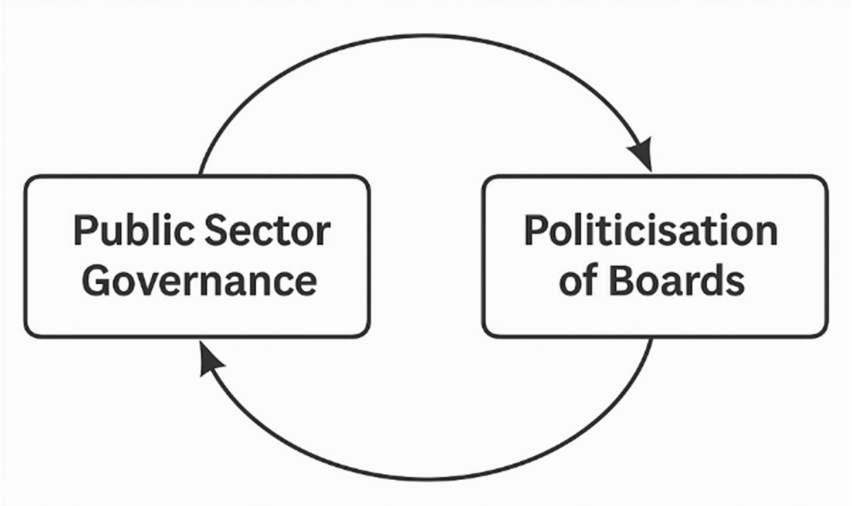
High standards for the appointment of board members, with respect to merit and independence, can protect the governance of SOEs from political interference. Mthombeni *et al*. (2023:257) propose mechanisms for transparency in board appointments, dismissals or resignations that could enhance accountability and adherence to governance codes.

Mthombeni *et al*. (257) state that establishing independent governance bodies to oversee nominations for board positions would help depoliticise these appointments. The committees should be composed of independent directors who will ensure that appointments are based on the SOE's interests, rather than political considerations. Board processes will become more transparent through regular communication with stakeholders about procedures, particularly regarding board decision-making and membership, thereby fostering accountability and trust (Mazumder, 2024:260). Fostering

a culture of excellence in corporate governance will also help SOEs overcome challenges related to political appointments and improve their performance. Ambiguities at the intersection of corporate governance, board independence, and political appointments are complex, but carefully designed reforms and strict adherence to independence governance principles can improve the integrity and performance of organisations.

4.6.8 Public Sector Governance

The interface of public sector governance and the role of boards in steering SOEs have profound implications for accountability, transparency, and efficiency in the provision of public services. As Figure 4.6 illustrates, the literature has examined the interaction among these forces and provides solutions to mitigate unintended negative consequences.



Source: Original Extraction by the Researcher (2025)

Figure 4.6: Public Sector Governance & Politicisation of Boards

The governance of the public sector encompasses systems, processes, and support structures that enable public bodies to perform their functions efficiently and accountably. Edwards *et al*. (2012:40) note that in the public sector, organisational stakeholders hold the initiative without an authority that can lay down lines of conflict or resolve differences when they arise. Good governance means that public entities are democratic, the rule of law is respected, and ethical values are upheld. Moreover, political factors have the potential to interfere in the governance process if governance activities are no longer able to work independently with the necessary care and control.

4.6.9 Impact of Politicisation on Boards

The politicisation of the board is best demonstrated by the appointment of politically affiliated individuals who may not benefit the board or the people it serves. Djuric *et al*. (2013:365) maintain that politically well-connected board members may allow personal and political goals to override corporate and public goals, thereby creating conflicts of interest. This undermines the integrity of governance, as political board members may be more likely to prioritise loyalty to a political party over loyalty to the organisation's mission and stakeholders. This politicisation may lead to inefficiencies and a lack of responsiveness to the public. According to Chambers (2014:8), labour relations in the public sector often become politicised and are frequently at odds between public administration and the workforce's wishes.

4.6.10 The Need for Structural Reforms

Governance frameworks should prioritise principles of independence and expertise, aligned with Alqooti (2020:16), who advocates for transparency and accountability in public governance. Establishing independent oversight bodies or committees to oversee appointments may also protect boards from political interference. Diversity on boards in terms of perspectives and skills can strengthen governance capacity. This contradiction between public sector governance and the politicisation of boards undermines good governance. The emphasis should be on merit, independence, and accountability in board appointments, as well as on strengthened oversight mechanisms, to enable public institutions to become more accountable and responsive to the public they serve.

4.7 Summary of the Chapter

This chapter examined the relationship between 'cadre deployment,' 'state capture,' and 'South African SOEs' within the broader context of governance challenges in South Africa, especially concerning corporate governance. The chapter looked at how these relationships affect the effectiveness and accountability of the SOEs, as well as the independence and functioning of the board(s) that oversee these entities. The Zondo Commission reports were discussed, and the findings indicated that cadre deployment was linked to governance and service failures, including inadequate skills among those deployed and instances in which they may act against the public interest.

Although there are nominal oversight structures under the PFMA and similar legislation, these are frequently ineffective without enforceable consequences for malpractice (Adebayo & Ackers, 2024:;60). Further complicating matters, line management can be preoccupied with overseeing cadres appointed based on loyalty to the party, which may result in poor management performance (Khumalo & Mazenda, 2021:62).

The problem of corporate governance in SOEs is more than a matter of leadership; it also involves structural issues. In relation to governance at SOEs in South Africa, Thomas (2012:453) argues that governance transgressions are not new, and reports indicate that failures in accountability and oversight are not only present-day issues but have long been observed and have led to significant crises within SOEs, such as Eskom, Transnet, PRASA, SAA, and SABC. This cycle illustrates how challenges of governance recur in the face of systemic political problems that impact organisational effectiveness (Adebayo & Ackers, 2022:139; Matsiliza, 2024:4).

The chapter examined how cadre deployment has evolved and how it has become a governance practice characterised by ineffectiveness, where loyalty to political parties outweighs experience and merit in appointing individuals to key positions in public institutions. The chapter clarified that politicising board appointments weakens the independence of governance structures and undermines accountability and decision-making processes.

The AGSA's reports were discussed as a crucial safeguard for government accountability in South Africa with respect to SOEs. The politicisation of boards and cadre deployment were recognised as hindering the effective functioning of audit practices, resulting in a lack of oversight and transparency in the public sector. The erosion of independence and accountability, along with the detrimental effects of politicisation, underscore the need for a broad range of measures to ensure transparent and effective governance, thereby better serving the public interest. The chapter commends the structural changes necessary to ensure that board appointments are more independent, transparent, and rigorous. This should involve robust, merit-based, and meritocratic criteria, along with careful oversight and evaluation. Chapter 5 will provide an overview of the research, findings, conclusions, limitations, and recommendations.

CHAPTER 5: OVERVIEW OF THE RESEARCH, FINDINGS, CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

5. 5.1 INTRODUCTION

This chapter presents an informed perspective of the findings of the study by examining evidence from relevant official reports and commissions of enquiry, legislation and codes for corporate governance, academic books and published articles in academic journals. It aims to examine the impact of cadre deployment on corporate governance within SOEs, specifically in South Africa, by linking patterns from the themes identified in Chapter 4 to the theoretical and conceptual foundations of earlier chapters. The chapter explores key indicators of governance, namely board independence, transparency, accountability, and ethical leadership, and uses them as reference points to assess the compatibility (or otherwise) of cadre deployment within the realm of sound corporate governance. Attention is drawn to how political appointments have affected institutional functioning, decision-making authority, oversight, and operational performance at key South African SOEs, including Eskom, SABC, Transnet, SAA, and PRASA.

Moreover, the argument is situated within the broader academic discourse, as well as within legal interpretations and the normative obligations arising from King IV, legislation such as the Companies Act and the PFMA, and Constitutional provisions governing public administration. The chapter also examined the tensions between political loyalty and institutional autonomy, providing a balanced assessment of the extent to which cadre deployment facilitates or hinders effective governance and the creation of sustainable public value. By connecting the Zondo Commission reports, Public Protector reports, and AGSA reports, the chapter triangulates the evidence to address the main research question and objectives. It also paves the way for the recommendations, in which implications for policy and future research will be introduced.

5.1 Background and Purpose of the Study

South Africa's SOEs have historically played a central role in the country's economic development agenda, assigned to provide core public goods and help stimulate and support the economy. Cadre deployment refers to the appointment of individuals on the basis of their political allegiance to the ruling party, regardless of whether they possess the requisite skills or expertise. Beyond seeking political control over state entities and undermining their independence, the practice has caused significant governance issues,

including hasty decisions, inefficiencies, financial mismanagement, and a lack of accountability at SOEs (Zulu *et al.*, 2022:214).

The primary aim of this study was to examine how cadre deployment affects SOEs in South Africa, referencing the King IV Code on corporate governance. The study aimed to assess how these practices align with or differ from principles of good governance, such as accountability, transparency, and meritocracy, and to examine their potential impact on SOE service delivery.

5.2 Interpretation of Findings - Research Question and Objectives

The interpretation of the findings in this study was guided by this primary research question: “How do cadre deployment practices within SOEs in South Africa affect compliance with sound corporate governance principles?” In response to this research question, the study was informed by this primary research objective: “The primary purpose of this study was to examine the impact of cadre deployment on corporate governance processes within South African SOEs.”

The secondary objectives were as follows:

- To examine the theoretical and legal foundations that underpin corporate governance in South African SOEs.
- To investigate the nature and scope of cadre deployment within the governance structures of SOEs.
- To assess the effect of cadre deployment on board independence, ethical leadership, and accountability.
- To synthesise evidence from official reports, regulatory findings, and scholarly literature regarding governance failures linked to political appointments.

The analysis of the findings is guided by these objectives to examine how the evidence aligns with or diverges from the theoretical predictions and governance expectations outlined in Chapters 3 and 4. The evidence, much of which is presented in Zondo Commission reports, AGSA audits, Public Protector investigations and scholarly analysis, demonstrates a clear trend: Cadre deployment remains prevalent as SOE management ‘philosophy’ which has shown to be highly destructive to how many SOEs operate, their integrity, and their capacity for governance.

By applying the interpretivist paradigm, this study moved beyond description to provide an explanatory account of how political factors, as demonstrated through cadre deployment, have influenced institutional performance and accountability. The review also exposed the repeated subjugation of the independence of the board, the disregard for ethical governance, and the breaking of checks and balances, leading to several regulatory lapses, financial imprudence and departures from established principles and policies.

This section will now proceed to a thematic analysis of these findings in relation to the study's objectives and the evidence from the literature that supports and challenges the findings.

5.2.1 Objective 1

To examine the theoretical and legal foundations that underpin corporate governance in South African SOEs.

This research situated its analysis within the frameworks of Agency Theory and Stakeholder Theory, two prevalent governance models in the business and public-sector literature. Agency Theory highlights the consequences of 'agent-principal' misalignment, in which the agency manager (typically a political appointee in this study) pursues their own interests at the expense of the public interest or other stakeholders. In the case of SOEs, cadre deployment exacerbates agency conflict, as loyalty to a political party supersedes an obligation of care to taxpayers and stakeholders. Stakeholder theory emphasises that public organisations have multiple responsibilities to different stakeholder groups. The effect of politically driven appointments is that they undermine the fairness, inclusivity, and accountability that are key to public legitimacy. The extent of this misalignment is illustrated by the governance outputs in the study (Chapter 4), which found that cadre deployment distorts decision-making norms and erodes stakeholder confidence.

The theoretical foundation of this study began with Woodrow Wilson's landmark essay, 'The Study of Administration,' which demarcates politics (policy-making) from administration (policy implementation through a merit-based civil service). Wilson cautioned that blending politics and public service would lead to inefficiency and corruption: "Administration lies outside the proper sphere of politics. Administrative questions are not political questions" (Wilson, 1887:210). Wilson's non-partisan model of

public service forms the foundation of modern administration. In the South African SOE sector, cadre deployment deliberately aims to mix political objectives with administrative appointments, undermining both the impartiality and effectiveness of governance leadership.

The relevant South African legislation and governance codes reinforced Wilson's theory, indicating a separation between politics and administration, as follows:

- The Companies Act, PFMA and Constitution prescribe sound financial governance and public accountability from SOEs.
- King IV enhances principles, including ethical leadership, independent audit oversight, integrated thinking, and competence in the appointment of directors.
- The Public Administration Act details the nature of a politically impartial civil service based on professionalism.

It is evident from this analysis, based on these models, that cadre deployment is in contravention of these governance stipulations. For instance, the Zondo Commission found that political appointees in Eskom, Transnet and other SOEs did not comply with independent governance protocols. Contemporary scholars reinforce Wilson's warnings. Swanepoel (2022:446) contends that cadre deployment facilitates a form of institutional capture, resulting in the subversion of performance and fiduciary responsibility to party interests. When cadre loyalty outweighs merit consideration, as found by Mlambo (2023:6), operational inefficiencies and poor service delivery are inevitable.

This analysis integrated both normative and legal perspectives with empirical evidence, providing evidence that cadre deployment compromises established principles of governance, particularly in comparison with South African legislation and international best practices. That said, this illustrates that Objective 1 was achieved by this study.

5.2.2 Objective 2

To investigate the nature and scope of cadre deployment within the governance structures of SOEs.

The Zondo Commission explicitly detailed how the practices of cadre deployment were systematically applied across several SOEs such as Eskom, Transnet, SAA, Denel, and PRASA. Party apparatchiks

were appointed to the most influential board and executive positions based on their loyalty to the party, rather than their merit. One way of achieving this, as demonstrated by the Zondo Commission in the case of Eskom, was through the appointment of politically influenced individuals, which facilitated the irregular procurement and looting of the SOE's resources. Swanepoel (2022:447) characterises cadre deployment as a 'slippery slope' that led to state capture, considering that it yielded more than the "mere token political influence"; instead, it facilitated the emergence of the 'shadow state' nested within the institutional design of SOEs. This framing conveys the detail and quantity of deployment practices the Zondo Commission found.

Evidence from the Zondo Commissions' Reports and that of the AGSA, for example, reveals numerous instances where transactions violated rules, including cadre appointments, often without the necessary governance or sectoral expertise, which disrupted board dynamics, undermined oversight, and exacerbated financial issues and losses. The AGSA's 2021–2022 audit report red-flagged Eskom and Transnet for continued irregular expenditure and board governance that was negatively influenced by politically motivated leadership appointments.

Regarding this objective, the study gave a fair qualitative account of cadre deployment within the largest SOEs, with examples having been drawn to a significant degree from reliable sources such as the Zondo Commission and AGSA, and Swanepoel's academic work. However, there is insufficient quantitative detail on the number of cadre appointments, their duration, and the timing in relation to systemic timelines, as provided in secondary data. That said, this objective was only partially achieved, and a recommendation will be provided herein.

5.2.3 Objective 3

To assess the effect of cadre deployment on board independence, ethical leadership, and accountability.

It has been observed that cadre deployment is a clear assault on board independence, a fundamental component of good corporate governance. King IV explicitly advocates for independent regulation and the independence of board roles from political interference. The Zondo Commission, however, showed that in critical SOEs, such as Transnet, Eskom and SAA, political connections trumped both skills and board independence in board appointments. For instance, the decision to appoint specific individuals at Eskom was

driven by political forces from outside the organisation, notably individuals linked to the Gupta family. These appointments then led to strategic decisions that deviated from fiduciary responsibilities, resulting in billions of rands disappearing into thin air and harming the integrity of South Africa.

Swanepoel (2022:448) states that politicalisation of boards compromises their ability to provide an independent oversight function, dilutes internal control mechanisms and infects the culture of governance with one that is “reactive, non-compliant, and party-driven rather than policy-driven.” The ANC’s cadre deployment policy, in turn, effectively negated the application of ethical leadership as integrity, competence, responsibility, and accountability as defined by King IV. The publication by the Public Protector of the “State of Capture” report (2016, as well as the findings of the Zondo Commission, demonstrate that loyalty-based deployments enabled corruption and abuse of power. In the SABC’s case, a COO was appointed to an executive role in 2011 despite lacking the necessary qualifications, a situation that the Public Protector and the courts have since deemed irregular and unethical.

Cadre deployment has also weakened the mechanisms of accountability at SOEs. Evidence in the AGSA’s reports (2020-2022) suggests that politically appointed board members and some executives failed to adhere to standard governance practices, such as procurement monitoring and risk management. For instance, there were billions of rands of irregular expenditure at Transnet associated with politically connected contracts, most of which were approved by executives who were politically deployed without due diligence (AGSA, 2022:63).

Mlambo (2023:7) underlines that political interference is a source of interference in performance evaluations, a deterrent to the audit committee’s work and an encouragement of impunity. This perspective is consistent with Jensen and Meckling’s (2019:80) Agency Theory, which cautions that goal conflict arises when agents (executives) are not properly disciplined by the principals (government/public stakeholders).

Objective 3 was achieved. The study has demonstrated that cadre deployment has undermined board independence, ethical leadership, and accountability in several SOEs. Evidence presented by the Zondo Commission, as well as that from the AGSA and the

Public Protector, suggests that cadre deployment has facilitated rogue leadership and impaired systems of accountability, disregarding King IV and PFMA criteria.

5.2.4 Objective 4

To synthesise evidence from official reports, regulatory findings, and scholarly literature regarding governance failures linked to political appointments.

The desktop approach, centred on the qualitative methodology, has been sufficient to identify and systematically review secondary data. The combined analyses of the Zondo Commission Reports, the Public Protector's findings, the AGSA's reports, and academic articles have enabled the study to synthesise governance failures arising from the impact of cadre deployment in South African SOEs.

Papaioannou, Sutton and Booth (2016:12) and Snyder (2019:336) state that triangulating sources enhances credibility and strengthens the findings in desktop studies. Secondary data synthesis provides a broad perspective, offering a lens through which to interpret complex social and institutional phenomena (Snyder, 2019:336). The Zondo Commission identified a pattern in which individuals with political connections were appointed to executive positions and boards, often with little to no actual vetting or relevant skills. These appointments, in turn, led to choices that enabled state capture, questionable procurement, and institutional decay (Zondo Commission, 2022: Vol 2-3:326).

The Public Protector, in a 2014 report entitled "When Governance and Ethics Fail", exposed how SABC executives, including the COO, were appointed based on political connections. This bypassed traditional HR procedures, and autocratic leadership styles emerged that ignored policy and fiscal constraints. The AGSA's 2020-2022 annual audit reports revealed that irregular expenditure, non-compliance with procurement processes, and lapses in internal controls were found to be persistent. At Eskom alone, billions of rands were lost due to poor contracts signed under the watch of politically deployed individuals (AGSA, 2022:47).

This weight of evidence supports the assertion of Swanepoel (2022:448) that cadre deployment is a carefully calibrated disruption of public governance mechanisms in favour of political control. In the same vein, Mlambo (2023:5) maintains that a smattering of cadre deployment disrupts organisational culture, depoliticises governance, and exposes state organs to vulnerable modus operandi.

The following were recurring themes identified in the secondary data gathered:

- Cadre deployment
- Board independence
- Political appointments
- Erosion of board independence
- Undermining of ethical leadership
- Breakdown of procurement oversight
- Whistle-blower and internal auditor
- Loss of financial control and public trust

These findings were consistent in all five of the largest SOEs studied by the Zondo Commission, i.e., Eskom, Transnet, SABC, SAA and PRASA, and echoed by similar findings of the AGSA's general reports, Public Protector, and academic literature.

Objective 4 was achieved. The research was based on reliable secondary data from various sources to explain systemic governance weaknesses associated with cadre deployment. The convergence of legal findings, audit reports, and academic literature presented an unsettling view of the governance risk associated with political appointments at SOEs.

5.2.5. Research Question

How do cadre deployment practices within SOEs in South Africa affect compliance with sound corporate governance principles?

Based on an informed analysis of secondary sources, including the Zondo Commission, the Public Protector reports, AGSA audits, and academic literature, cadre deployment has inherently undermined the soundness, composition, and mechanisms of corporate governance in South African SOEs. The evidence is clear and compelling that political placements, rather than merit-based appointments, have undermined the attainment of the primary governance dimensions, namely board independence, ethical leadership, accountability, transparency, and regulatory compliance.

5.2.5.1 Undermining of Board Independence

There has been a heavy dose of political appointments to replace technically competent people on SOE boards. The government has undoubtedly failed to do so at Eskom, Denel, Transnet, and SAA, as the Zondo Commission found, which explained how board

decisions at these entities were frequently driven externally by political interests, particularly the ANC's cadre deployment committee, thereby nullifying the autonomy that corporate boards should have. This contravenes King IV principles, the Companies Act, and the PFMA, which require independence, objectivity, and fiduciary stewardship.

5.2.5.2 Collapse of Ethical Leadership

The politicisation of leadership has led to the acceptance of ethical compromises in which party loyalty outweighs loyalty to the public interest. The appointment of these individuals indicates that politics is prioritised over ensuring that our executives and directors are ethically compliant, despite the Zondo Commission and the Public Protector's reports. They were not only irregular but also damaging to the institutions, causing them significant financial and reputational harm.

5.2.5.3 Accountability and Internal Control Eroded

A recurring theme in AGSA reports is the erosion of internal control environments, financial oversight, audit committees, and whistleblowing channels, particularly in SOEs with politically connected leadership. These SOEs were populated with party cadres, which has led to impunity, allowing poor governance to go unpunished and institutions to be systematically gutted (AGSA, 2022:56).

5.2.5.4 Deviation from Legislative and Normative Framework

According to the study, cadre deployment is inconsistent with South Africa's legislative and governance frameworks. All principles are embedded and espoused in the PFMA and the Companies Act. The Zondo Commission's recommendations and the King IV Code promote professionalism, transparency, and merit-based decision-making. The current cadre deployment approach is incongruent with these frameworks and, in effect, has acted as a catalyst for state capture, administrative dysfunction, and financial bleeding (Masuku & Jili, 2019:3; Swanepoel, 2022:442).

5.2.5.5 Wilson's Politics - Administration Dichotomy

From Wilson's (1887:212) founding proposition, that politics should be separated from administration, cadre deployment is a breakdown of this central dichotomy. Political contagion has infected the SOEs, which are no longer independent organisations but rather extensions of political ideology, the combination of which is deployed under the

aegis of state power rather than the principles of commercial life, thus denying the most ancient rule of good government: the separation of office from party.

In the process of addressing the main research question, the study answers the following:

The extensive deployment of cadres has largely compromised the adoption and implementation of principles of good corporate governance in South African SOEs, substituting political loyalty for professionalism and efficiency and undermining board independence, ethical leadership, and accountability. There is a widespread convergence of evidence from official commissions of inquiry, audit reports, and academic studies, illustrating how cadre deployment contravened governance codes and laws and adversely affected public confidence, institutional performance, and service delivery.

5.3 Recommendations and Conclusions

This section presents the synthesised conclusion based on the research findings, addressing the main question. It integrates the core arguments elaborated in the chapters, articulates critical governance issues, and provides policy and regulatory recommendations for policymakers, regulators, and practitioners. The study acknowledges the limitations of the desktop research, particularly its partial achievement of Objective 2, and identifies potential avenues for future academic research.

5.3.1 Reform the Appointment Framework in SOEs

A crucial intervention is to establish independent nomination committees, free from political influence, to nominate and vet candidates for SOE boards and their top leadership. This would mean merit-based appointments and restore confidence in public service.

5.3.2 Codify Governance Standard into Binding Legislation

Existing governance codes, including the King IV Code, are advisory and not mandatory. Any reform programme must consider codifying key governance standards, particularly the principle on political affiliations, including the establishment of specific governance standards, such as a minimum level of independent board membership, while ensuring that conflict-of-interest legislation is enshrined in a statutory instrument.

5.3.3 Strengthen Oversight by the Auditor-General and Public Sector

Parliament must broaden the AGSA's investigatory and enforcement authority in relation to SOEs. This will ensure that the AGSA's extended powers are incorporated into the audit, that losses incurred can be identified, and that recommendations can be implemented.

5.3.4 Depoliticise Board Structures Through Public Transparency

Public disclosure of board member CVs, selection criteria, and minutes of appointment proceedings should create more space for civil society oversight, preventing the repeat of clandestine cadre deployment.

5.3.5 Embed Governance Ethics in Organisational Culture

Beyond structural changes, SOEs must incorporate ethical leadership into their internal training. This should include governance KPIs linked to performance, and a system should be in place to discipline executives for misconduct.

5.4 Suggestion for Future Research

Given the study's limitations, the following research opportunities are proposed.

5.4.1 Cadre Deployment in Provincial and Local Government Entities

Examining cadre deployment in other parts of the public service, including municipal-owned entities, national and provincial departments, would help determine whether this practice is also associated with similar governance issues at the subnational level.

5.4.2 Impact of Cadre Deployment on Whistle-blower Protection

Given the suppression of internal dissent within SOEs (e.g., PRASA and Eskom), a qualitative study is necessary to examine how cadre deployment affects whistleblowers' anonymity and safety and the reporting culture.

5.5 Final Reflection

The results of this study suggest that the current implementation of cadre deployment is incompatible with the fundamental principles of good corporate governance. The cadre deployment policy has enabled state capture, institutional backsliding, and public dissatisfaction. And unless there is an urgent intervention in the form of policy and legislative change to separate the party from the administrative government, SA's SOEs

will continue to be left open to the dysfunction, pilferage, and mayhem that we have experienced without fail. The prospects for the long-term survival of these institutions, and the credibility of the public sector in general, rest on a return to professionalism, meritocracy, and constitutional fidelity in the centre of public administration.

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