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EXPLORING COMPETENCY REQUIREMENTS FOR THE SELECTION AND APPOINTMENT OF BOARD MEMBERS AND CHIEF EXECUTIVE OFFICERS OF STATE OWNED ENTITIES IN SOUTH AFRICA

by

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EDITING NOTES

- This mini-dissertation is written in article format. Owing to it being a mini-dissertation, no page restrictions apply.
- The 6th edition American Psychological Association (APA) reference and editorial format, and the South African Journal Psychology's article layout are used in this mini-dissertation.
- This mini-dissertation is written in the third person and refers to the student as the researcher.
- The key words include terms that are not evident in the title of this mini-dissertation.
- This mini-dissertation was edited by Peter Southey.

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DECLARATION

I, Moses Moshe Maswanganye, hereby declare that the information reflected in this mini-dissertation is my own work both in content and execution. When someone else's work was used, due acknowledgement was given as they were cited in text and referred to in the reference list.

I declare that the content of this dissertation has never been submitted for any qualification at any higher education institution. I did not make use of another student's work and submit it as my own. I also did not allow and will not allow any individual to copy my work with the intention of presenting it as his/her own work.

Furthermore, I declare that the language in this mini-dissertation was edited by Peter Southey.

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To whom it may concern

This is to confirm that I edited the language in this mini-dissertation, *Exploring competency requirements for the selection and appointment of board members and chief executive officers of state owned entities in South Africa*. The onus is on the author to attend to the suggested changes. Furthermore, I do not take responsibility for any changes in the document after the fact.

Peter Southey
15 September 2019

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i. ABBREVIATIONS

BRICS - Brazil, Russia, India, China and South Africa
CEO - Chief Executive Officer
CIPC - Companies and Intellectual Property Commission
CFI – Corporate Finance Institute
DPE - Department of Public Enterprises
DPSA - Department of Public Service and Administration
Eskom - Electricity Supply Commission
FPSC - Financial Planning Standards Council
HSRC - Human Sciences Research Council
IoDSA - Institute of Directors Southern Africa
IT - Information Technology
NACD - National Association of Corporate Directors
OECD - Organisation for Economic Co-operation and Development
OPQ - Occupational Personality Questionnaire
PFMA - Public Finance Management Act
PIC - Public Investment Corporation
PRASA - Passenger Rail Agency of South Africa
PRC - Presidential Review Committee
PSC - Public Service Commission
PwC - PricewaterhouseCoopers
RTMC - Road Traffic Management Corporation
SABC - South African Broadcasting Corporation
SARS - South African Revenue Service
SETA - Sector Educational Training Authority
SOEs - State Owned Entities / Enterprises
TTS - Top Talent Solutions
UK - United Kingdom
WRISC - Work Related Risk and Integrity Scale

EXPLORING COMPETENCY REQUIREMENTS FOR THE SELECTION AND APPOINTMENT OF BOARD MEMBERS AND CHIEF EXECUTIVE OFFICERS OF STATE OWNED ENTITIES IN SOUTH AFRICA

ABSTRACT

Orientation: State owned enterprises or entities (SOEs) are considered as influential and growing globally at an alarming rate. According to PricewaterhouseCoopers (PwC, 2015) SOEs among the Fortune Global 500 companies grew from 9% in 2005 to 23% in 2014. PwC (2015) further identified the following eight countries as having the highest SOE shares in the world in terms of sales, assets and market values: Brazil, China, India, Indonesia, Malaysia, Russia, Saudi Arabia and the United Arab Emirates. Although South Africa is not counted among these countries, it forms part of the BRICS countries together with Brazil, China, India and Russia.

Countries across the world are guided by various laws, regulations, and policy frameworks in terms of managing their SOEs. The Organisation for Economic Co-Operation and Development (OECD) in particular developed guidelines on corporate governance of state owned enterprises (OECD, 2005) aimed at empowering member states to deal with their corporate governance challenges. As part of the global world, South Africa is therefore not immune from experiencing similar corporate governance challenges as other countries. The need to conduct this study was prompted by the challenges that are faced by SOEs in South Africa, particularly those that have received ongoing negative press coverage, faced a backlash from organised labour and political principals and been hauled before a multitude of commissions of inquiries and cabinet committees. A handful of SOEs have been reported as having huge corporate governance challenges. These include ESKOM, the Passenger Rail Agency of South Africa (PRASA), the South African Broadcasting Corporation (SABC), Transnet, the South African Revenue Service (SARS) and the Public Investment Corporation (PIC). According to media reports and various commissions and committees, the challenges facing thse SOEs include corruption, maladministration, corporate governance, political interference, a lack of proper skills, and poor performance and financial management.

Various reports have recommended that SOE boards should be independent and that board members and chief executive officers (CEOs) who are appointed in such entities should possess relevant competencies, skills and experience.

Research purpose: The purpose of the study was to explore the competency requirements for the selection and appointment of board members and CEOs of SOEs in South Africa.

Motivation for this study: The performance of SOEs in South Africa remains an under-researched area of focus. According to Khosa (2009), nomination processes to SOE boards are strongly influenced by the appointment of politically connected persons at the expense of professionalism; there is a lack of transparency and defined processes and criteria for selection, with board positions being offered as rewards for political patronage. Khosa (2009) further mentions that the appointment and dismissal of CEOs of SOEs is the prerogative of the relevant minister, although the power to hire and fire should be the competence of the board. The problem of poor performing SOEs remains topical in the media and public domain in South Africa. A number of strategic SOEs such as Eskom, Transnet, SABC, PRASA, PIC, SARS, SAA and Denel have been singled out as having systematic corporate governance challenges that result in the need for government bailouts.

Although the problem of poor performing SOEs is not unique to South Africa, the country is expected to have its own approaches and interventions for addressing this matter. It is worth mentioning that currently there are compulsory minimum competency requirements prescribed for the selection, appointment and development of senior and executive managers in the public service at national, provincial and local government levels in South Africa; such requirements are non-existent for board members and CEOs of SOEs, however. Jackson, Fernadale and Kakabadze (2003) argue that organisational success depends on the possession of an appropriate balance of skills, competencies and capabilities by board members and executive leaders.

This study therefore sought to explore the need for competency requirements for the selection and appointment of board members and CEOs of SOEs. The study was

motivated by the fact that most SOEs struggle to perform optimally and end up seeking government bail-outs to survive despite having boards and CEOs at the helm. The study resulted in the identification of key competencies and the development of generic competency profiles for the two categories of executive roles namely, CEO and board members of SOEs.

Objectives of the study: The three main objectives of the study were to:

- identify the current processes followed in the selection of board members and CEOs of SOEs,
- explore competencies to be used for the selection of board members and CEOs of SOEs, and
- develop generic competency profiles for the selection of board members and CEOs of SOEs.

Research design, approach and method: A qualitative method design was followed for this study, underpinned by a pragmatic worldview that assisted in the collection of mainly qualitative data. According to Cresswell (2014) the researcher bases his or her inquiry on the assumption that the collection of diverse data provides a complete understanding of a research problem. An exploratory sequential design was followed to explore the views of government officials responsible for SOEs, current and former SOE board members and current and former CEOs of SOEs. Data was collected through online questionnaires developed and administered on Google Forms and captured electronically on the IBM SPSS (version 25). Follow-up telephone interviews were conducted with some of the participants.

Main findings: The study found that the competency requirements for the selection and appointment of board members and CEOs of SOEs remains an under-researched subject area in South Africa. The study confirmed that competency assessments are compulsory for the appointment of senior government officials at national, provincial and local government levels. However, most of the SOEs have ignored this despite the existence of legislative frameworks such as the founding legislation of SOEs, the Companies Act (Act No.71 of 2008), the Public Finance Management Act (Act No.1 of 1999), the Handbook for the appointment of persons to Boards of State and State controlled institutions (DPSA, 2008), the Protocol on

Corporate Governance in the Public Sector (DPE, 2002) and the King Code of corporate principles for South Africa (IoDSA, 2009).

Although a few of the participants in the study indicated that competency assessments were used for selection purposes, the majority confirmed that nominations and interviews were used as the main approaches for selecting individuals to serve as board members and CEOs of SOEs.

The literature that was reviewed indicated that international countries such as Indonesia, Jamaica and Malaysia have institutionalised the use of competency based assessments as part of their recruitment and selection process for their SOEs. The literature also found that various countries and economic sectors also have competencies that are used to assess candidates applying for high level positions.

Apart from a few similarities, the competencies for board members and CEOs of SOEs that were identified differed from country to country and sector to sector despite the existence of competencies recommended by organisations such as the Institute of Directors in South Africa (IoDSA).

Through the responses of the participants, the study found that board members of SOEs should possess both core and process competencies. The core competencies for board members include: strategic capability and leadership, financial management, people management and empowerment, change management, programme and project management, corporate governance, ethical conduct and integrity, risk management and stakeholder management. The process competencies for board members include problem-solving and analysis, communication, knowledge management, service delivery innovation, client orientation and customer focus, industry experience and knowledge, IT governance and analytical thinking.

Furthermore, the study found that CEOs of SOEs should possess the following core and process competencies: strategic capability and leadership, financial management, service delivery and innovation, change management, people management and empowerment, programme and project management and

corporate governance. In terms of process competencies for CEOs of SOEs, the following were found by the study: service delivery innovation, knowledge management, problem-solving and analysis, communication, client orientation and customer focus and technical knowledge of a specific field. Most of these competencies are similar to those used for the selection of senior managers in government.

As behaviours necessary for the attainment of board outcomes, Boshoff (2015) identified the following competencies: negotiating and debating, building collaborative relationships, ethical conduct, taking individual responsibility, facilitating organisational and business support and strategic guidance as board member. In addition, the study found that candidates applying to serve as board members and CEOs of SOEs should have appropriate educational qualifications, experience, technical knowledge and skills.

Practical implications: The practical implications are that the study has laid a foundation for government to implement compulsory competency based assessments for the selection and appointment of board members and CEOs of SOEs and encourage further research in this area. The next steps could include the conducting of job analysis on the board and CEO roles by the Department of Public Service and Administration (DPSA), the Department of Public Enterprises (DPE), the National School of Government and National Treasury using the baseline and generic competency profiles developed from this study. The process could include the involvement of subject matter experts who are directly involved with the board member and CEO selection process. Once the job analysis process is finalised, the generic core and process competencies as identified by this study could be piloted in one of the SOEs in South Africa for selection and developmental purposes. The use of an assessment centre could then be considered since it calls for the assessment of competencies through the use of specific and multiple assessment batteries and assessors.

Contribution: The study has contributed towards the generation of additional knowledge on the under-researched subject of competency requirements for the selection and appointment of board members and CEOs of SOEs. The study

identified competencies that can be assessed when board members and CEOs of SOEs are being selected. The study happened at the time when SOEs in South Africa are receiving critical attention for their corporate governance ineptitude. The need for competency based assessments is critical, and applying them in SOEs can assist in ensuring that board members and CEOs are not selected for their political connections but rather for their competency. Despite their poor performance it has been found that CEOs of these entities earn huge salaries compared to their national, provincial and local government counterparts. It is therefore crucial that the right candidates with the right competencies are appointed.

The findings of the study will be published and also shared with five key Departments that play a pivotal role in the regulation, enabling and monitoring of SOEs performance, namely: Finance (National Treasury); Public Service and Administration, Public Enterprises, the National School of Government and the Presidency.

KEYWORDS: Competencies., board members, chief executive officers, state owned entities, board and CEO roles and responsibilities, competency profiles.

1. INTRODUCTION

Thabane and Snyman-van Deventer (2018) mention that subsequent to the inception of democracy in 1994, the South African Government had too many underperforming SOEs and this led to privatisation attempts that were initiated by the government administration at the time. This view is corroborated by Kanyane (2013, p.8 - 10) who states that:

> "the post-1994 Government in South Africa inherited a huge SOE portfolio, fraught with inefficiencies and requiring subsidisation for survival, with some showing little prospect of achieving their respective mandates. Generally, SOEs tend to lack robust leadership and initiative on crucial transformation imperatives such as broad-based black economic empowerment, the creation of meaningful employment opportunities and comprehensive skills development."

Most of the literature that has been reviewed regarding the poor performance of SOEs in South Africa points to corporate governance failures as reported widely in the media and handled in various cabinet committees. According to Boshoff (2015), in order to comprehend the SOE corporate governance challenges, there is a need to investigate issues that trigger non-compliance with the rules and regulations. Vagliasindi (2008) states that most SOEs in developing countries are usually characterised by non-compliance with formal rules and political interference from government and or politicians. Vagliasindi (2008, p.3) further mentions that it is not easy to build competent and well-functioning boards since their members are "chosen for their political allegiance rather than business acumen." The author argues that boards of many SOEs in various countries are filled by senior government officials who do not have the necessary skills, knowledge and experience.

Boshoff (2015) believes that studying the behaviours that lead to specific board outcomes may provide answers to the true nature of what causes certain board members to be more effective than others. Furthermore, he asserts that most literature studies have shown a positive correlation between competency behaviours and board effectiveness.

According to Bronstein & Olivier (2011) the unique context in which SOEs in South Africa operate and function should be acknowledged. The authors further argue that governance challenges of SOEs are not unique to South Africa since most countries are looking for guidance and solutions beyond their borders. The existence of formations such as the Organisation for Economic Co-operation and Development (OECD) and its Guidelines on Corporate Governance in State Owned Enterprises (2005) is a clear indication of a need for global cooperation among member states.

The subject of SOE competency requirements for board members and CEOs has not been researched adequately since more attention has been focused on the broad term of corporate governance. Among the key corporate governance challenges always highlighted is the purported undue influence and political interference in board operations (Bronstein & Olivier, 2011). Thabang and Snyman-van Deventer (2018) lament political interference in the board affairs which they argue leads to high executive management turnover, underperformance and frequent bailouts. They mention that poor corporate governance in SOEs can be traced back to 2002, with little improvement since then. McGregor (2015) shares the same view by mentioning that amongst the main causes of poor performance of SOEs in South Africa is the political appointments that are made without taking into account the requisite knowledge, skills and experience.

The Public Service Commission (PSC, 2018) indicates that SOEs are required to have founding or enabling legislation that should specify their fiduciary or executive duties, corporate governance structures and public purpose mandates. The PSC concludes that there is no overarching regulation in South Africa for the appointment of senior officials within SOEs.

The Department of Public Enterprises (DPE, 2002) states that:

> "the board should consult with the shareholder about its preferred candidate for the position of CEO and provide sufficient time for the shareholder to consider the candidate and respond prior to an appointment being made".

The OECD Guidelines (2005) recommend that government should not be involved in the day to day running of SOEs. The boards of directors and the CEOs are therefore required to play a more significant role in ensuring the financial viability, performance and sustainability of these entities. KPMG (2012) recommends that the board in South Africa:

> "must be an effective team diversified in terms of age, race and gender and consisting of directors who possess the relevant skills, experience and competencies.

Due to limited research on competency requirements for the selection and appointment of board members and CEOs of SOEs, the study considered the existence of competency requirements for the selection and appointment of senior government officials at national, provincial and local government levels in South Africa. The study also looked at other countries such as Canada, Indonesia and Jamaica that have institutionalised competency assessments for the selection of their board members and the CEOs of their SOEs.

It is therefore argued that SOEs in South Africa also require special attention with regard to identifying the competencies that their board members and CEOs must possess before they could be appointed in these high level positions. It is necessary that a rigorous selection system should be developed consisting of a multiple hurdle process that will be followed up with validation studies. According to Matjie (2018), a growing body of research has shown that qualifications and experience only are not adequate, positions in managerial levels require certain types of behaviour and skills as well. Matjie argues that many public sector managers in South Africa are appointed without the required behaviours and skills, which leads to ineffective leadership qualities. To counter this, Matjie recommends that interventions such as psychological assessments should be conducted during recruitment.

The need for determining competency requirements for CEOs of SOEs in particular is supported by the fact that Theunissen (2010) as cited in Maloa and

Bussin (2016) established that CEOs of SOEs earned 43.9 times more on average than the country's (South Africa's) average worker and 2.5 times more than the State President. According to the Companies and Intellectual Property Commission (CIPC, 2017), South Africa has one of the biggest pay gaps in the world in which CEOs are paid on average 500 times more than the average employee. Bezuidenhout, Bussin & Coetzee (2018) found that there is an inverse relationship between chief executive remuneration and SOE performance, meaning that the high executive remuneration is not aligned with the overall company performance. Maloa and Bussin (2016) argue that the mandate of SOEs differs from that of private sector companies since they are not created to maximise profits or incur losses and therefore there is no justification for executive pay in such institutions to be very high and based on the criteria simiar to those of companies in the private sector. It can also be argued that it would make sense if executives in SOEs were treated similarly to senior and executive managers at national, provincial and local government levels, whose competencies are assessed before they are appointed.

1.1 Background to the study

The Constitution of the Republic of South Africa (Act 108 of 1996) makes provision for the establishment of three spheres of government at national, provincial and local government levels. The Constitution further stipulates that the three spheres of government should be distinctive, interdependent and interrelated. It is worth mentioning that National and Provincial spheres of government are governed in both the Public Service Act (Act 103 of 1994) and the Public Finance Management Act (Act 1 of 1999). Local government on the other hand is governed by the Local Government Municipal Systems Act (Act No. 32 of 2000); Local Government Municipal Structures Act (Act No. 117 of 1998) and the Local Government Municipal Finance Management Act (Act No. 53 of 2003). There are other government departments such as Correctional Services, Defence and South African Police Service that are governed by separate pieces of legislation other than the Public Service Act.

The three-tier government system provides national, provincial and local governments with their executive and legislative authorities. In addition, each sphere of government has its share of public entities established in terms of their respective founding legislation as indicated in Figure 1 below.

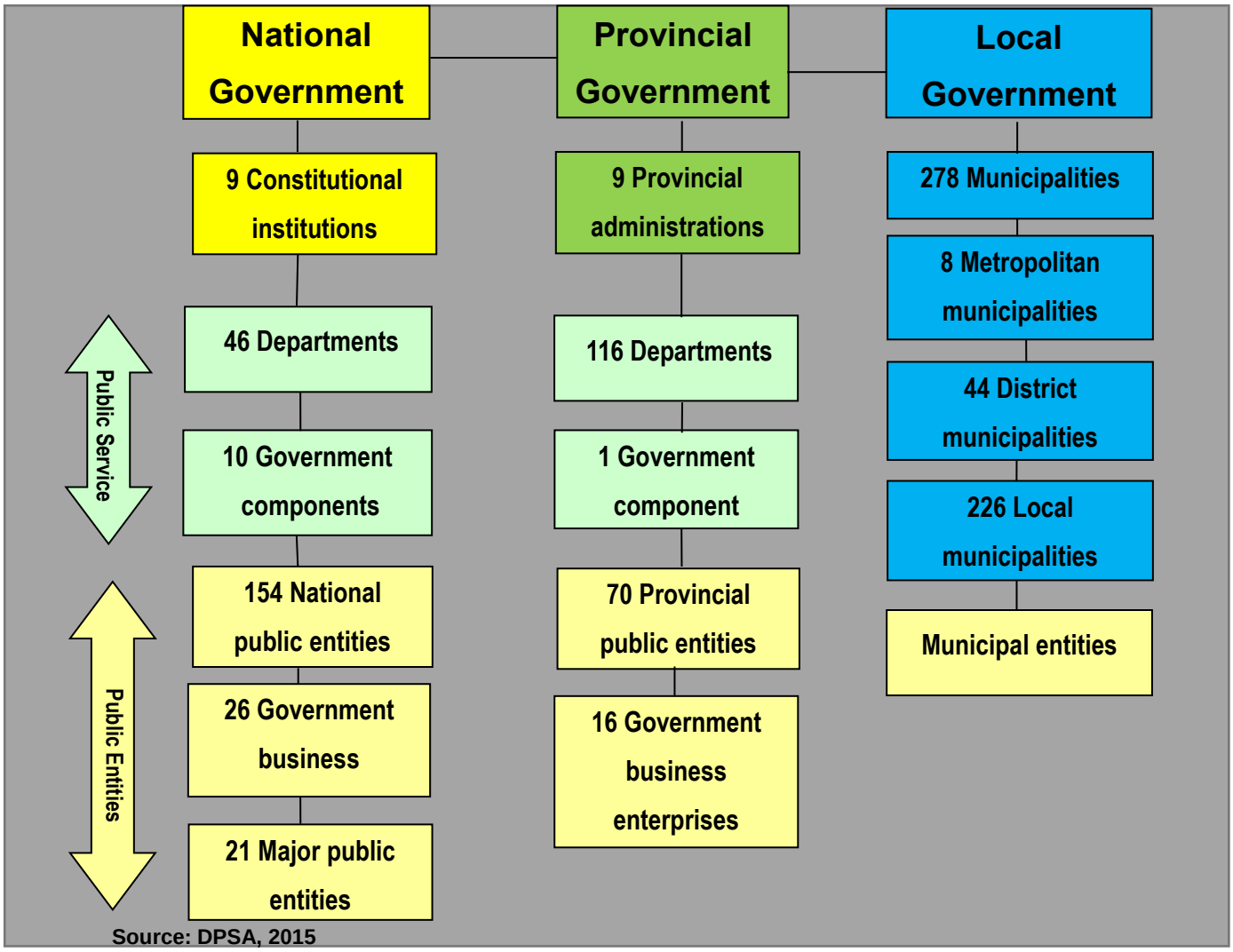


Figure 1: The structure of the three spheres of government and associated state owned entities in South Africa

SOEs in South Africa are also governed through various pieces of legislation and guidelines including their respective founding and enabling legislations, the Companies Act (Act No. 71 of 2008), the Public Finance Management Act (Act No. 1 of 1999), particularly schedules 1, 2, 3A, 3B, 3C and 3D, the OECD Guidelines (2005), the King Reports on Corporate Governance (King I, II, III and IV), the protocol on corporate governance in the public sector (Department of

Public Enterprises, 2002) as well as the Handbook for the appointment of persons to Boards of State and State controlled institutions (DPSA, 2008). Notwithstanding the existence of legislation and guidelines, SOEs in South Africa continue to experience problems that require government intervention.

Based on the provisions of legislation indicated above it can be argued therefore that the operating models of SOEs and the other three spheres of government will be different. This can be attributed to the complex and diverse nature of functions performed, size of organisations, different mandates and reporting lines. It is therefore expected that since the operating model between SOEs and the other spheres of government are different, the competencies (knowledge, skills, qualifications and experience) of officials employed in these institutions will also be different.

As part of government intervention, the former President of South Africa, Mr Jacob Zuma, appointed the Presidential Review Committee (PRC, 2013) on State Owned Entities (SOEs) on 10 May 2010 to assess the effectiveness of these entities and propose interventions to improve their operations and financial viability. According to Chabane (2013), the PRC was established:

> "to improve SOE policy and strengthen the role of SOEs in society in general and in the economy in particular and to further ensure that these entities respond to a clearly defined public mandate and support the developmental aspirations of the South African Government."

The PRC initially established that there are approximately 300 such entities in South Africa, which excluded municipal entities, trusts and section 21 companies. However, at the end of May 2012 the PRC established that in fact there are roughly 715 SOEs including Chapter 9 institutions (PRC, 2013).

Chapter 4 of the PRC report (2013) focused mainly on two issues, namely board and executive management appointments and collaboration among SOEs.

Recommendation 3 (a) of the PRC report (2013) states that Government should develop a framework for the appointment of SOE boards and that such a

framework should be set out in the Handbook on Board Appointments. It is worth reiterating that the Handbook already exists and was developed by the Department of Public Service and Administration and approved by Cabinet on 17 September 2008 (DPSA, 2008).

Furthermore, Recommendation 3(b) of the same report states that the appointment of the CEO of an SOE shall be done by the relevant Minister in concurrence with Cabinet at the recommendation of the board. This recommendation further states that the board shall be responsible for the recruitment and assessment of the nominated candidates and recommend two or three appointable candidates to the Minister for approval. The report does not elaborate on how the assessments should be done and also does not indicate the competencies that must be assessed.

The DPSA issued a directive to all government Departments regarding the conducting of compulsory competency assessments with effect from December 2008 for the selection and development of senior managers in the public service (DPSA, 2008). In addition to the job interviews, incumbents applying for senior management positions are expected to undergo competency assessments, vetting processes, qualifications verifications and a technical exercise. The conducting of competency assessments in national and provincial government departments has been outsourced by the DPSA to external service providers through an open tender process. The National School of Government (NSG, 2019) together with the DPSA are leading a process of assessing the feasibility of establishing a national assessment centre where all the competencies of senior managers in the public service can be assessed during a selection process. It is not clear at this stage whether the services of the envisaged National Assessment Centre will be extended to SOEs. (DPSA, 2008).

The National Treasury also introduced minimum competencies for Accounting Officers (National Treasury, 2007) and for officials responsible for financial and supply chain management functions in municipalities (National Treasury, 2007). These requirements were introduced in order to improve financial management and viability. The affected officials were given a period of eight years to attain

these minimum requirements. In October 2015 the minimum requirements were extended to other municipal officials in order to professionalise local government and to make this government level an employer of choice (National Treasury & Cooperative Governance and Traditional Affairs. (2015, September 30). The competency models for local government provide for the recruitment and selection, performance management and training and development of senior executives in municipalities.

The DPSA issued another directive approved by Cabinet on 22 October 2014 on compulsory capacity development, mandatory training days and minimum entry requirements for senior managers in the public service (DPSA, 2016). This directive sets minimum standards to ensure that senior managers at national and provincial government levels are capacitated to keep abreast of relevant management practices and acquire the relevant technical skills in order to improve service delivery. One of the minimum requirements for entry level senior managers at a rank of Director in terms of government salary levels is that the incumbent should be in possession of an appropriate undergraduate qualification at NQF level 7 and a minimum of five years' experience at middle or senior management level.

It is argued therefore based on the fact that there are minimum requirements set for the selection and development of senior managers at national, provincial and local government levels that the requirements be extended or specific requirements be developed for SOEs. It is also argued that a lack of such minimum requirements and other selection methods other than interviews could lead to the appointment of wrong candidates since competencies are not assessed when the recruitment and selection processes are embarked upon.

1.2 Research problem

According to Thabang and Snyman-van Deventer (2018), one of the key issues that plague South African SOEs is the controversy surrounding the appointment of board members and executive officials who have questionable qualifications.

They argue that board members and executive managers should have the necessary qualifications, experience and integrity to lead the SOEs successfully.

The Companies and Intellectual Property Commission (CIPC, 2017) identified a number of boardroom challenges for SOEs and these include the fact that the boards are not entirely independent and are greatly influenced by the ministers, labour unions and interest groups. Other problems are that the board composition is not always ideal, some board members are not suitably qualified, there's political interference, budgetary constraints and massive red tape.

The PRC (2013) found among other things that there was no clear legislative framework for the recruitment, selection, appointment and induction of boards of SOEs and a lack of uniformity in the application of appointment procedures for board members and CEOs of SOEs. This is despite the existence of founding legislations, the Handbook for the Appointment of persons to boards of state and state controlled institutions (DPSA, 2008) and the Protocol on Corporate Governance in the Public Sector (DPE, 2002).

Some of the key questions that King III proposes directors should be asking include whether the boards have the right composition, skills and reliable data and policies that will guide every level of the business in terms of expected behaviours and practices (IoDSA, 2009). In terms of selection processes, King III recommends that the process to appoint directors should be transparent, include background and reference checks and that the induction and on-going training and development of directors should be conducted through formal processes. King III further proposes that a formal process for the appointment of directors and CEOs should be in place and that the board should ensure that sufficiently skilled individuals are appointed to lead and manage all aspects of the business.

In his inaugural State of the Nation Address on 16th February 2018 as the new President of the Republic of South Africa, Mr Cyril Ramaphosa, highlighted challenges confronting the SOEs, including severe financial, operational and governance issues which impacted on the performance of the economy. He declared that:

> "We will intervene decisively to stabilise and revitalise state owned enterprises. Government will take further measures to ensure that all state owned companies fulfill their economic and developmental mandates. We will change the way that boards are appointed so that only people with expertise, experience and integrity serve in these vital positions", Ramaphosa (2018).

Some of the key challenges that were found with the recruitment, selection, appointment and induction of boards of SOEs (PRC, 2013) include the following.

The absence of a clear legislative framework for the recruitment, selection, appointment and induction of boards of SOEs. The PRC found that the legislative framework for the recruitment of SOEs boards emanated from the founding legislation of such entities, the Protocol on Corporate Governance in the Public Sector (DPE, 2002) and the articles of association for SOEs that are incorporated. The PRC's conclusion is that there is no single generic legislation that governs the recruitment and appointment procedures and processes for board members. The PRC also found that there are inconsistencies on the appointment of CEOs of SOEs, arguing that the process depends on the preference of the Minister in charge. Some ministers may choose to do the process internally in their departments and others delegate to the board or the SOE itself. The PRC, stated that the survey of CEOs conducted on its behalf found that the role of Government in the appointment of such executives was "fraught with difficulties".

Lack of uniformity in the application of appointment procedures**.** The PRC also established that different government Departments that are responsible for SOEs follow different procedures in the appointment of board members. The Committee indicated that "the quality and professionalism with which the process is undertaken in Departments depends on the extent to which the recruitment processes are institutionalised, the preference of the Director-General and the capacity and skill of the oversight unit." The Committee further indicated that "it is unclear what type of assessments are used to ensure the suitability of Board members for appointment or re-appointment; the process does not seem to be

formal and particularly robust and seems to involve a negative assessment such as whether there was an obviously bad report about someone."

1.3 Purpose of the study and research objectives

1.3.1 Purpose of the study

The purpose of the study is to explore the competency requirements for the selection and appointment of board members and CEOs of SOEs in South Africa.

1.3.2 Overarching goal

To explore competency requirements and design a competency framework for the selection and appointment of board members and CEOs of SOEs in South Africa

1.3.3 Main research objectives

- To investigate the current processes followed in the selection of board members and CEOs of SOEs.
- To identify generic competencies to be used for the selection of board members and CEOs of SOEs.
- To develop competency profiles for the selection of board members and CEOs of SOEs.

1.4 Significance of the study

According to Van Zyl (2014), research is an intensive activity that is based on the work of others and generates new ideas to pursue questions to answer. Cresswell (2015b) as cited in Maree et al. (2016) identifies the following as four uses of research: adding information about a topic or issue through addressing gaps in existing knowledge; replicating existing knowledge by testing the old results with new participants at new research sites; expanding

our knowledge by researching new ideas or practices or, when we want to inform existing practices, by developing new ideas; and broadening our perspectives by introducing the voices of the social groups whose voices have not been heard or were silenced. In this context it can be argued that little or no scientific research has been conducted regarding competency requirements for the selection of board members and CEOs of SOEs in South Africa. Despite limited research on the competency requirements at SOEs in South Africa, some authors such as Bowen (2015); Boshoff (2015) and Hopkins, O'Neil and Williams (2007) identified different competencies that they believe should be used for the selection of board members and CEOs of SOEs.

The contribution of the research on the design of competency requirements and a framework for the selection and development of board members and CEOs of SOEs will be to assist in addressing existing gaps in this regard, particularly in the African context, and to replicate existing knowledge from other countries to the South African context. The study will pave a way for future research on the possible use of competency based assessments or the use of assessment centres for the selection of board members and CEOs of SOEs. This will in turn provide South Africa with an opportunity to address corporate governance challenges confronting SOEs through the use of appropriate skills, knowledge and experience.

1.5 Research methodology

A qualitative study method was followed and the primary data was collected through an online questionnaire using Google Forms (Appendix B) and interviews. A purposive sampling method was used to identify relevant respondents who were current and former board members, former and current CEOs, company secretaries and various government and SOE officials who are involved in the recruitment and appointment board members and CEOs of SOEs. All the participants were requested to give consent on the online qestionnaire and reminded that their participation was done voluntarily. Secondary data was collected through the analysis of documents such as the

founding legislation and job advertisements used to recruit board members and CEOs of SOEs.

1.6 Structure of the dissertation

This article is structured in six parts. First, the study is summarised through an abstract and an introduction. Second, the available literature on the topic is reviewed. Third, the approach and method used to execute this study are discussed. This is followed by the results section that summarises the analysis of the data. Fifth, a discussion of the findings addresses the research question including the broader implications, limitations of the findings and possible future directions for research. This study concludes by restating the main argument and highlighting the strengths and supporting evidence of this research study.

2. LITERATURE REVIEW

2.1 Introduction

Most studies relating to SOEs are focused on corporate governance. There is no adequate literature that relates specifically with competency requirements for the selection of board members and CEOs of SOEs. According to Matjie (2018), little research has been undertaken on the relationship between emotional competence and transformational leadership and their impact on service delivery in South Africa. Boshoff (2015) supports this view, indicating that:

> "the true nature of board member success remains a mystery since prior attempts to explain board effectiveness focused mostly on formal and quantitative aspects of boards such as board structure and composition.".

He adds that the competency behaviours that are essential to be an effective board remain an under-researched area. However, according to Mbo and Adjasi (2017):

> "poor governance in African SOEs is widely researched and many studies have found that poor performance is to blame for the challenges facing SOEs".

Dandira (2012) lists the following as signs of dysfunctional leadership:

> "poor communication, dictatorial tendencies, high labour turnover, lack of collaboration, too much talk, empire building practices, personalising of organisational issues, highly stressful workplace and taking of sides in organisational politics. "

One of the key findings related to poor performance of SOEs that most researchers agree on is political interference in the affairs of the board and the entity. According to Vagliasindi (2008) it is not easy to build competent and well-functioning boards since most SOE boards are populated with people who

are “chosen for their political allegiance rather than their business acumen.” He explains that boards of SOEs in many countries are occupied by senior government or military officials who do not have the relevant skills and experience.

Mbo and Adjasi (2017) indicate that SOEs continue to maintain a strong presence in Africa and in the Sub-Saharan region in particular, since they operate in almost all sectors. However, despite this they continue to perform poorly. They argue that most studies have highlighted inefficiences that are prevalent in SOEs whereas empirical evidence suggests that the Chinese SOEs have been succesful largely due to good internal governance structures, the availability and implementation of effective performance monitoring devices and minimised political intervention. Ireri (2009) also identified problems affecting SOEs in Kenya including a poor legal framework for the appointment of board members leading to poor performance of SOEs, the politicisation of the appointment process, the absence of oversight, interrelated entities that are controlled by the executive and the prevalence of corruption and mismanagement without accountability. Bank (2015) argues that despite several measures aimed at ensuring efficient governance and monitoring of SOEs in Namibia, poor perfomance, mismanagement and corruption in such institutions remain topical in that country. One of the measures referred to is the promulgation of the SOEs law in Namibia. Amunkete (2015) further argues that the poor performance of SOEs has been studied mainly in terms of the financial context with less emphasis placed on human resources as a key success factor that could contribute to performance. The author concludes by indicating that studying human resources in this regard is a critical area for research and intervention.

According to Mbo and Adjasi (2017), the Botswana Telecommunications Corporation’s good performance can be attributed to the founding legislation of this SOE. The legislation prescribes the independence of boards and how the boards are to be constituted taking into account merit and skill diversity. They argue that the legislation in Botswana limits the scope of appointing candidates to the board only on the basis of political connections.

Boshoff (2015) argues that the uncertainty emanating from trying to understand board functioning, board roles and director behaviour can be ascribed to differences in the governance systems of various countries. The author concludes that a more holistic understanding of the board outcomes and competency behaviours will provide more useful criteria for selection.

Mbo and Adjasi (2017) indicate that instead of fixing poor performing SOEs, most governments opt to pursue privatisation .They argue that this is because most research studies rely on single theories when interrogating organisational performance in SOEs. They further point out that in addition to analysing factors in isolation, most studies on poor performance of SOEs in Africa focus on poor governance. Instead of a single theory, they cite the following four theories that must be analysed collectively: the agency theory of Jenen and Meckling (1976) and Eisenhardt (1989) relating to effective boards; resource based theory of Wernerfelt (1984) in which organisations own and control strategic resources; stakeholder theory of Freeman (1994) regarding stakeholder centric board appointments, and public choice theory of Niskanen (1971), Tullock (1976) and Krueger (1990) regarding undue political interference.

2.2 Background

The DPSA (2008, p.29) states that:

> "for most Boards, their enabling legislation stipulates certain types of competencies, or a particular mix of people. If the vacancy creates a missing set of competencies (skills, expertise, experience, and knowledge) or form of representation, the role description must be drafted to reflect that gap so that the vacancy can be filled as required by legislation and the Board does not act outside its powers".

Despite this assertion, most of the founding or enabling legislation only indicates the range of qualifications or knowledge that board members should

possess and not the necessary competencies. The Local Government: Municipal Demarcation Act (Act No. 27 of 1998) stipulates that:

> "a member of the board must be a South African citizen and must have a qualification or experience in or knowledge appropriate to local government generally or any of the following: development economics; integrated development planning; community development; traditional leadership and traditional communities; local government and municipal administration; municipal finance; municipal services; social or economic geography; town and regional planning; legal and constitutional matters affecting local government; land survey, cartography and geographic information systems; public health or transport planning".

It can be argued that the mere possession of such qualifications or knowledge does not necessarily mean that the person is competent to perform his or her job as a board member, however. The Road Traffic Management Act (Act No. 20 of 1999) stipulates that:

> "the appointed members of the board must be from the public and private sectors with proven expertise and competency in the field of corporate management, commerce, commercial banking, financing and road traffic affairs".

The competencies listed in this Act seem generic and not designed to elicit behaviours that board members are expected to display when executing their tasks.

In terms of appointing the CEO of the Sector Educational Training Authority, the Regulations for the conditions of service and appointment of the CEO of a SETA (Department of Higher Education and Training, 2011) based on the Skills Development Act (Act No. 97 of 1998), stipulate that:

> "the respective accounting authority must consider the three candidates identified by the selection committee as being suitable, and must ensure that all three have the necessary qualifications, experience and managerial skills".

The Regulations further stipulate that:

> "the three candidates recommended to the Minister for appointment must be subjected to a professional competency assessment as identified by the Accounting Authority".

A study participant from one of the SETAs, did not seem to be aware of any of the professional competency assessments that the Regulations refer to, which means that that particular SETA might not be assessing any competencies as required.

According to the OECD (2012), the characteristics of a value-adding board are related to the following skills: responsiveness to senior management's need for guidance, the capacity to offer the company strategic orientation, the capacity to analyse issues systematically, the ability to act objectively, a willingness to encourage and listen to internal expertise and a vision for the entity.

Boshoff (2015) indicates that despite the fact that the importance of understanding board member success in terms of director behaviours is gaining traction, the competency behaviours necessary to be an effective board member remains an under-researched area.

2.3 Defining state owned entities

According to PriceWaterhouseCoopers (PwC, 2015), SOEs are influential and growing rapidly globally, with those listed in the Fortune Global 500 companies having grown from 9% in 2005 to 23% in 2014, fuelled by the growth of Chinese SOEs, which are estimated to be around 150 000 (United Nations, 2018). PwC established that eight countries, namely China, Russia, Brazil, India, Malaysia, Indonesia, Saudi Arabia and the United Arab Emirates, account for the highest worth of SOE shares in terms of sales, assets and market value, which contributed to more than 20% of the world trade (PwC, 2015).

The CIPC (2017) acknowledges the existence of SOEs as drivers of economic development and improved service delivery to the large population. The CIPC further states that:

> "the boards of SOEs should have the necessary authority, competencies and objectivity to carry-out their function of strategic guidance and monitoring of management. To do this, the boards are expected to act with integrity and be held accountable for their actions."

The DPSA (2008) defines state controlled institutions as:

> "national or provincial public entities or government enterprises listed in Schedules 2, 3A, 3B, 3C and 3D of the Public Finance Management Act (Act 1 of 1999)."

The DPSA (2008) further categorises these as:

> "State Institutions (including national and provincial government components and statutory councils), State Controlled Institutions (Public Entity and Government Enterprise) and Public Interest Institutions."

According to the National Treasury (2018) there are 21 major public entities established in terms of Schedule 2 of the PFMA, 153 national public entities established in terms of Schedule 3A of the PFMA, 22 national government business enterprises established in terms of Schedule 3B of the PFMA, 56 provincial public entities established in terms of Schedule 3C of the PFMA and 16 provincial government business enterprises established in terms of Schedule 3D of the PFMA. Collectively there are 268 these entities. However, the PRC (2013) has established that there are more than 700 SOEs in South Africa, including Chapter 9 institutions. In defining SOEs, the PwC (2015) indicates that these institutions are known by many names such as:

> "government corporations, government business enterprises, government-linked companies, parastatals, public enterprises or public sector units.. These institutions are owned and run by government to perform business-

type functions and generate their own revenues through sales of their products or by other means"

The focus of this study was mainly on public entities, which the DPSA (2008) define as follows:

> "an institution established in terms of legislation as a separate juristic person.The institution in the ordinary course of performing its functions is fully, or at least to a substantial extent, funded from the National or Provincial Revenue Fund, the proceeds of a tax, levy or other compulsory charge imposed in terms of legislation or fees charged by it for the performance of its functions. Furthermore, it is an institution that its executive authority is accountable to the relevant legislature in terms of performance."

2.4 Defining competencies

The review of literature has produced a number of definitions of competence and competency, some of which use the two concepts interchangeably. Sawarderkar (2002) distinguishes between competence and competency, however, defining competence as the abilities that are based on work tasks or responsibilities and competency as abilities that are based on behaviour. This distinction is corroborated by Sanghi (2007) who defines competence as a skill and the standard performance that is reached (what people can do) and competency as the behaviour by which performance is reached (how they do it). Sanghi's distinction between competence and competency is depicted in Table 1 below:

Table 1: The Interface Between Competence and Competency

Competence	**Competency**
Skill-based	Behaviour-based
Standard attained or achieved	Manner of behaviour
What is measured	How the standard is achieved

Source: Sanghi (2007, p.8)

According to Van der Bank (2007):

> "competence refers to a standard of performance with respect to functional job outcomes. It is coined from the education discipline, is linked to the behavioural approach, and consists of the knowledge, traits, motives, social roles, self-image and skills that have an impact on job outcomes"

Van der Bank (2007), contends that organisational competencies, also referred to as core competencies, extend the idea of individual competencies to collective strategic-level performance. Simply put, this suggests that individual competencies add up to organisational competencies and collectively such competencies reflect the overall performance of an organisation. The competencies are therefore displayed through the behaviours of those tasked with specific responsibilities.

Kurz and Bartram (2002) define competencies as:

> "sets of behaviours that are instrumental in the delivery of desired results or outcome".

After citing the definitions of competency by various other authors (Boyatzis, 1982; Boam and Sparrow, 1992 and Woodruffe, 1992) the authors conclude that competencies should be specified in action terms such as providing leadership instead of seeing leadership as a competency.

Boyatzis (1982), as cited by Edenborough (2005), defines a competency as:

> "a capacity that exists in a person that leads to behaviour that meets the job demands within the parameters of the organisational environment and that in turn brings about desired results"

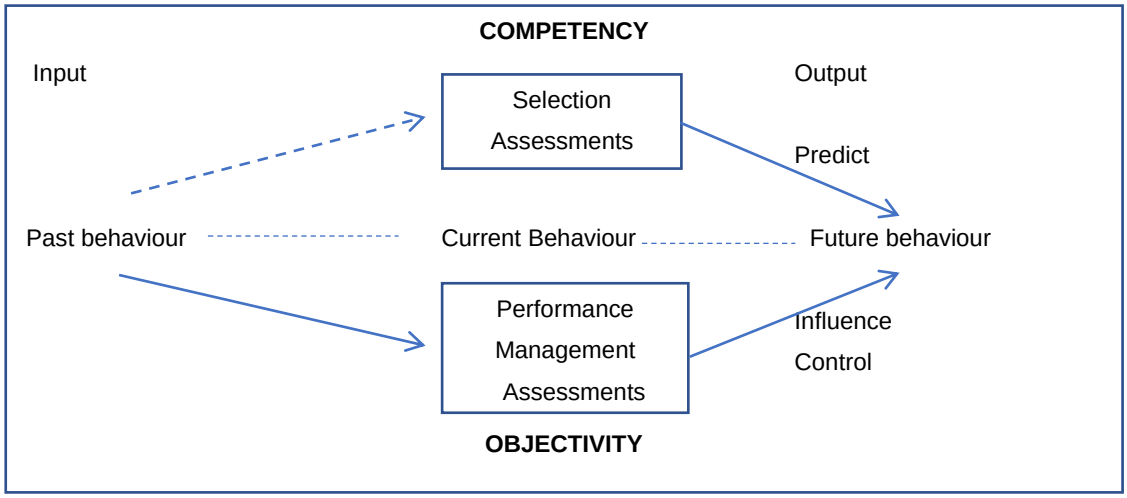
Edenborough (2005) further cites Evarts (1987) as having a similar definition which states that:

> "a competency is an underlying characteristic of a person which is causally related to effective or superior performance in a job or role"

Woodruffe (1992), cited in Kurz and Bartram (2002), defines a competency as:

> "the set of behaviour patterns that the incumbent needs to bring to a position in order to perform its tasks and functions with competence"

Edenborough (2005) explains a competency in terms of various elements, as reflected in Figure 2 below.



Source: Edenborough (2005, p. 10)

Figure 2: Linking of selection and performance management competency assessments

Moerdyk (2015) views a competency as:

> "what a person must be able (and willing) to do to achieve above-average performance in a specific role"

He defines competencies as "a collection of knowledge (what people know), skills (what people can do), attitudes (what people feel about various issues), and values (what people believe is the right thing to do) required for above-average performance in any task" (Moerdyk, 2015, p. 188)."

Oehley (2007) cites multiple researchers (Boyatzis, 1982; Fletche, 1997; Mitrani, Dalziel & Fiff, 1993; Spencer & Spencer, 1993; Weightman, 1995; Whiddett & Hollyforde, 2000) whose contribution he has taken into account in defining competency as the set of characteristics of a person in an occupational role that will distinguish superior performers from average performers. He defines a competency as a set of behaviours that are instrumental in the delivery of superior performance defined in terms of outcomes for which the individual is held accountable.

As cited in Boshoff (2015), Parry (1996) views a competency as:

> "a set of behaviours that are instrumental in the delivery of desired results; it is a cluster of related knowledge, skills and attitudes that affect a major part of one's job and that correlate with performance on the job".

According to Sanchez and Levine (2012), a competency is defined as:

> "any individual characteristic that can be measured or counted reliably and that can be shown to differentiate significantly between superior and average performers. These authors further define competencies as sets of behaviours that are instrumental in the delivery of desired results or outcomes".

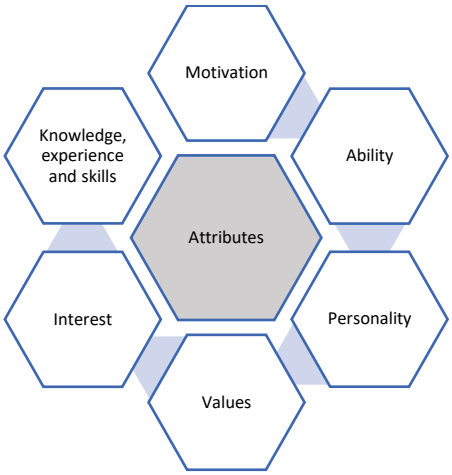
According to the DPSA (2010) competencies are:

> "skills, knowledge and personal attributes which enable the person to do the job. They are underlying characteristics that enable someone to perform a job better in more situations more often with better results, and are factors that distinguish the best from the rest in a given role."

Top Talent Solutions (TTS, 2019) defines a competency as:

> "a set of defined behaviours that provide a structural guide that enables the identification, evaluation and development of behaviours in individual employees".

TTS gives a very clear outline of a competency by indicating that the following factors highlighted in Figure 3 below make up a competency.



Source: Top Talent Solutions (2019, p.35)

Figure 3: Factors making up a competency definition

TTS (2019) further indicates that most organisations focus only on knowledge and experience when embarking on the recruitment and selection process; however, factors that predict success include knowledge, experience, skills, abilities, preferences, motivation and interest.

The Financial Planning Standards Council (FPSC, 2015) defines a competency as the ability to perform a particular job at an expected level through the integrated application of knowledge, skills, attitudes and judgements.

Competency in this study can therefore be defined as a collection of behavioural characteristics or indicators that board members and CEOs of SOEs must possess in order to provide superior or above average performance in the execution of their assigned roles and responsibilities. This study looks at various competencies as found in literature, common or generic competencies that relate to board members and CEOs of SOEs derived from the literature review as well competencies that were identified through the research. Competencies are generally listed, defined, linked to behavioural indicators and categorised in terms of competency levels.

In addition to defining competencies, various authors also categorise competencies according to dimensions. Schlebusch and Roodt (2008, p.73)

identify the SHL Group's Eight Generic Management Competencies as displayed in Table 2 below.

Table 2: SHL Group's Eight Generic Management Competency Model

Competency factor	Competency dimensions
Leading and deciding	Deciding on and initiating action; providing leadership and supervision
Supporting and cooperating	Team working and supporting; serving customers and clients
Interacting and presenting	Relating and networking; persuading and influencing; communicating and presenting
Analysing and interpreting	Writing and reporting; applying expertise and technology; problem solving
Creating and conceptualising	Learning and researching; creating and innovation; forming strategies and concepts
Organising and executing	Planning and organising; delivering quality; complying and persevering
Adapting and coping	Adapting and responding to change; coping with pressures and setbacks
Enterprising and performing	Achieving results and developing career; enterprising and commercial thinking

Source: Schlebuch and Roodt (2008, p.73)

Sawardekar (2002, p. 47 – 48) identifies the following as generic competencies that occur frequently across organisations and businesses:

> *Intellectual competencies*: comprehension, analytical ability, innovation, decision-making, planning and organising and strategic perspective.
> *Interpersonal competencies*: communication, adaptability, interpersonal skills and the ability to influence others.
> *Dynamic competencies*: initiative, drive, resilience, stress resistance, and result orientation.
> *Business related competencies*: business understanding and customer focus.

2.5 Competencies for senior managers in the public service

The DPSA groups the competencies required from senior managers in the public service into two categories, namely core competencies and process competencies, as reflected in Table 3 below. Core competencies are defined as describing what needs to be done and process competencies as exhibiting the most useful externally observed set of behaviours that determine how leaders make successful or poor decisions.

Table 3: DPSA Core and Process Competencies for Members of the Senior Management Service in the Public Service

Core competencies	Process competencies
Strategic capability and leadership	Knowledge management
People management and empowerment	Service delivery and innovation
Programme and project management	Problem solving and analysis
Financial management	Client orientation and customer focus
Change management	Communication

Source: DPSA, 2008

2.5.1 Core competencies

Strategic capability and leadership – Must be able to provide a vision, give direction and inspire others in order to deliver on the organisational mandate.

People management and empowerment – Must be able to manage and encourage people, optimize their outputs and effectively manage relationships in order to achieve organisational goals.

Programme and project management – Must be able to develop, implement, evaluate and adjust plans to achieve the desired objectives while ensuring the optimal use of resources.

Financial management – Must be able to compile and manage budgets, control cash flow, institute risk management and administer tender procurement processes in accordance with generally recognised financial practices in order to ensure the achievement of organisational objectives.

Change management – Must be able to initiate and support organisational transformation and change in order to successfully implement new initiatives and deliver on service delivery commitments.

2.5.2 Process competencies

Knowledge management – Must be able to obtain, analyse and promote the generation and sharing of knowledge and learning in order to enhance the collective knowledge of the organisation.

Service delivery innovation – Must be able to champion new ways of delivering services that contribute to the improvement of organisational processes in order to achieve organisational goals.

Problem solving and analysis – Must be able to systematically identify, analyse and resolve existing and anticipated problems in order to reach optimum solutions in a timely manner

Client orientation and customer focus – Must be willing and able to deliver services effectively and efficiently in order to put the spirit of customer service.

Communication – Must be able to exchange information and ideas in a clear and concise manner appropriate for the audience in order to explain, persuade, convince and influence others to achieve the desired outcomes.

2.6 Competencies for municipal officials

Sections 83, 107 and 119 of the Local Government: Municipal Finance Management Act (2003) require municipal officials to meet the prescribed competency levels in financial and supply chain management. In 2007 National Treasury issued the Municipal Regulations on the minimum competency levels for accounting officers, senior managers, finance officials and other officials responsible for supply chain of municipalities and municipal entities (National Treasury, 2007). Table 4 below indicates the minimum competencies required from municipal officials relating to the finance and supply chain management functions.

Table 4: Minimum Competencies for Municipal Officials Pertaining to Finance and Supply Chain Management Functions

Strategic leadership and management	Project management
Strategic financial management	Legislation, policy and implementation
Operational financial management	Stakeholder relations
Governance, ethics and values in financial management	Supply chain management
Financial and performance reporting	Audit and assurance
Risk and change management	

Source: National Treasury, 2007

In addition to the finance and supply chain management competencies, the Minister for Provincial and Local Government issued the Local Government: Municipal Performance Regulations for Municipal Managers and managers directly accountable to municipal managers in 2006. These competencies are grouped into two categories namely Core Managerial Competencies and Core Occupational Competencies, as reflected in Table 5 below.

Table 5: Municipal Core Managerial and Core Occupational Competencies

Core managerial competencies	**Core occupational competencies**
Strategic capability and leadership	Competence in self-management
People management and empowerment	Interpretation of legislative and national policy frameworks and their implementation
Programme and project management	Familiarity with developmental local government
Financial management	Familiarity with performance management and reporting
Change management	Awareness of global and South African specific political, social and economic contexts
Knowledge management	Competence in policy conceptualisation, analysis and implementation
Service delivery and innovation	Familiarity with more than one functional municipal field/ discipline
Problem solving and analysis	Proficiency in mediation

Table 5: Municipal Core Managerial and Core Occupational Competencies

Core managerial competencies	Core occupational competencies
Client orientation and customer focus	Know-how in governance
Communication	Expertise as required by other national line sector departments
Honesty and integrity	Resourcefulness in improving the functioning of the municipality

Source: Department of Provincial and Local Government (2006)

Most of the competencies that are required for the selection of senior managers in national and provincial government departments are similar to those required for the selection of municipal officials.

2.7 Roles and responsibilities of the board

Nicholson & Newton (2010) argue that extensive research has failed to develop consensus on what SOE boards are expected to do and on how they add value to the organisations they govern. The authors indicate that the different opinions have led to imprecise sets of constructs with researchers arguing that there are two roles for boards namely, controlling the organisation and providing resources. Simpson (2014) agrees with those who state the two roles for boards by reiterating the OECD (2005a) guidelines that state that boards of SOEs should have the necessary authority, competencies and objectivity to carry out their function of strategic guidance and monitoring of management.

Nicholson & Newton (2010) reviewed the roles of the board to give a better understanding of what the board does and how it does it. They therefore conclude that the roles of the board can be categorised as control, service, strategy and access to resources. Jackson, Farndale & Kakabadse (2003) share the same view by suggesting that board roles can be categorised as service, control and strategic as outlined in Figure 4 below.

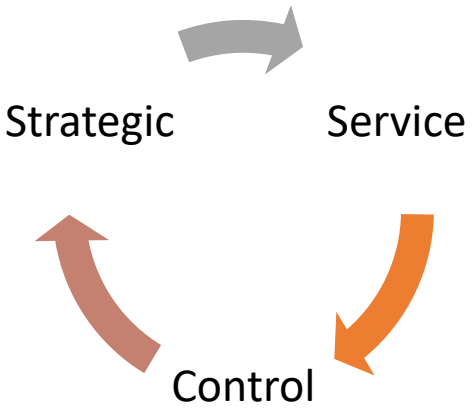


Figure 4: Board roles according to Jackson, Farndale & Kakabadse (2003)

The tasks associated with the strategic role include guiding the corporate mission of the SOE, developing, implementing and monitoring the SOE strategy and allocation of resources. The control role tasks include safeguarding the interests of shareholders, selecting the CEO, monitoring and reviewing of CEO performance, rectifying of executive decisions, and separating decision control from decision-management. Lastly, the tasks linked with the service role include enhancing corporate regulation and formulating and implementing decision-making. According to the CIPC (2017), the board is the governing body that sets the organisation's strategic objectives and direction, supervises or monitors executive management performance and it is accountable to shareholders and stakeholders. It can be argued therefore that there is an agreement on the strategic and control roles of the board. The additional roles of service and access to resources should not be seen as contradictory but rather complimentary.

The board roles and responsibilities as defined by the DPME (2002) are used in the study. They include:

- providing strategic direction to the SOE
- recruiting and appointing the CEO after consultation and consensus from the Executive Authority
- ensuring that a succession plan for board members and key executives exists and is implemented

- retaining full and effective control of the SOE
- Ensuring that the SOE is fully conversant with the laws, regulations, government policies and codes of practice that apply to it
- Communicating promptly and openly with shareholders and relevant stakeholders
- providing board members with full accurate, relevant and timely information about the SOE
- acting knowledgeably, diligently and in good faith in the best interests of the SOE
- formulating, overseeing and reviewing the corporate functionality of the SOE, including planning, budgets, risk policy and key performance indicators
- ensuring that the shareholders' objectives for the SOE are measurable, attainable and achieved
- monitoring and managing potential conflicts of interest between shareholders, board members and management
- ensuring that financial statements for each financial year are prepared and audited
- reviewing and evaluating its required mix of skills and experience and other qualities on an annual basis in order to assess the effectiveness of the entire board, its committees and the contribution of each individual director during the entire term of office
- Assessing the overall effectiveness of the board, its committees and the individual directors in terms of the skills and experience they contribute jointly and severally
- maintaining unimpeachable standards of integrity, responsibility and accountability.

It is concluded therefore that the identification of common roles and responsibilities of boards is a good foundation for the identification of the requisite competencies.

2.8 Roles and responsibilities of chief executive officers

According to the Corporate Finance Institute (CFI, 2019) the CEO reports directly to and is accountable to the board of directors for the performance of a company. He or she is responsible for leading the development and execution of long-term strategies with the goal of increasing shareholder value. The CFI further states that the roles and responsibilities of CEOs differ from one company to another depending on the size of the organisation.
The CFI identifies the following as duties of the CEO:

- formulate and implement the company's vision and mission
- lead the development of the company's strategies, both short and long-term
- set strategic goals that are definable and measurable
- evaluate the performance of other senior or executive managers
- communicate with shareholders, government entities and the public on behalf of the company
- assess, monitor and minimise risks to the company
- ensure that the company always acts with high social responsibility.

Dandira (2012), defines the CEO as the champion of change who is expected to be a good communicator to convey relevant information to stakeholders, support new leadership, build a strong team, be available to lead and take an interest in leading organisational members.

According to the DPE (2002), the boards should appoint the CEO whose role should be separate from that of the chairperson. The CEO should focus on the operations of the SOE ensuring that it is run efficiently and effectively and in accordance with the strategic decisions of the board.

2.9 Competencies for board members of state owned entities

According to Boshoff (2015), the study of behaviours underlying board outcomes may provide answers to the true essence of what makes certain board members more effective than others in the creation of good corporate

governance. Furthermore, having a holistic understanding of the board outcomes and competency behaviours will provide a more useful criteria for selection.

There are no specific competencies that have been identified by government for the selection and appointment of board members of SOEs in South Africa. This section will focus on the competencies of directors as identified by the CIPC, Institute of Directors in South Africa (IoDSA), by various authors and those identified from countries such as Canada, Indonesia and Jamaica.

2.9.1 Qualities of directors according to the Companies and Intellectual Property Commission

The CIPC (2017) argues that directors require a strong mix of interpersonal and market skill sets. In this context, the personal attributes required are strong interpersonal and communication skills, energetic/ tenacious, independent mind, strategic /lateral thinker, analytical / cautious, ethical / diligent, probes matters for understanding and listens attentively. Market skills identified include business skills, international exposure, industry expertise, financial knowledge, understanding of national, regional and international changes and business.

2.9.2 IoDSA competencies for directors

According to IoDSA, the competency profile for directors is made up of values, knowledge, skills and experience that they should draw on when they are fulfilling their roles and responsibilities. IoDSA categorises competencies of directors into three, namely: functional, personal and social competencies as reflected in tables 6, 7 and 8 below:

Table 6: IoDSA Functional Competencies for Directors

Competency	**Definition**
Corporate governance	Able to balance the interests of a company's many stakeholders and provide a framework for attaining a company's objectives.
Director's legal duties	Able to act within the confines of the law
Strategy setting and implementation	Able to contribute meaningfully and effectively to strategy setting and implementation.
Governance of ethics management	Able to oversee the management of ethics within the entity.
Remuneration oversight	Able to oversee and implement remuneration policy.
Audit Committee's duties and functioning	Able to serve effectively as an audit committee member and to integrate the functions of the board with those of the audit committee.
Combined assurance model:	Able to demonstrate an understanding of the responsibilities of assurance providers.
Financial literacy	Able to interrogate financial statements and to evaluate an entity's financial performance.
Risk governance	Able to oversee the formulation and implementation of risk management policy.
IT governance	Able to oversee the formation and implementation of IT policy.
Compliance governance	Able to oversee the formation and implementation of compliance management policy.
Stakeholder relations governance	Able to oversee the formation and implementation of stakeholder policy formation.
Integrated reporting	Able to oversee integrated reporting.
Business judgement	Able to respond to business challenges creatively and constructively.
Analytical skills	Able to apply logical thinking in gathering and analysing information in decision-making .

Table 7: IoDSA Personal Competencies for Directors

Competency	Definition
Self-awareness	Able to act with self-knowledge and self-awareness
Self-management	Able to manage self to the benefit of board activities.

Table 8: IoDSA Social Competencies for Directors	
Competency	Definition
Social awareness	Able to adapt to the environmental context.
Relationship management	Able to interact to the benefit of the entity with fellow board members and management.

2.9.3 Competencies for directors identified by various authors

2.9.3.1 Director competencies identified by Boshoff (2015)

According to Boshoff (2015), there is limited literature on director competencies and on generic leadership and senior management competencies. Boshoff identified the following "cluster of behaviours" of competencies for board members:

Table 9: *Competencies for Board Members According to Boshoff (2015)*	
Competency	Definition
Negotiating and debating	The interactional process involving deliberation and active discussion between board members and between them and stakeholders to reach mutually beneficial conclusions.
Communication and building relations	The ability of directors to process information and interact socially in order to establish positive connections
Ethical conduct	Directors' moral soundness in making decisions and taking action
Taking responsibility	The dedication and effort of board members in the effective execution of their role in sustaining the prosperity of the organisation
Empowering others	How board members grow the capacity of individuals or groups that support the board's role by motivating and supporting them.
Strategic focus	How directors recognise and emphasize how important it is to develop and implement strategies that promote the organisation's sustainable growth and prosperity.

Boshoff (2015) concludes that the competencies that were identified in the study were based on information obtained from the private sector and therefore do not necessarily reflect competencies of boards in SOEs.

2.9.3.2 Emotional intelligence competencies identified by Boshoff (2015)

Boshoff (2015) also indicates the following as emotional intelligence competencies that directors should possess: integrity, listening skills, ability to motivate, influence and persuade others, achievement motivation, resilience, decisiveness, determination, sensitivity and energy.

2.9.3.3 Core emotional intelligence competencies identified by Hopkins, O'Neil and Williams (2007)

According to Hopkins, O'Neil and Williams (2007), there are six core emotional intelligence competencies associated with board performance namely: transparency, achievement orientation, initiative, organisational awareness, conflict management and team work and collaboration. These authors indicate that emotional intelligence rather than intellectual capabilities, are differentiating factors in job performance.

2.9.4 Competencies for boards in other countries

According to Boshoff (2015), uncertainty arising from trying to understand board functioning, board roles and director behaviour can be ascribed to differences in governance systems of various countries. Countries such as Canada, Indonesia and Jamaica have institutionalised the use of assessment centre methods to select directors of their SOEs.

2.9.4.1 Competencies for SOE boards in Indonesia

According to Tedja (2016), the appointment of SOE directors in Indonesia is regulated by the Ministry of SOEs. A Ministry regulation in this regard states that:

> "director level candidates (board members) must pass a fit and proper test which uses assessment centre methodologies"

Tedja (2016) lists the following as the requirements for the assessment centre methods:

> "job analysis, behavioural classification, assessment techniques, multiple assessment simulations, multiple assessors, assessor training, recording behaviour, reports and data integration, personality test results, two competency sets (global and domestic) as well as standardised report format and rating criteria"

The competencies for board members in Indonesia are categorised as either domestic or international. The domestic competencies are:

> "integrity, business acumen, innovation and creativity, building business partnerships, driving execution, customer orientation, strategic thinking, visionary leadership, change leadership, job motivation, empowering and aligning performance for success."

2.9.4.2 Competencies for SOEs in Jamaica

The Jamaican government (Ministry of Finance and the Public Service, 2018) established a Corporate Governance Framework for Public Bodies to improve accountability, probity and transparency among public bodies in order to achieve a more compliant, responsive, efficient and transparent public service. In line with this framework, the Jamaican government (Ministry of Finance and the Public Service, 2017) undertook a project of developing a competency profile instrument (or competency framework) that defines four sets of competencies as indicated below:

Competencies for board chair (categorised as management of relationships and self, direction and guidance and leadership and management). The competencies identified under management of relationships and self, include political awareness, ethics and integrity, communication and people relations. Those dealing with direction and guidance include role understanding, organisational knowledge, corporate governance, government operations and technical

knowledge. Those dealing with leadership and management include meeting leadership, general management, strategic leadership and planning, problem solving and decision-making, conceptual thinking and analysis and personal effectiveness.

Competencies for individual board members Interpersonal relationship and self-management, direction and guidance and stewardship and results.

Specialised competencies (which should be represented by at least one member of the board) human capital and industrial relations management, finance and accounting, citizen centric, information communications technology, legal, marketing, corporate communications and risk management.

Technical competencies for specific boards within each portfolio ministry.

The framework further categorises the competencies in terms of pre-requisite, acquirable and optional. Pre-requisite competencies are defined as the competencies that board members are supposed to possess before being appointed to a board. Acquirable competencies are those that can be developed during the tenure of the board and the optional competencies are those that are based on the need of the entity. The optional competencies are based on the nature of the entity, its size, complexity, risk profile and impact on society.

The competency framework also distinguishes competencies in terms of their purposes, namely, serving as a guide for screening and assessing potential appointees and as a briefing document during orientation/ induction, informing the development of curricula for organisations, providing formal and structured training for board members and as a framework for evaluating the effectiveness and performance of the board.

The use of the competency framework for screening and assessing applicants before they could be selected includes the following activities: designing a selection tool using the competency definitions to populate the selection instrument, rating the candidates against the competency requirements and definitions, and formulating interview questions and developing of job adverts.

2.9.4.3 Competencies for directors in Malaysia

According to Yusoff and Armstrong (2012), competencies for Malaysian boards of directors include:

> "financial competencies, corporate planning, business forecasting, legal, risk management, marketing, human resource and international business"

From these competencies, the authors highlighted finance and accounting knowledge as the most critical or essential since it is the indicator of a company's performance. The other competency highlighted is that of business knowledge (particularly corporate planning and business forecasting) since it assists the directors to plan for the future of the company. The last competency to be emphasized is that of legal knowledge to ensure compliance with a demand for high standards of corporate governance.

2.9.4.4 Competencies for directors in the United Kingdom

According to Yusoff and Armstrong (2012), the beginning of the study of competencies in the world started in the United Kingdom upon the establishment of the Cardbury Report in 1992. Based on the study that was commissioned by the UK government, the following competencies were identified as relevant for directors in that country:

> "integrity, listening skills, motivation of others, persuasiveness, motivation, resilience, decisiveness, determination, sensitivity and energy."

The Department of Education in England (2017) also developed a competency framework for governance of maintained schools, academies and multi-academy trusts. The competency framework caters for 16 competencies that are grouped under six themes. The six themes are: strategic leadership, accountability, people, structures, compliance and evaluation.

2.9.4.5 Competencies for SOE boards in Canada

The Canadian government (Government of Alberta, 2008) categorises the competencies for boards of SOEs into three, namely: relevant professional expertise, specialised environmental area and personal effectiveness skills as highlighted below.

Relevant professional expertise (governance, business/ management, legal/regulatory, human resources, accounting/financial, risk management and public relations/media).
Specialised environmental area (government /public policy, community/stakeholder relations and industry/sector.
Personal effectiveness skills (leadership/teamwork, strategic thinking/planning, critical thinking/problem-solving).

Although most of the competencies listed above seem to differ according to author, country and economic sector or industry, there are common ones that begin to emerge. Competencies such as strategic planning and leadership, financial management, human resource management and corporate governance feature prominently.

2.9.4.6 Competencies for directors in the United States

As cited in Boshoff (2015), KPMG (2012, p. 49) refers to competencies which the National Association of Corporate Directors (NACD) in the United States emphasise as important for directors, namely accounting and finance, business judgement, crisis response, industry knowledge, business experience, empowering leadership and strategic vision and insight.

2.10 Competencies for chief executive officers

Since this study explores the selection of both board members and CEOs, it is also imperative to identify the competencies that are necessary for the selection of CEOs. The study found CEOs operate in various industries and sectors including the public, private and non-governmental sectors.

Bowen (2015), identifies the following as competencies for CEOs:

Table 10: *Competencies for Chief Executive Officers According to Bowen (2015)*

Competency	Definition
Visionary and adaptive leadership	Plan and execute their vision of current and future possibilities and inspire their teams to thrive by adapting to a changing environment. Their qualities include openness, imagination, persistence and conviction in directing a meaningful process of change
Ability to build loyalty and trust	Build trust by inspiring others to embrace the vision of the organisation and to view relationships as the key to leading change
Self-mastery	Be able to see, understand, manage and evaluate one's own emotions and those of others
Strategic thinking and strategic scanning	Look beyond established ways of doing business by using innovative approaches and perspectives to solve problems
Masterful execution	Use appropriate methods of authority to motivate colleagues and stakeholders to accomplish tasks and objectives

According to Bennis as cited by Price (2006), CEOs must possess the following competencies as reflected in Table 11:

Table 11: Competencies for Chief Executive Officers According to Bennis Cited by Price (2006)

Competency	Definition
Vision	The capacity to create and communicate a compelling process to which others will connect and follow with commitment.
Communication and alignment	The capacity to help gain support from constituencies.
Persistence of focus	The capacity to help everyone maintain direction through all the challenging times.
Empowerment	The capacity to create the right atmosphere and DNA of the company culture so that people can do what they do best
Organisational learning	Evaluation, feedback and learning based on performance.

Price concludes by indicating that executives need to be coached to maintain focus on simplicity, completeness and workability.

Hurd and Buschbom (2010), suggest that the following competencies reflected in Table 12 below are essential for CEOs of non-profit organisations, public agencies and public parks and recreation:

Table 12: *Competencies for CEOs of Non-profit Organisations, Public Agencies and Public Parks and Recreation*

Competencies for non-profit organisations	Competencies for public agencies	Competencies for public parks and recreation
Knowledge of programmes and services provided	Financial management	Business acumen
Knowledge of unique characteristics of non-profit	Communications	Communications and marketing
Sector knowledge	Decision-making	Community relations
Affective characteristics	Conflict resolution	Leadership and management
Skills	Planning	Planning and evaluation
	Facility management	Professional practice

Adapted from Hurd and Buschbom (2010)

Matías-Reche, Rubio-López and Rueda-Manzanares (2009) argue that an increase in size and number and complexity of non-profit organisations has led to the need to employ CEOs who are suitably qualified professionals. These authors indicate that there is a general interest for CEOs in non-profit

organisations to acquire new skills in strategic planning, fundraising and marketing. Furthermore, they add that for larger sized organisations there is a need to acquire expertise in computer technology, legal skills, ethical conduct and cooperation among non-profit organisations.

2.11 Current process of selecting and appointing board members and chief executive officers of state owned entities

Although this study does not look at the use of assessment centres for the selection of board members and CEOs of SOEs, it is worth mentioning the advantages of such selection methods. The current selection process of using competency based assessments for the appointment of senior managers in national, provincial and local government is gaining traction. The National School of Government and the DPSA are busy with a feasibility study to determine how best to handle the current outsourced assessment centre activities by establishing the National Assessment Centre. It is unclear, however, if the services of such a centre would be expanded to cater for SOEs.

According to Moerdyk (2015), assessment centres have the following advantages: they are competency based and therefore job related; they are organisationally relevant because the exercises used are tailor-made to meet organisational and industry needs; they are based on real life situations; they use properly trained observers; they score different exercises for different competencies using different assessors and integrate the scores to give the final outcome; they are relatively culturally fair and they provide further training opportunities for both the participants and observers. The mere identification or listing of competencies required for selection in any context may not be adequate if they cannot be assessed to determine if shortlisted candidates can display them.

A selection committee must determine the capacity, availability and competencies of candidates to contribute their time meaningfully to the affairs

of the board, particularly where candidates serve on a number of boards (DPSA, 2008).

According to the DPSA (2008), the parent department shall subject all short-listed candidates to pre-appointment suitability checks and/or security clearance, as the case may be, report on the appointment of officials to the boards of state or state controlled institutions in the annual report of the parent department, and manage the appointment process.

According to the Department of Public Enterprises (DPE, 2002), the board should review and evaluate its required mix of skills and experience and other qualities annually in order to assess the effectiveness of the entire board, its committees and the contribution of each individual director during the entire term of office.

Agyemang and Castellini (2014) bemoan goverment interference in the affairs of SOEs in Ghana. They argue that due to political appointments, board members remain loyal to the responsible minister and are therefore not independent from political influence. They argue that since there is no criteria for the selection of board members; shareholders apply their own value judgement when selecting such members. They conclude by saying, however, that for any person to be appointed, they need special kinds of skills and knowledge about the organisation. The Human Sciences Research Council (HSRC, 2018), established that there are bottlenecks in the research and development field since SOEs have a shortage of highly skilled technical workers who are critical to support scientists and engineers.

It was found that most of the entities make use of job interviews as the only method for the selection of board members and CEOs of SOEs. Other entities did not even use interviews at all and others made use of head-hunting. It was established that some of the entities in the telecommunications, transport and mineral industries do also not make use of competency assessments. The current process of selecting and appointing board members of SOEs in South Africa (DPSA, 2008) can therefore be described as outlined in Table 13 below.

Table 13: Current Process of Selecting and Appointing Board Members of SOEs in South Africa

Step	Activity	Process
Step 1	Identifying a vacancy	▪ Notify the Executive authority of the vacancy in writing ▪ Suggest a recommended appointment process ▪ Provide a generic role description ▪ Advise on the basic legislative requirements associated with the appointment and the process the department will follow
Step 2	Developing a timeline of the agreed procedure	▪ After consuting with the Executicve Authority, a timeline should be developed that reflects events during the appointment process
Step 3	Developing a tailored role description	▪ A generic role description that is in line with the legislative requirements such as the competencies defined in the founding or enabling legislation ▪ Role description to include task requirements and responsibilities; competencies for the successful performance of the role; educational qualifications; membership of professional bodies; reporting relationship and remuneration ▪ The Executive Authority to be consulted on the role description ▪ Role description to reflect on the board composition ▪ Preliminary remuneration for board members to be determined
Step 4	Identifying candidates	▪ Candidates to be identified through various methods such as sourcing from the database, advertising in the media for nominations, head-hunting, referrals and using of recruitment agencies
Step 5	Dealing with conflict of interest	▪ Members to be encouraged to voluntarily declare their financial, professional or personal interests by completing the prescribed form
Step 6	Short-listing of candidates	An Executive Authority: ▪ must appoint a nomination committee (not the same as the board) ▪ must nominate suitable persons to the nomination committee ▪ is not obliged to appoint the candidates that the nomination committee proposes ▪ may delegate the setting up and administration of the nomination committee to his or department ▪ the board to regularly review its required mix of skills experience, demographics and diversity ▪ all shortlisted candiidates to be subjected to suitability checks and or security clearance
Step 7	Interviewing and selection	An Executive Authority: ▪ must appoint a separate selection committee to make recommendations on the suitability of candidates ▪ must nominate suitable persons to the nomination committee ▪ may nominate members of the nomination committee to serve on the selection committee

Table 13: Current Process of Selecting and Appointing Board Members of SOEs in South Africa

Step	Activity	Process
		▪ should serve as chairperson of the selection committee where chairpersons of boards are being considered. The Executive Authority may nominate the chairperson for other board members, ▪ is not obliged to appoint a candidate recommended by the selection committee ▪ selects the candidate and determines who will be appointed ▪ asks unsuccessful candidates if they are willing to be included on a database of potential board members
Step 8	Consultation	▪ may make the appointment once a pospective appointee has been identified ▪ may discuss the candidate with Cabinet for appointments of a significant nature ▪ may submit the name of the candidate to Cabinet without the candidate's knowledge
Step 9	Appointment	▪ may make the appoinment once all the necessary consultation has taken place ▪ ensures that the officials responsible for managing the appointment process prepare letters of appointment and formal appointment documents and arrange for signatures ▪ should sign the relevant appointment letter ▪ ensures that the appointment letter is sent to the appointee
Step 10	Induction	▪ ensures that induction, as a vital step in the appointment process, is not overlooked ▪ ensures that induction material is supplied at the time of employment
Step 11	Reappointment	▪ Appointees or incumbents should not expect to be automatically re-appointed ▪ The board should comprise a majority of non-executive members whose appointment should be limited to a maximum period of between three to five years ▪ A member may be reappointed for a second year if their performance and competencies (skills, expertise, experience and knowledge) remain relevant to the organisation. ▪ board members are expected to serve not more than two terms of appointment.
Step 12	Disqualification	▪ Enabling Acts of SOEs make provision for the removal of board members An Executive Authority ▪ should select the most appropriate disqualification criteria ▪ may remove a member of the board from office for any sound and compelling reason such as misconduct, incapacity or incompetence ▪ may dissolve the board on reasonable grounds

According to Bronstein and Olivier (2011), the Local Government Municipal Systems Act (Act No. 32 of 2000) provides more stringent parameters for the

appointment of directors. It is a shortcoming at national level that there are no similar provisions that provide similar parameters. King III (IoDSA, 2009) contains recommendations on the selection, appointment and removal of directors, but they have no binding effect on SOEs. Some of these recommendations are that the SOE must appoint audit committee members who collectively are suitably skilled and qualified in integrated reporting, internal financial controls, internal and external audit processes, corporate law, risk management, sustainability issues, information technology governance and governance processes.

The Presidential Review Committee made a number of recommendations and those relevant to this study include that the appointment of the CEOs of SOEs should be done by the relevant minister in concurrence with Cabinet and at the recommendation of the relevant board (PRC, 2013). King III (IoDSA, 2009) proposes that a formal process for the appointment of directors and CEOs should be in place and that sufficiently skilled individuals should be appointed.

According to Vagliasindi (2008) the primary task of the board is to ensure that management is acting in the best interest of the shareholders, through playing an advisory and monitoring role. According to Khosa (2009), the board is a mechanism to monitor and oversee management conduct in order to ensure alignment with shareholders' interest. She argues that to achieve this, the board should be empowered, properly mandated and have the appropriate structures. She adds that to build a competent and well-functioning SOE board is more difficult, not because there are few qualified individuals but because such boards are filled with people who have been chosen for their political allegiance rather than their capability.

The current Chief Justice Mogoeng (News24 Correspondent, 2019), lamented the way in which board members and CEOs are done.

> "I think we should begin to think about the tests that people must be subjected to before they can be elevated to positions of higher responsibility."

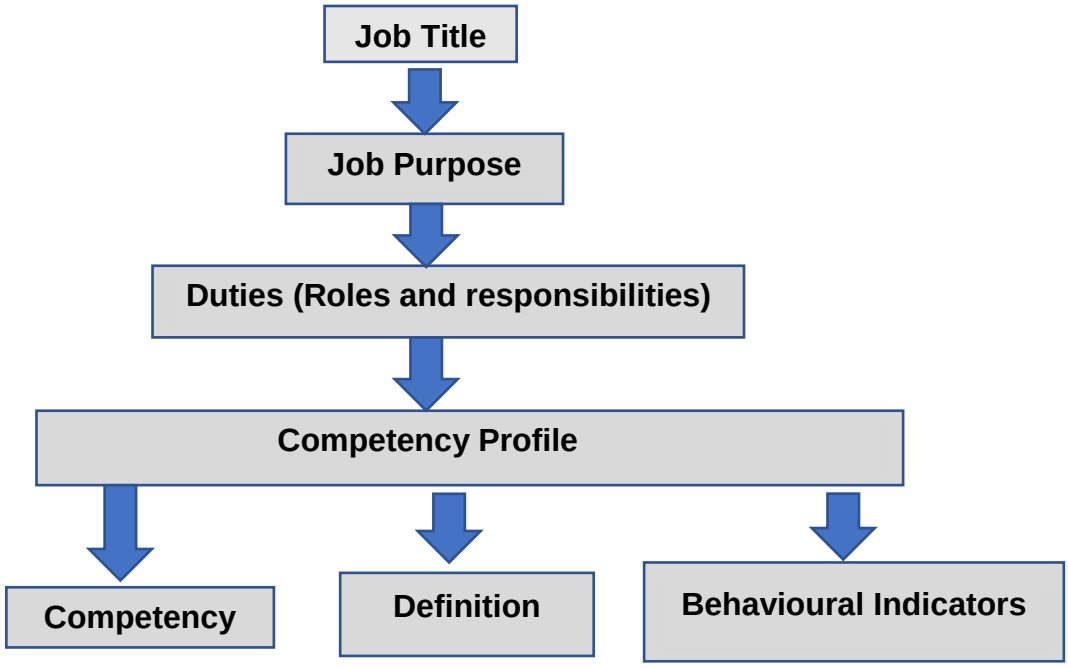
According to Natesan (2019), this statement by the Chief Justice brings to the fore two major challenges in director appointments in the public sector, namely that:

> "there are flaws in the appointment process and leadership competencies are not being sufficiently considered when board members of SOEs in South Africa are appointed."

Despite having found some evidence regarding the competencies required for the selection of board members and CEOs of SOEs in South Africa, this subject remains under-researched. The trend emerging from the literature review is that countries that have institutionalised their selections through the use of assessment centres are able to identify the necessary competencies that must be assessed. In the South African context, guidance on which competencies to consider come from sources such as IoDSA. A need to identify such competencies was established by the PRC; however to date no policy directive has been issued by government to institutionalise competency based assessments for board members and CEOs.

2.12 Job profiles for board members and CEOs of SOEs based on the literature review

The literature review assisted in identifying common competencies that emerged across various studies. Figure 5 below indicates the job profile and competency profile framework used to develop the generic job profiles for board members and CEOs.



Source: Own design (2019)

Figure 5: Job profile and competency framework

2.12.1 Generic profiles for SOE board members based on literature review

Job Title: Board Member of a State Owned Entity
Job Purpose: To provide strategic guidance, leadership and monitoring over a state owned entity
Duties of the post (roles and responsibilities)
▪ Provide strategic direction for the SOE ▪ Appoint the CEO ▪ Implement an effective succession plan ▪ Retain full and effective control over the SOE ▪ Ensure that the SOE comply with all applicable laws, regulations, policies and business practices ▪ Ensure access to information that is accurate, relevant and timely ▪ Act in good faith in the best interests of the SOE with diligence, skill and care ▪ Develop, monitor and review corporate strategy, business plans, risk policy and annual budgets ▪ Regularly identify key risk areas and key performance indicators

Figure 6: Generic profile for board members of state owned entities

Table 14: Generic Competency Profile for Board Members Based On Literature Review

Competency	Definition	Behavioural Indicators
Strategic Leadership	Expresses a desired strategic vision, influencing values, goals and organisational systems.	▪ thinks strategically and contributes to the organisation's strategid vision ▪ Can articulate the organisation's strategic priorities and relate them to its goals ▪ Monitors progress towards achieving strategic goals ▪ Is able to champion the reasons for change and convince all stakeholders of its benefits.
Business knowledge and understanding	Has, collects and uses knowledge of formal and informal systems , procedures and culture to identify potential problems and opportunities.	▪ Politically aware ▪ Able to identify key role players ▪ Understands the environment in which the entity operates ▪ Anticipates and manages risks and threats to the entity ▪ Complies with entity rules and regulations
Governance	Contributes to and function as board member within the appropriate governance structures and cognisant of position of trust	▪ Understands governance stuctures ▪ Ensures responsible investing ▪ Follows due processes
Stakeholder and customer relations (relationship management)	Must be able to build and maintain relationships with key stakeholders	▪ Manages internal and external relationships so as to promote the best interests of all stakeholders ▪ Treats stakeholders with dignity and respect
Financial Management	Must be able to compile and manage budgets, control cashflow and institute risk management in compliance with established financial practices so as to to achieve organisational objectives	▪ Guides development of long term plans for funding growth and development ▪ Oversees development of revenue sources and uderstand their financial implications
Risk Management	Able to identify, analyse, evaluate and deal with risks to ensure the achievement of entity goals	▪ Applies various approaches to identify and evaluate risks ▪ Ensures the development of risk mitigation strategies
Ethical conduct and integrity	Promotes confidence and trust in the entity by	▪ Displays consistent ethical behaviour to all stakeholders ▪ Forms and states opinions clearly

Table 14: Generic Competency Profile for Board Members Based On Literature Review

Competency	Definition	Behavioural Indicators
	entrenching the highest standards of ethical and moral conduct	and confidently Admits and handles mistakes constructively
Legal knowledge	Understands and applies laws, regulations and policies that govern the affairs of the entity	▪ Knows and understands agency founding or enabling legislation ▪ Ensures that the entity complies with all its applicable laws
Analytical skills	Breaks down prevailing situation into parts, to analyse and identify the relationships between these parts and then to make a decision based on the analyses	▪ Demostrates ability to grasp ideas and understand situations ▪ Gives attention to detail ▪ Thinks out of the box when solving problems

2.12.2 Generic profiles for chief executive officer of a state owned entity based on literature review

Job Title: Chief Executive Officer of a State Owned Entity
Job Purpose: To lead the development and execution of long-term strategies in order to steer the performance of a state owned entity
Duties of the post (Roles and responsibilities)
▪ Creates and implement the vision and mission of the SOE ▪ Leads the development of short and long term organisational strategies ▪ Leads the development and implementation of organisational policies ▪ Sets specific, measurable, attainable, realistic and time-bound organisational goals ▪ Manages organisational finance and human resources ▪ Assesses and manage organisational risks ▪ Communicates with relevant and key stakeholders on behalf of the SOE ▪ Ensures overall performance of the SOE

Figure 7: Generic job and competency profile for chief executive officers of state owned entities

Table 15: Generic Competency Profile for CEO of an SOE Based on Literature Review

Competency	Definition	Behavioural Indicators
Strategic Planning	Must be able to provide a vision, give direction and inspire others in order to deliver on the organisational mandate	▪ Builds and maintains productive working relationships ▪ Creates and sustains an appropriate image for the entity ▪ Articulates views of stakeholders ▪ Maintains an extensive network of technical/professional contacts/staff to keep abreast of latest ideas ▪ Establishes and maintains a positive relationship with the media
People Management and Empowerment	Must be able to achieve organisational goals by managing and inspiring people, optimizing their outputs and effectively managing relationships.	▪ Inspires and motivates employees ▪ Provides direction and purpose ▪ Delegates authority, responsibility and accountability ▪ Empowers employees by encouragng autonomous actions
Financial Management	Must ensure the achievement of organisational objectives by compiling and managing budgets, controlling cashflow, instituting risk management and administering tender procurement processes in accordance with recognised financial practices.	▪ Understands finanacial management practices ▪ Analyses financial trends ▪ Ensures alignment between entity strategy and budget
Risk Management	Able to identify, analyse, evaluate and deal with risks to ensure the achievement of entity goals	▪ Applies various approaches to identify and evaluate risks ▪ Ensures the development of risk mitigation strategies
Communication	Must be able to explain, persuade and influence others clearly and concisely in order to achieve desired outcomes	▪ Communicates the corporate mission and vision to stakeholders ▪ Negotiates with stakeholders to reach favourable outcomes ▪ Conveys messages in a clear and u derstandable manner ▪ Communicates important messages and updates that affect the entity
Innovation and creativity	Promotes creative solutions to develop or improve processes, systems, solutions and services	▪ Generates ideas that create breakthrough opportunities and change ▪ Promotes creativity through leading initiatives

Table 15: Generic Competency Profile for CEO of an SOE Based on Literature Review

Competency	Definition	Behavioural Indicators
Result orientation	Stays focused on what is necessary to achieve results that are consistent with entity goals	▪ Holds self and others accountable for achieving results ▪ Searches for and identifies ways to achieve results that are less expensive and more efficient
Self-management	Contributes to the activities of the board and organisation by the manner of managing self.	▪ Attains emotional self control ▪ Displays a positive demeanor

2.13 Conclusion

This second part of the literature study focused on competency requirements for the selection of board members and CEOs of SOEs. Although most studies reviewed focused on corporate governance challenges, the review managed to identify information that was relevant for the study. To give context, competency was defined, followed by the identification of roles and responsibilities; the possible generic competencies for board members and CEOs of SOEs were also identified. The literature review highlighted gaps in terms of legislation that seeks to regulate the recruitment and selection of board members and CEOs, whereas countries such as Jamaica have institutionalised competency assessments as their selection method.

South African policies and prescripts do not provide a uniform approach across the three spheres of government. Despite the existence of guidelines for the recruitment, selection and appointment of board members and CEOs of SOEs, they seem to serve only as guidelines and are not enforceable. Political interference and influence was found to be one of the key challenges affecting the selection process. The literature review however assisted to identify a number of competencies used particularly for the selection of directors of companies. Although these competencies were phrased variously, on closer inspection they seemed to have common themes. Based on their commonality, two generic job and competency profiles were

compiled, indicating differences between board member and CEO competencies. These competencies will be explored further later when the findings of the study will be unpacked. The next section will focus on the methodology that was used to collect data.

3. METHODOLOGY

3.1 Introduction

The previous section focused on literature review and this covered a number of concepts related to competencies. These included defining SOEs and competencies and identification of competencies that are assessed during the selection and appointment process of senior government officials at National, Provincial and Local levels.

This section will focus on the research paradigm or worldview, the research design, the sample the collection of primary and secondary data, data analysis and research ethics.

The study followed a qualitative research method which according to Van Zyl (2014) has as its purpose to examine human behaviour in the social, cultural and political contexts in which they occur.

3.2 Research paradigm or worldview

According to Guba & Lincoln (1994), a research paradigm or worldview is a basic belief system that guides the investigator or researcher. These authors view a paradigm as a set of basic beliefs that deals with ultimates or first principles. Cresswell (2014) highlights four beliefs or worldviews that he feels are widely discussed in literature namely: positivism or positivist; constructivism; transformative and pragmatism. He further indicates that these paradigms can be applied in qualitative, quantitative and mixed methods of research.

According to Nieuwenhuis (2007), research methods assist in gaining understanding of the manner in which people understand and interact within their cultural and social context.

The paradigm that was chosen for the study is that of pragmatism. Cresswell (2014) argues that pragmatism is not confined to one research method and researchers have the freedom to choose methods, techniques, and procedures of research. Cresswell (2014) further mentions that pragmatic researchers look to what and how to research based on the intended consequences. “Pragmatists agree that research always occurs in the social, historical, political and other contexts” (Cresswell, 2014).

In order to assist in the collection of data, a draft research questionnaire was compiled by the researcher and discussed with a former CEO of one of the SOEs in South Africa. The former CEO was asked for inputs on the questionnaire and further asked to advise whether interviews or questionnaires would be ideal to use for gathering data from board members and CEOs of SOEs. The former CEO advised that the questionnaires would be ideal since most board members and CEOs of SOEs have busy schedules and may not always be available to be interviewed. The questionnaire was therefore structured in such a way that it enabled the respondents to add or ignore some of the information that was asked. The researcher decided to use both unstructured telephonic interviews/discussions and questionnaires to collect data. The letter of introduction to the study and the informed consent form (Appendix A) were finalised for data collection purposes and the draft questionnaire (Appendix B) was subsequently revised. According to Kumar (2011), a questionnaire is a written list of questions the answers to which are recorded by respondents. The only difference between an interview schedule and a questionnaire is that the interviewer is the one who asks and records the questions during an interview. Kumar (2011) argues that the choice between a questionnaire and an interview is important and should be based on the following criteria: the nature of research or investigation, the geographical distribution of the study population and the type of study population. A questionnaire is recommended if the study is about issues the respondent may be reluctant to discuss, if respondents are scattered over a wide geographical area and if the study population is literate. Kumar argues that the advantages of a questionnaire are that it is less expensive and offers a greater anonymity. However, the following disadvantages of a questionnaire have been expressed:

it can only be administered in a population that can read and write; the response rate is very low since most people do not manage to complete and return them; elements of self-bias are noted; there is often no opportunity to clarify issues; responses might not be supplemented with additional information and responses to questions may be influenced by responses to previous questions.

The telephonic discussions assisted mainly in explaining the purpose of the study to participants and asking them to complete the questionnaire. One of the key intended outcomes of the study was to develop a competency framework or profile for use during the selection of board members and CEOs of SOEs. This was done to support the political will of former President, Mr Jacob Zuma, who commissioned the Presidential Review Committee (PRC) on SOEs and President Cyril Ramaphosa who during the 2018 State of the Nation Address (SONA) declared that governance of SOEs in South Africa would be investigated and improved.

3.3 Research design

Cresswell (2014) indicates that research designs are forms or types of inquiry in quantitative, qualitative and mixed approaches giving specific direction for procedures in a research design. As cited in Cresswell (2014), Denzin and Lincoln (2011) refer to research designs as strategies of inquiry which include experimental and non-experimental designs (quantitative), case study, ethnography and grounded theory (qualitative), and convergent, exploratory, explanatory, transformative, embedded and multiphase (mixed methods).

In this study a qualitative method design was followed in the form of a pragmatic world-view which assisted in the collection of both qualitative and quantitative data. According to Cresswell (2014) the researcher bases his or her inquiry on the assumption that the collection of diverse data provides a complete understanding of a research problem.

3.4 Sample

A purposive sampling method was used in the study to assist in identifying specific respondents who are familiar with the subject matter. Richie and Lewis (2003) as cited in Maree (2016), see purposive sampling as choosing members of a sample with a purpose to represent a phenomenon, group, incident, location or type in relation to a key criterion. Curtis, Gesler, Smith and Washburn (2000) are cited by Maree (2016) as having identified six criteria based on the work of Miles and Huberman (1994) that support purposive sampling, namely that the sampling strategy should:

- be relevant to the conceptual framework and research questions addressed by the research
- generate rich information on the type of phenomena to be studied
- enhance the transferability of findings
- produce credible explanations
- take ethical pre-conditions into account
- be feasible in terms of money and time

The study was targeting ministers and deputy ministers of government departments that are responsible for SOEs; former and current board members of SOEs, former and current CEOs of SOEs, as well as Departmental and SOE officials responsible for corporate governance and the recruitment and selection of Board members and CEOs of SOEs. The number of targeted respondents was between 15 and 20, based on the fact that the targeted population is not easy to reach and that the primary data to be collected through questionnaires was to be supplemented by secondary data from other sources.

3.5 Primary and secondary data collection

Initially, primary data was collected through the use of the approved questionnaire (Appendix B). However, this was later converted into an electronic data collection tool (Google Forms) due to the low response rates despite the use of purposive sampling. Google Forms made provision for informed consent to be acknowledged before respondents could commence

with the study. Furthermore, the electronic questionnaire was structured in such a way that the respondents could add more information or comments when answering questions.

Secondary data collected included studying of enabling or founding legislation of the SOEs, the OECD guidelines, Companies Act (Act 71 of 2008), the Public Finance Management Act (Act No. 1 of 1999), King Code III, the Protocol on Corporate Governance in the Public Sector (Department of Public Enterprises, 2012), newspaper articles, goverment reports and documents, Handbook for the appointment of persons to Boards of State and State controlled institutions (DPSA, 2008), as well as newspaper articles and job adverts.

3.6 Data analysis

The process of analysing data included the following steps:

3.6.1 Data preparation

The collected data was captured into four data repositories namely:

- Automatically on Google Drive (when respondents participated in the survey)
- SPSS version 25
- Capturing Template for Primary data obtained from Questionnaires / Google Forms (Appendix C)
- Capturing Template for Secondary data obtained from job adverts (Appendix D)

3.6.2 Data coding and categorisation

In order to organise data for easy retrieval and analysis, it was coded into two parts or categories before it was captured on the SPSS version 25 and data capturing template (Appendix C). Part A catered for the biographical data of respondents such as designation (A1), gender (A2), race (A3), age group (A4) and number of years of service (A5). Part A was further categorised into different sub-categories; for example, designation (A1) makes provision for additional categories such as minister or deputy

minister (A1.1) and former board member. Gender (A2) made provision for sub-categories such as male (A2.1) or female (A2.2).

Part B was used to describe variables or constructs captured in the questionnaire, such as the reporting line of the SOE (B1), the category of the entity (B2) and key legislative and strategic documents governing the entity (B3). Part B also made provision for sub-categories; for example the reporting line of the SOE (B1) provided further categories such as national government (B1.1), provincial government (B1.2) and local government (B1.3).

Data coding and categorisation assisted in ensuring that the responses from the respondents made logical sense and that the missing values could easily be identified.

3.6.3 Data interpretation

In order to make sense of the collected data and to convert it into meaningful information, tables and figures (graphs and charts) were used. For example Table 16 below captures the biographical details of respondents such as designation, industry or sector where their SOE operates, years of relevant service, gender, race and age group**.** Figure 7 indicates the reporting lines of the SOEs that the respondents represented and Figure 21 (pie chart) shows the opinions of the respondents on whether or not the use of job interviews was the main approach used for selection.

3.6.4 Data validation

Validity is often defined as the extent to which an instrument measures what it claims to measure. According to Creswell (2014), qualitative validity means that the researcher checks for the accuracy of the findings by employing specific procedures. It also indicates that the researcher's approach is consistent across researchers and projects. The specific

procedures that Creswell (2014) refers to include triangulation (examining data from various sources to build a coherent justification for themes), researcher bias (self-reflection about how the interpretation of findings is influenced by the background of the researcher) and representing negative information that is contrary to the emerging themes.

In this context, data validation was mainly done through the examination of various sources of information such as government documents and reports, newspaper articles, responses from participants who are key stakeholders in SOEs, both current and former officials and the self-knowledge of the researcher who worked in one of the sectors that had a number of key SOEs.

3.7 Participants

The sample in this study consisted of respondents who are familiar with selection methods and competencies required for appointing board members and CEOs of SOEs in South Africa. The sample also includes both former and current board members and CEOs as indicated in Table 16 below.

Table 16: List of respondents who participated in the study

No	Designation	Industry /Sector	Years of relevant experience	Gender	Race	Age Group
01	Departmental Official	Telecommunications	10 +	Female	African	41 - 45
02	Former Chief Executive Officer	Transport (Road)	10 +	Male	Coloured	41 - 45
03	Current Board Member	Transport (Education & Training)	Less than 2	Female	African	46 - 50
04	Former Chief Executive Officer	Transport (Aviation)	6 – 9	Male	African	46 – 50
05	Former Board Member	Transport (Road)	6 – 9	Male	African	46 – 50
06	Commissioner	Trade and Industry	6 – 9	Male	Indian	61 +
07	Current Board Member	Sport	6 – 9	Male	Coloured	56 – 60
08	Former Chief Executive Officer	Finance	6 – 9	Male	African	51 – 55
09	Current Chief Executive Officer	Finance	3 – 5	Male	African	51 – 55
10	Current Chief	Transport (Rail)	Less than 2	Female	African	41 – 45

Table 16: List of respondents who participated in the study

No	Designation	Industry /Sector	Years of relevant experience	Gender	Race	Age Group
	Executive Officer					
11	Former Board Member	Transport (Rail)	3 – 5	Male	African	41 – 45
12	Former Chief Executive Officer	Public Enterprises	6 – 9	Male	African	56 – 60
13	Human Resources Director	Telecommunications	3 – 5	Female	Coloured	51 – 55
14	Policy Development Official in a Government Department	Public Service and Administration	10 +	Male	White	56 – 60
15	Company Secretary	Constitutional Institution	6 – 9	Male	African	46 – 50
16	Former Board Member	Training	3 – 5	Male	African	41 – 45
17	SOE Official	Transport (Road)	3 – 5	Female	African	51 – 55
18	Departmental Official	Transport	3 – 5	Male	African	41 – 45
19	Former Board Member	Transport (Aviation)	10 +	Female	Indian	46 – 50
20	Former Chief Executive Officer	Minerals	10 +	Male	African	61 +
21	Current Chief Executive Officer	Transport (Maritime)	3 – 5	Male	Indian	46 – 50
22	Departmental Official responsible for Public Entity Governance	Finance	10 +	Male	White	56 – 60
23	Entity Official responsible for recruitment of SOE Board members and CEOs	Transport (Aviation)	3 – 5	Female	African	36 – 40

From the list of 23 respondents indicated in Table 16 above, two of them did not complete the research questionnaire since they believed that the questions asked did not represent the views they wanted to share. The views of these respondents will be discussed in the results section.

3.8 Sample group description

The figures below indicate the nature of SOEs that the respondents represented in terms of reporting lines; categories of SOEs and type of industry.

3.8.1 Reporting lines of State Owned Entities

The respondents who participated in the study represented 20 SOEs that report to national government departments; two that report to provincial government departments and one that reports to local government, as indicated in Figure 8 below.

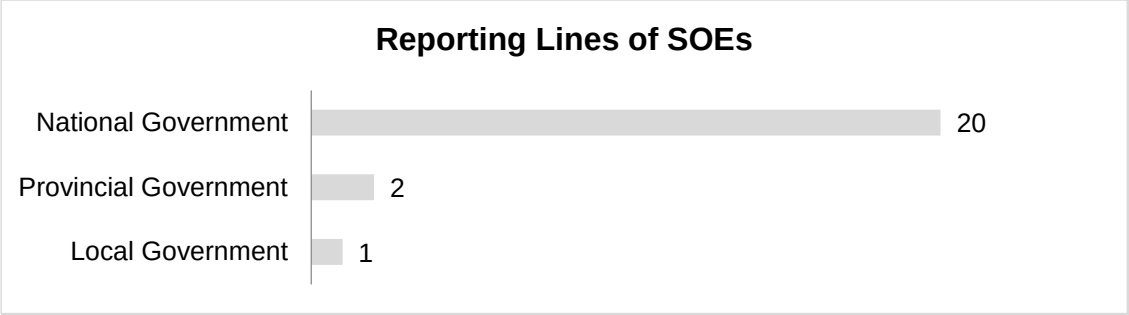


Figure 8: Reporting lines of state owned entities

3.8.2 Categories of State Owned Entities

From the list of the SOEs that were represented, 20 are categorised as public entities; two as government enterprises and one as a statutory council, as reflected in Figure 9 below.

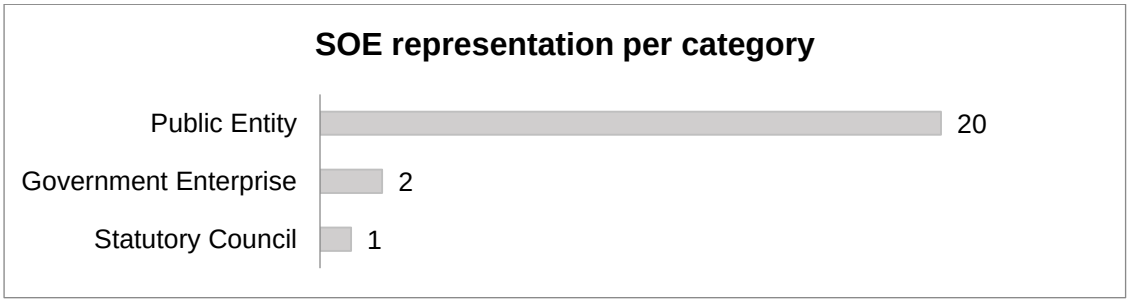


Figure 9: Categories of state owned entities

3.8.3 Industry of service in which the state owned entities operate

As indicated in Figure 10 below, 11 of the SOEs operate in the transport sector; three in the finance sector and two in telecommunications. The rest of the SOEs represented various sectors of the economy including trade and industry and minerals.

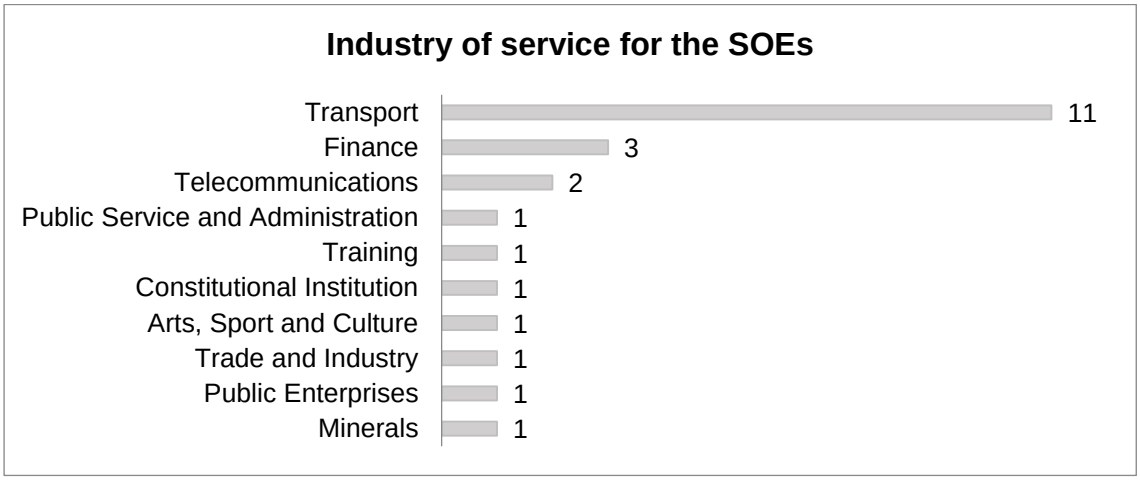


Figure 10:Industry of service in which the SOEs operate

3.9 Research ethics

The study was conducted after the application for ethical clearance was approved by the University of Pretoria's Departmental Postgraduate Committee (ethics). The study was therefore conducted in accordance with the Codes of Research Ethics of the University of Pretoria.

In order to obtain primary data, the respondents were asked to give their informed consent. The informed consent stated that the respondents were participating voluntarily in the study and that the information they provide would be treated as confidential and used for research purposes only.

Secondary data was obtained from various sources including the internet and newspapers. In cases where someone else's work was used, due acknowledgement was given as they were cited in text and referred to in the reference list.

4. RESULTS

This section will discuss the main results of the study based on the online questionnaire (Google Forms) that the respondents used to participate in the study. Although 23 respondents participated, the results will only reflect the responses of 21 respondents since two of the respondents did not make use of the questionnaire/Google Forms when giving their inputs. The findings will also be linked to literature and briefly to the secondary data that was obtained from the job adverts. The findings will be discussed in detail in the discussion section by linking the study objectives to what was found in literature and the survey data.

4.1 Main analysis

The results will cover three broad thematic areas, namely corporate governance matters, current selection processes and opinions of respondents.

4.1.1 Corporate governance matters

According to the Working paper on State Ownership and Privatisation Practices, OECD (2018), boards of SOEs should have the necessary authority, competencies and objectivity to carry out their functions of providing strategic guidance and monitoring of management. The role of SOE boards is therefore expected to be defined clearly in terms of legislation. Corporate governance in the context of this study will therefore be expressed in terms of key legislative and strategic documents governing the SOE and the key stakeholders involved in the selection of board members and CEOs.

4.1.1.1 Key legislative and strategic documents that govern the SOEs

The study established that some of the key legal and strategic documents that govern the SOEs include the PFMA, founding or enabling legislation, King III, Corporate Planning and Shareholders Compact and the Companies Act, as reflected in Figure 11 below.

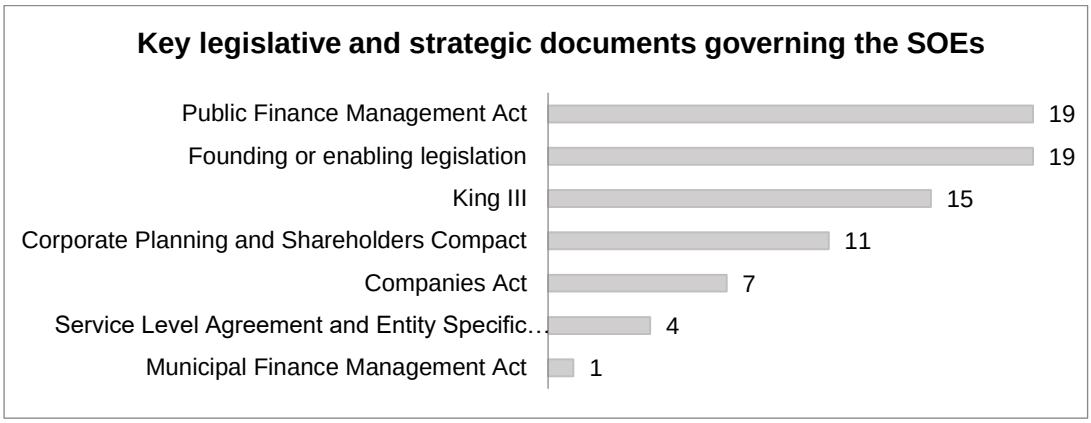


Figure 11: Key legislative and strategic documents governing the SOEs

4.1.1.2 Key stakeholders involved in the appointment of board members of SOEs

According to Thomas (2011), government appoints and removes board members and CEOs of SOEs through the relevant political Minister. As cited in Thomas (2011), Roussow (2005) noted that board and senior management appointments are informed by political appointments. The study found that the key stakeholders that are involved in the appointment of board members include the responsible minister, Cabinet and relevant departmental officials, as reflected in Figure 12 below.

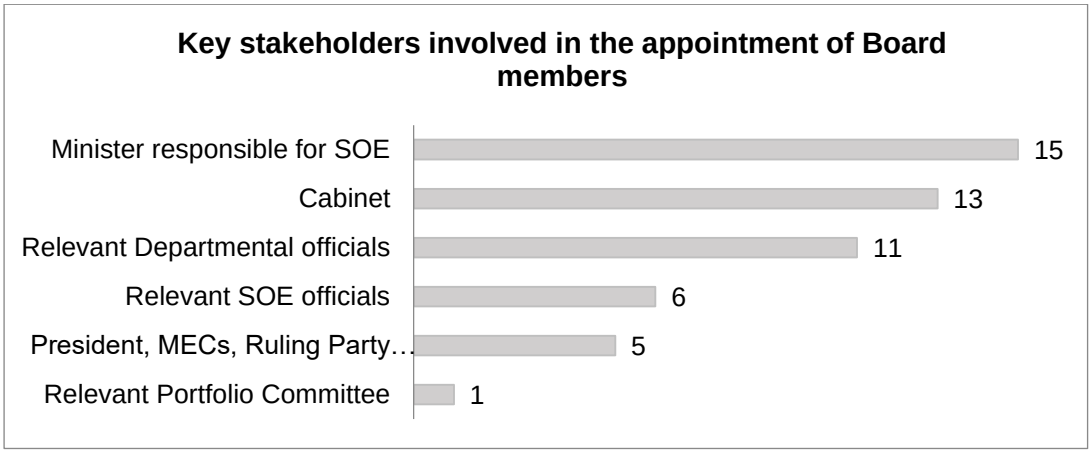


Figure 12: Key stakeholders involved in the appointment of board members

4.1.1.3 Key stakeholders involved in the appointment of CEOs of SOEs

According to the OECD (2005),

> "the board and not Government has full responsibility and accountability for the operations of the SOE and without political interference, including the power to appoint and dismiss the CEO"

This differs from the view of Thomas (2011):

> "that whereas the board may recommend candidates for the position of CEO, it is government as the major shareholder that makes the final decision."

According to the study, the key stakeholders involved in the appointment of the CEO include the SOE board, Cabinet and the responsible minister as reflected in Figure 13 below. The respondents seem to agree that the board plays the most significant role, followed by Cabinet and the relevant minister.

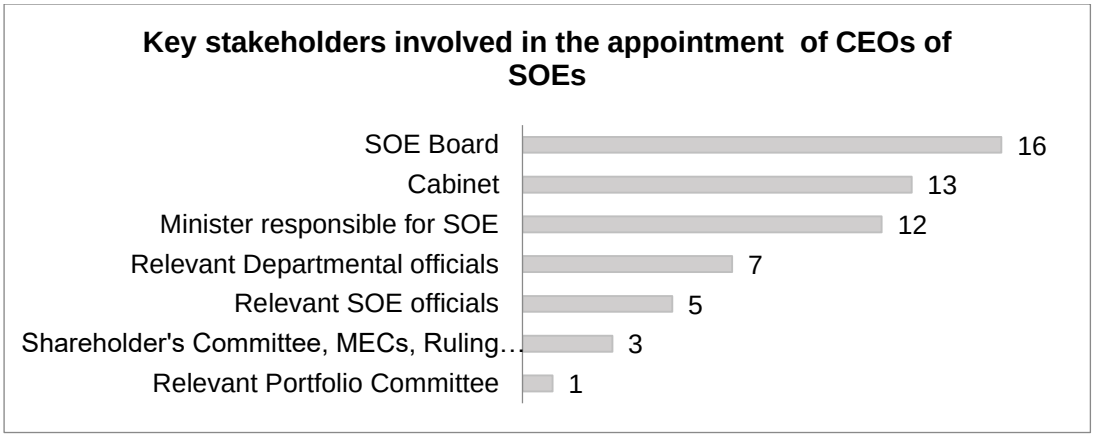


Figure 13: Key stakeholders involved in the appointment of CEOs of SOEs

4.1.2 Current selection processes

In terms of the current selection processes, the study considered information such as key documents used during selection, the minimum educational and experience requirements, fields of speciality and the competencies required for the appointment of board members and CEOs.

4.1.2.1 Documents used for guiding the appointment of board members and CEOs of SOEs

The study showed that the main legislative provision in the founding or enabling legislation of such organisations guides the appointment of board members and CEOs, as reflected in Figure 14 below. This is supported by the job description, job advert and qualifications, and the DPSA Handbook.

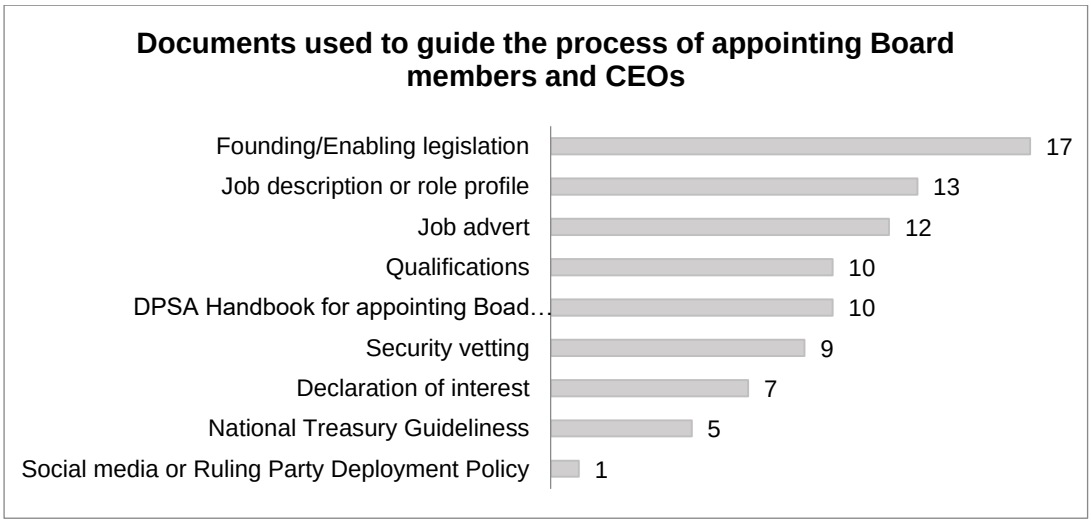


Figure 14: Documents guiding the process of appointing board members and CEOs of SOEs

The PRC (2013) recommended that government formulate a policy framework for the appointment of board members and CEOs of SOEs. It was reported in the media that Cabinet approved a national guide for the appointment of board members and CEOs of SOEs on 7 December 2018. According to Business Day (Ensor, 2018), the move follows years of controversy over the appointment of inappropriate individuals as board

members and CEOs. The media report was however refuted by the DPSA when the researcher requested access to the copy of the alleged approved national guide. Thomas (2011) also noted that despite increasing legislative measures, little evidence exists to show that governance of SOEs has improved in South African SOEs.

4.1.2.2 Minimum educational qualifications required to appoint board members

Some of the respondents did not specify the minimum educational qualifications required for the appointment of board members. Some of the respondents agreed that the minimum educational requirement should be a relevant advanced diploma or bachelor's degree at NQF level 7 as indicated in Figure 15 below. Few of the respondents indicated relevant masters and doctoral degrees/PhD as an educational requirement.

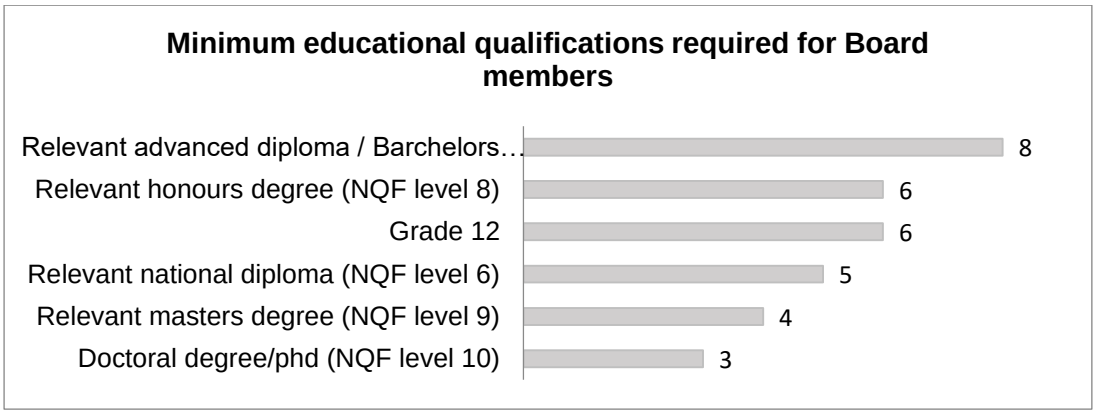


Figure 15: Minimum educational qualifications required to appoint board members

Although the respondents identified specific educational qualifications required to appoint board members of SOEs, the adverts for the nomination of board members (Appendix D) do not specify specific educational qualifications.

4.1.2.3 Minimum educational qualifications required to appoint CEOs

The respondents who indicated that CEOs should possess minimum educational qualifications agreed that these should include a relevant postgraduate diploma or honours degree at NQF level 8 and a relevant master's degree as indicated in Figure 16 below.

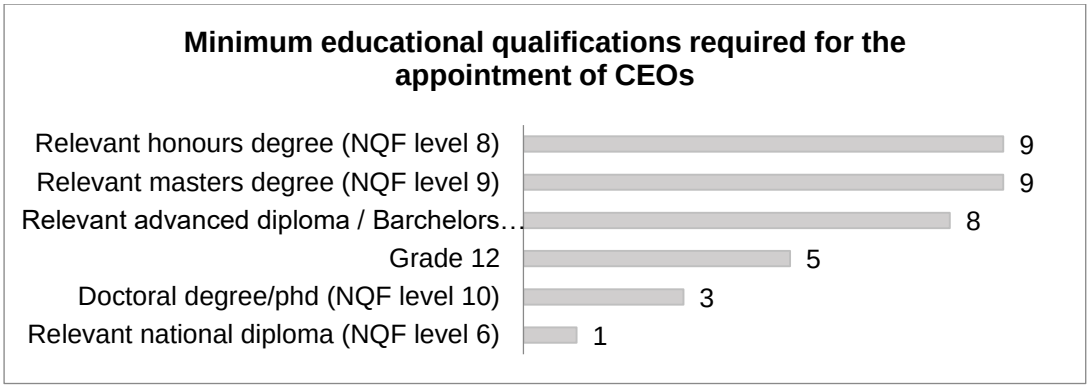


Figure 16: Minimum educational qualifications required for the appointment of CEO of SOEs

The job adverts for CEOs of SOEs (Appendix D) indicated the minimum educational qualifications required for appointment, namely an advanced diploma or bachelor's degree at NQF level 7.

4.1.2.4 Fields of speciality linked to board members of SOEs

The Handbook for the appointment of persons to boards of state and state controlled institutions (DPSA, 2008) makes provision for those employing board members to indicate the areas of speciality of such candidates. Figure 17 below gives respondents' indications of the fields of speciality that relate to the board members of SOEs they represent.

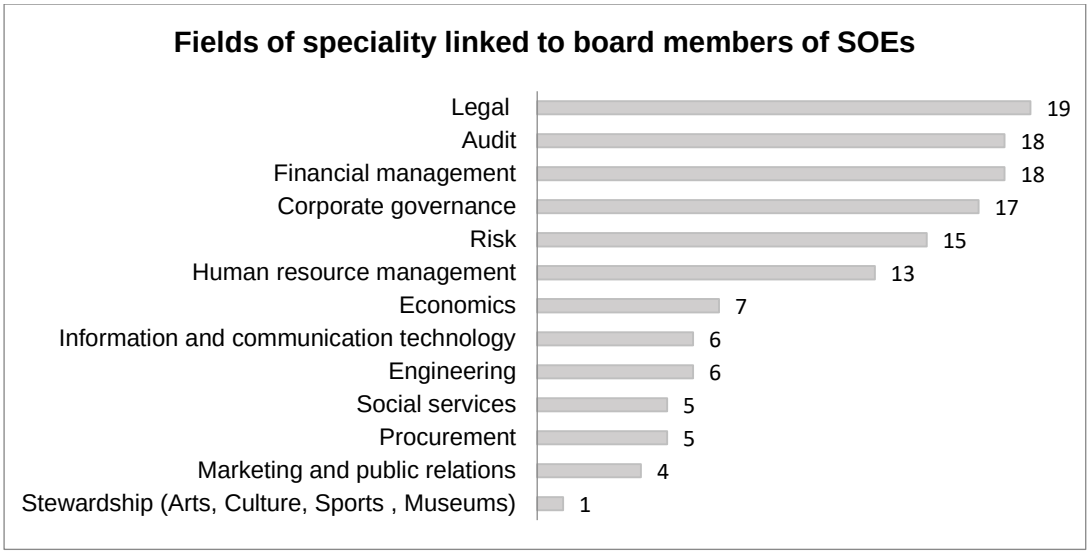


Figure 17: Fields of speciality linked to board members of SOEs

4.1.2.5 Fields of speciality linked to the CEOs of SOEs

Figure 18 below indicates the fields of speciality for CEOs that the respondents identified. Although some of these fields are similar to those of board members, their frequency differs.

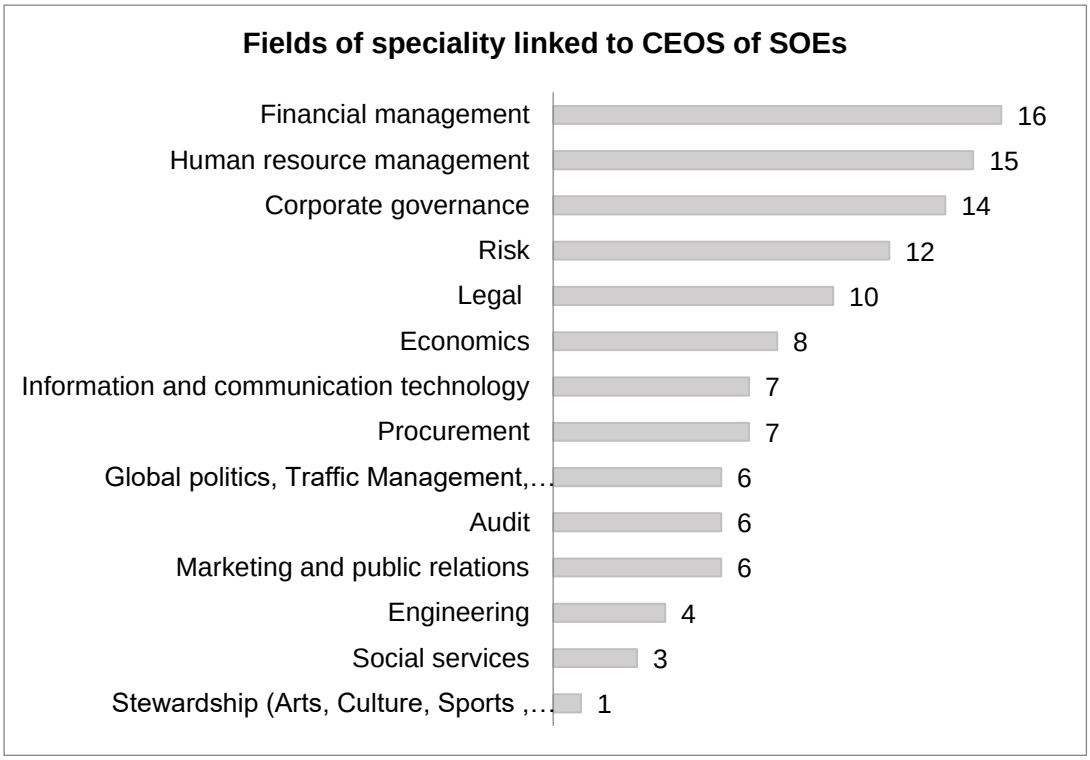


Figure 18: Fields of speciality linked to CEOs of SOEs

4.1.2.6 Competencies required for the selection and appointment of board members

One of the main aims of the study was to identify the competency requirements for the selection and appointment of board members of SOEs. The top five competencies for board members identified by the respondents were strategic capability, leadership, financial management, problem-solving and analysis, communication and people management and empowerment, as reflected in Figure 19 below. These competencies are a combination of both core and process as defined by the DPSA.

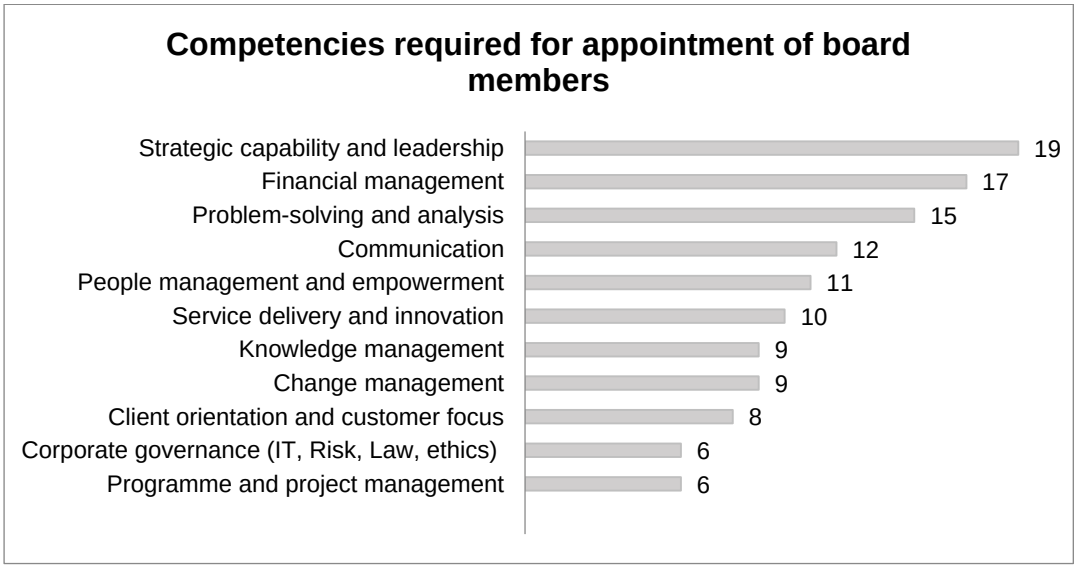


Figure 19: Competencies required for the selection and appointment of board members of SOEs

4.1.2.7 Competencies required for the selection and appointment of CEOs

The other main aim of the study was to identify the competency requirements for the selection and appointment of CEOs of SOEs. The respondents identified strategic capability and leadership, programme and project management, financial management, service delivery and innovation and change management as the top five competencies that are required for CEOs of SOEs, as indicated in Figure 20 below.

Figure 20: Competencies required for the selection and appointment of CEOs of SOEs

Some of the competencies identified by the respondents were similar to those that were outlined in the adverts for the nomination of board members (Appendix D).

4.1.2.8 Minimum years of relevant experience required for the appointment of board members

Figure 21 below indicates that **r**espondents differed in the number of years of relevant experience required for the appointment of board members. This difference in opinion may be because the adverts asking for the nomination of board members (Appendix D) did not specify any minimum years of relevant experience. It can be concluded therefore that despite the wide divergence in responses, the consensus requires board members to have a minimum of seven to10 years' experience.

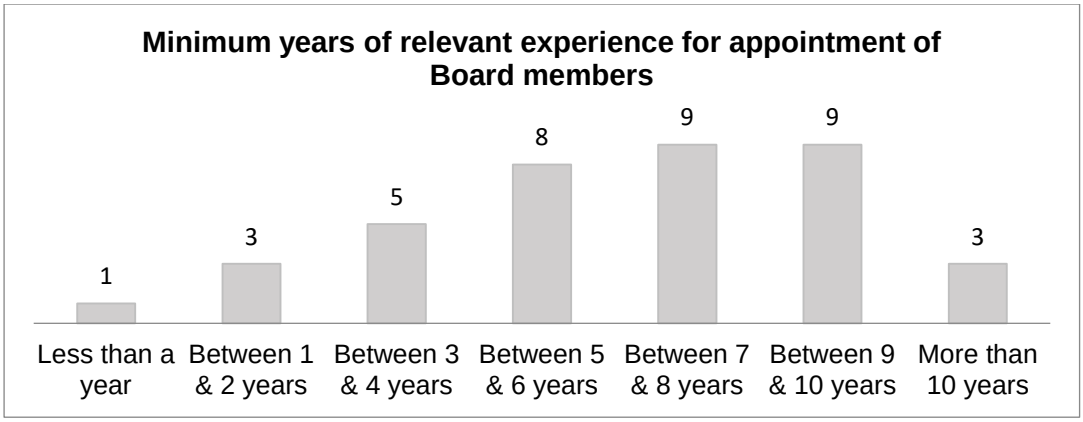


Figure 21:Minimum years of relevant experience required for the appointment of board members

4.1.2.9 Minimum years of relevant experience required for the appointment of CEOs

The respondents did not provide common and agreed minimum years of relevant experience for the appointment of CEOs, as reflected in Figure 22 below. The minimum experience ranged from two years to more than 10. Using secondary data from job adverts for CEO's of SOEs, it was found that the required minimum experience ranged between eight and 10 years.

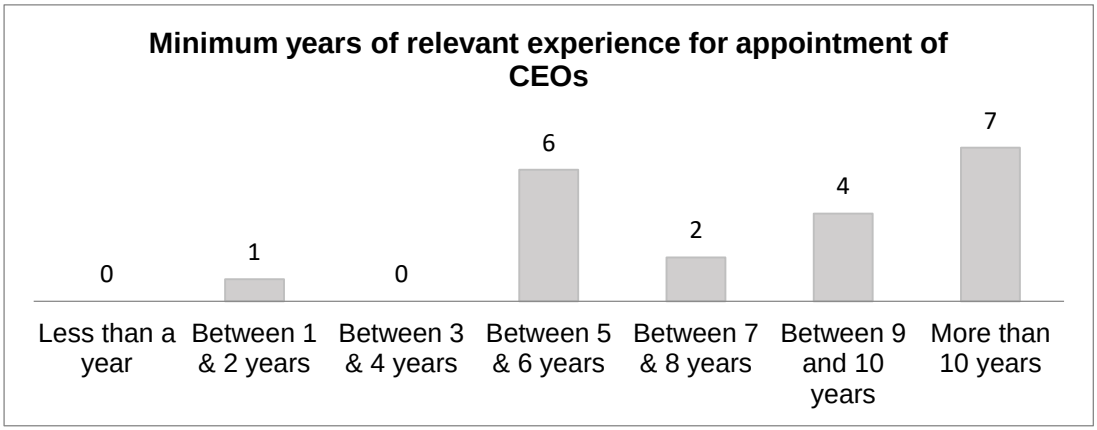


Figure 22: Minimum years of relevant experience for the appointment of CEOs of SOEs

4.1.2.10 Requirement for board members and CEOs to be registered with relevant professional bodies

Most of the respondents (19 out of 21) indicated that there is no requirement for board members and CEOs of SOEs to be registered with relevant professional bodies. Those who indicated that there was a need for professional registration listed IoDSA and Ethics SA as examples of professional bodies that could be considered.

4.1.3 Opinions of respondents

In addition to the standardised questions on Google Forms, respondents were given an opportunity to express their opinions on various matters related to the selection of boards and CEOs of SOEs. This section will summarise the main issues that emerged and categorise them under 1) opinions on current selection methods, 2) opinions on the alignment of job requirements and selection methods and 3) opinions on using competency based assessments for selection purposes.

4.1.3.1 The use of job interviews for selection

Two thirds of the respondents confirmed that a job interview is the only method used by various SOEs to select and appoint their board members and CEOs, as reflected in Figure 23. This was corroborated by the job adverts that did not specify any assessment methods that would be used during selection.

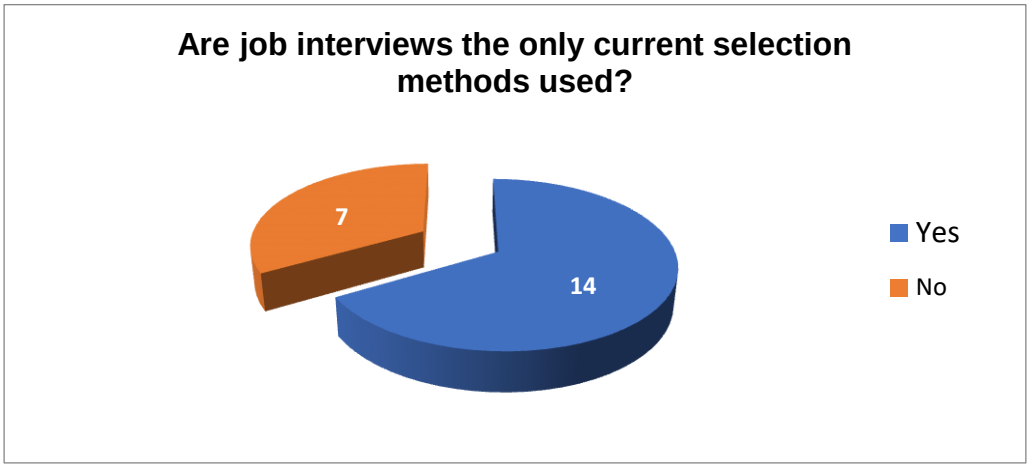


Figure 23: Job interviews as the current selection methods

4.1.3.2 Are current selection methods adequate to ensure that best candidate is selected?

The respondents were divided on whether the current selection methods were adequate to ensure that the most suitable candidate was appointed, as reflected in Figure 24 below. Some indicated that they were not aware of any selection methods. Others indicated that board members should also undergo competency assessments and that an independent panel should be used for selection since it would not have any vested interest. One of the respondents indicated that there is no adequate consultation and when board members who are not experienced are appointed they become too operational since they do not understand their responsibilities. There were comments also that some of the board members are recruited from the private sector with limited knowledge of the SOEs. Some respondents indicated that background checks and a declaration of financial interests should be made. One respondent indicated that the recruitment process is influenced by political interference which results in wrong candidates being appointed.

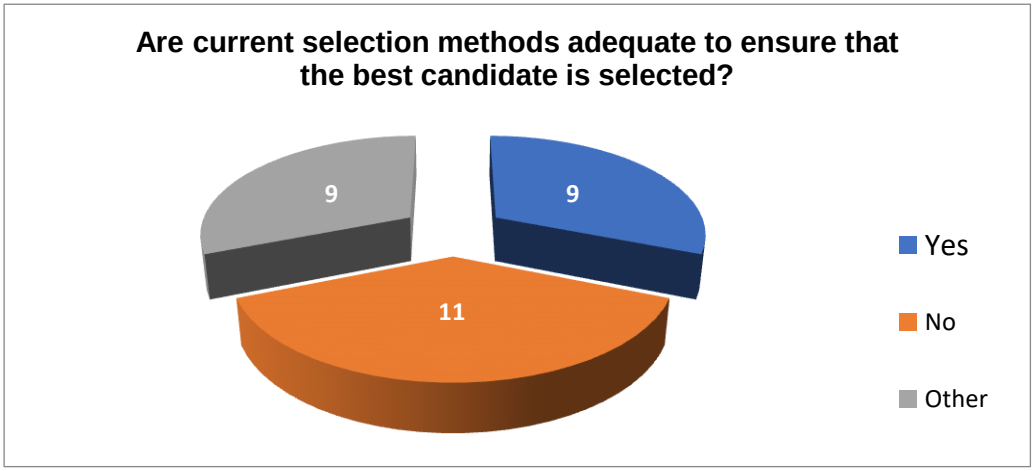


Figure 24: Opinions on the adequacy of the current selection methods

4.1.3.3 Opinions on the alignment between the job requirements and the current selection methods

The respondents were divided on whether there was alignment between job requirements and the current selection methods, as reflected in Figure 25 below.

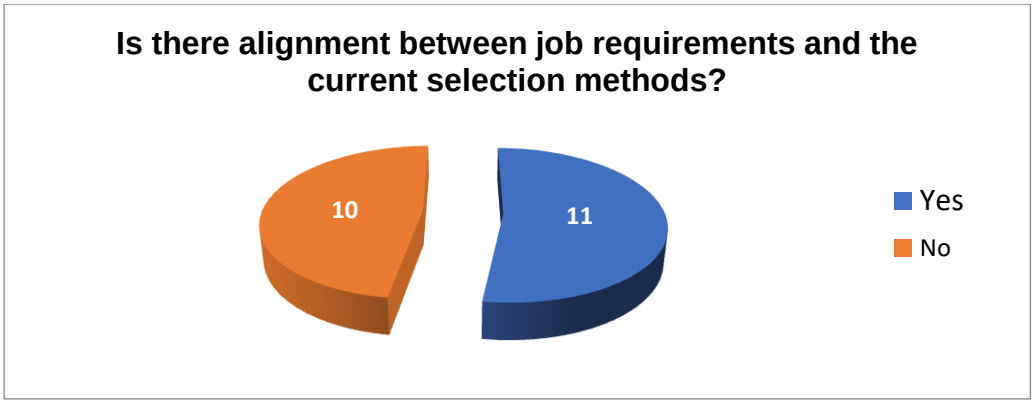


Figure 25: Alignment between job requirements and current selection methods

4.1.3.4 Opinions on the possibility of using competency based assessments for selection

All 21 respondents agreed that they would support a proposal to use competency based assessments to select and appoint the most suitable board members and CEOs of SOEs in South Africa. One respondent added that the three best candidates should undergo competency based assessments before their names were submitted to cabinet for approval.

4.2 Responses from two respondents who did not make use of the questionnaire

4.2.1 One of the participants who did not make use of the prescribed questionnaire to give inputs to the study indicated that the only person who is involved in the appointment of board members and CEOs of SOEs is the minister. According to this participant, it does not matter what processes are embarked upon (such as conducting of interviews or competency assessments), the final decision on appointment rests with the responsible minister.

4.2.2 The other respondent who did not make use of the prescribed questionnaire said that the accounting authority (either the board or the CEO), is ultimately responsible for the running of the public entity. He indicated that National Treasury is in the process of developing a policy document that will prescribe competencies that board members would require in order to be considered for selection. This policy document will indicate critical, important and useful characteristics that board members and CEOs will have to possess as outlined in tables 17, 18 and 19 below.

Table 17:Critical Characteristics That Board Members and CEOs of SOEs Should Possess

- Analytical - can get to the core issue quickly
- Astute selection - does not seek clones but rather those who are not afraid to challenge and whose skills are complementary to existing skills in the SOE.
- Shows commitment - to the department, to the executive team, to the staff generally and to the task at hand,
- Competent in the role or level — confident of own ability but never arrogant
- Delegates - doesn't try to do everything without help, but expects accountability
- Maintains focus on the strategic goals
- Has integrity - high personal standards and expects the same from others
- High intelligence
- Exercises sound judgment particularly under pressure
- Knows the SOE and its context well
- Has people skills - welcomes their views, develops their skills and is encouraging, supporting, caring and constructively critical
- Does not give up when the going gets tough
- Focuses on priorities
- Is both a thinker and a doer
- Is collaborative, not dictatorial; gives credit where it is due and values others' opinions
- Is trustworthy and scrupulously honest
- Is resolute in the pursuit of their objectives but never foolhardy; monitors progress and is not afraid to be flexible
- Is idealistic - sees the big picture and anticipates trends
- Walks the talk, always

Table 18: Important Characteristics That Board Members and CEOs of SOEs Should Possess

- Adapts well to changing circumstances
- Independent minded; challenges the status quo
- Clear thinking and articulate; stays focused
- Has the courage of their convictions without being foolhardy
- Is purposeful — has clear goals and knows how to achieve them
- Is personable and takes a real interest in people and their well-being
- Deals constructively with setbacks
- Generates co-operation
- Listens calmly and attentively to what others are saying
- Is passionate, particularly about the department and the citizens it serves

Table 18: Important Characteristics That Board Members and CEOs of SOEs Should Possess
▪ Is perceptive about situations and about people ▪ Is persuasive without being domineering or dogmatic ▪ Is resilient, undaunted by setbacks ▪ Is self-aware and self-correcting - knows and addresses own limitations and is open to criticism from others ▪ Has healthy self-esteem without arrogance or conceit ▪ Is balanced and consistent in actions and decisions ▪ Delegates tasks without losing sight of the details that determine their success ▪ Admits own mistakes; learns from them and moves on

Table 19: Useful Characteristics That Board Members and CEOs of SOEs Should Possess
▪ Maintains a healthy work-life balance ▪ Readily available to coach or mentor others ▪ Has high emotional intelligence; is empathetic and socially competent ▪ Has humility - realistic in estimating own importance ▪ Is numerate - understands financial statements

4.3 Findings from a state owned entity that makes use of competency assessments for selection

One of the respondents indicated that the SOE that they work for (in the transport sector) makes use of competency based assessments for the selection of its CEO. The respondent confirmed that the assessments are not used for the selection of board members and it would be ideal if board members were also subjected to competency based assessments.

According to the respondent, the following competencies indicated in Table 20 below are assessed during the selection process towards the appointment of the CEO:

Table 20: Competencies Assessed During the Selection of the CEO		
Managing work	Managing self	Managing others
▪ Strategic thinking ▪ Problem analysis and attention to detail ▪ Judgement and decision-making ▪ Planning/organising/directing work ▪ Commercial/financial acumen	▪ Rule orientation/compliance (uprightness) ▪ Ambitious to achieve results ▪ EQ/ Empathy/Resilience ▪ Takes the initiative/takes action	▪ People management, approval ▪ Relationship fostering/interpersonal skills/engagement ▪ Communication skills ▪ Conflict resolution/assertiveness

It was found that the SOE concerned makes use of the following psychometric assessment batteries:

Cognitive Process Profile (CPP):

> "defined as an advanced computerised assessment technique that externalises and tracks thinking processes to indicate one's cognitive preferences and capabilities. This includes cognitive competencies such as judgement, problem-solving, problem assessment and learning potential cognitive."

Occupational Personality Questionnaire (OPQ32n):

> "defined as an instrument that provides a clear framework for understanding the impact of personality on job performance. It provides a profile of performance behaviour at work."

Vertical Reasoning Assessment (Managerial and Professional):

> "defined as a battery designed to test the ability to understand and accurately draw logical conclusions and inferences from complex reports."

Numerical reasoning (Management and Professional):

> "designed to measure the ability to make correct decisions or make inferences from numerical or statistical data."

Case study and role play exercise**:** where the candidate is given a scenario of an organisation experiencing some difficulties. The candidate is expected to take up the role of a senior executive who should make decisions and recommendations for managing daily operations.

Work Related Risk and Integrity Scale (WRISc)**:** used for predicting organisational deviance.

Fundamental Interpersonal Orientation (Firo - B): used to measure interpersonal needs on three scale of inclusion, control and affection.

Campion et al. (2011) support the use of competency models to ensure effective performance. They argue that competency modelling assists organisations to pay attention to job related information and distinguish top performers from average performers.

It is evident from the competencies listed above that some of them, such as strategic thinking, communication, and people management and empowerment are similar to those assessed when senior managers are appointed in government. Some of the assessment batteries listed above are also used when senior managers are appointed in government, including the CPP, case study and role play exercises. Although it is not the objective of the study to identify the assessment batteries for use during selection, the findings based on this SOE will help to lay the foundation for future research.

4.4 Proposed selection and appointment processes

This section will explain the proposed selection and appointment process for board members and CEOs of SOEs based on the literature review and study findings.

4.4.1 Proposed process for the selection and appointment of board members and CEOS of SOEs

The following process as outlined in Figure 26 is proposed for the selection and appointment of board members and CEOs of SOEs:

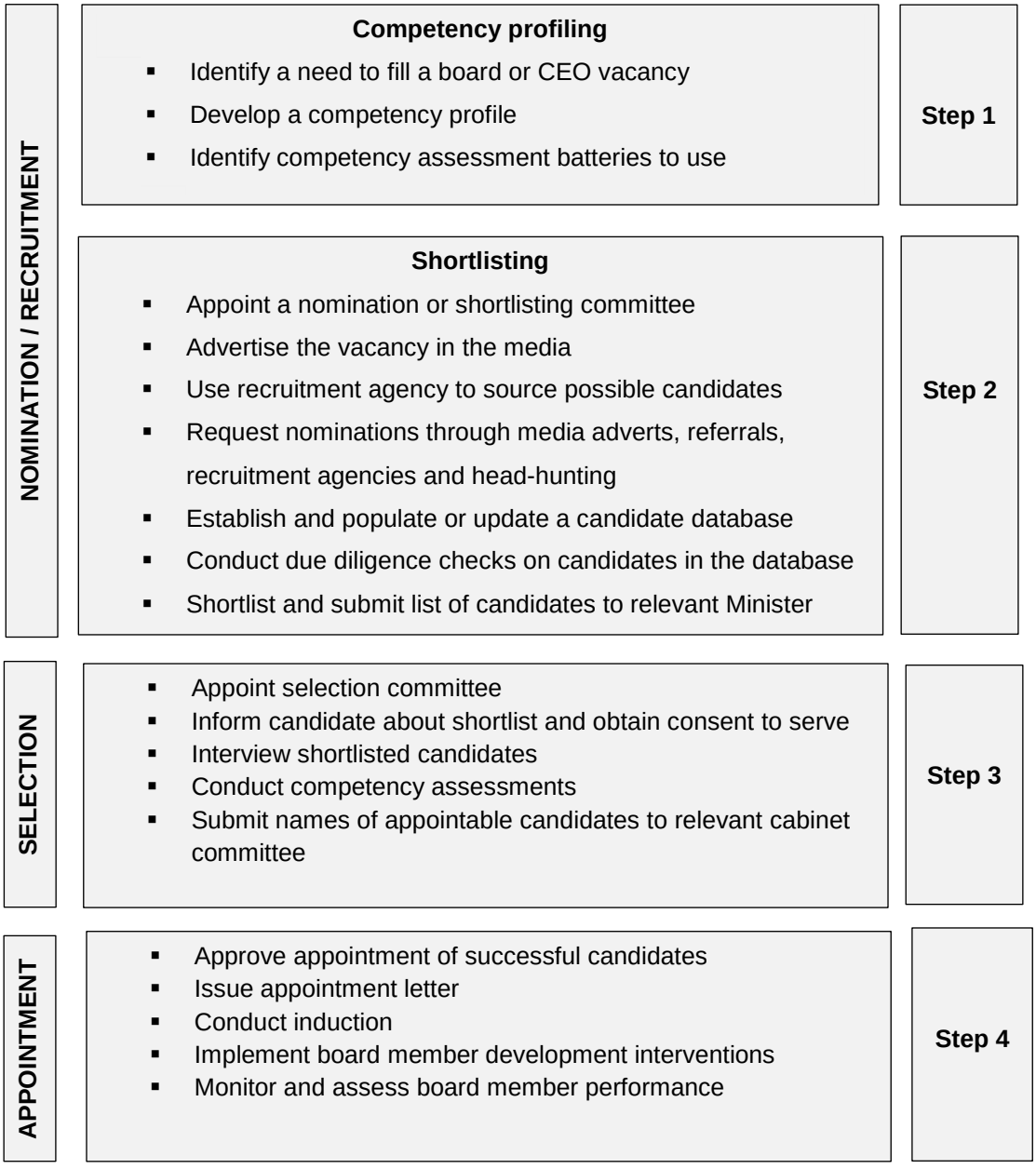


Figure 26: Proposed process for the selection and appointment of board members

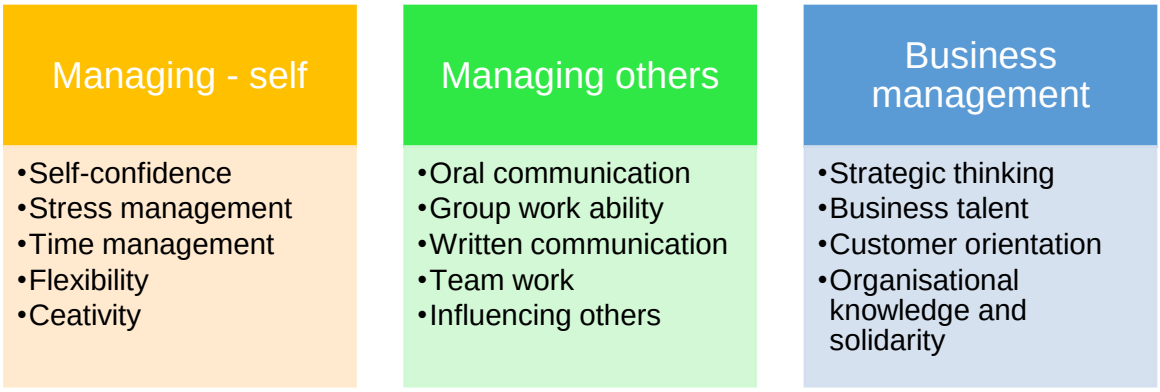
The main difference in the selection process recommended above is that board members get nominated whereas CEO candidates apply for advertised posts. The nominations committee looks at the candidates who were nominated to serve in the board and the shortlisting committee deals with the candidates who apply for CEO positions.

4.5 Proposed competency profiles

Based on the literature review and findings of the study, two generic proposed competency framework profiles were developed for board members and CEOs of SOEs. A brief discussion on competency models, technical skills and experience assessment follow.

4.5.1 Building a competency model

According to Mansfield (2005), competency modelling originated more than 30 years ago and has evolved over the years. Although there are many competency models used by various organisations, Mansfield indicates that the three main sources of data for competency models are focus groups with subject matter experts, critical event interviews with superior performers and generic competency dictionaries. This study favours the management competency model of Creep & Mansfield (2003) as reflected in Figure 27 below.



Source: Adapted from Khorasani, Vajargah & Zahedi (2014 p.7)

Figure 27: Management Competency model

This model is uncomplicated and easy to adapt since the competencies from the study can be slotted under one of the three topics listed above (managing-self, managing others and business management). The model is also already used by one of the SOEs mentioned in paragraph 4.3 and it will be integrated in the proposed competency profiles attached as Appendices E and F,

4.5.2 Conducting a technical and experience self-assessment

In addition to the proposed use of the Management Competency model, it is recommended that a technical skills and experience self-assessment tool be used. The areas to be assessed relate to the fields of speciality that were identified during the study. The self-assessment will be done by the candidates nominated to serve as board members. The candidates will rate themselves on a scale of 1 to 3 and the information will be captured in the assessment matrix indicated in Appendix E.

4.6 Conclusion

This section focused on the findings of the study that included consideration of three broad thematic areas of corporate governance, current selection processes and the opinions of respondents. In terms of corporate governance, the key legislative and strategic documents that govern the SOEs were indicated. Furthermore, the key stakeholders who are involved in the selection and appointment of board members and CEOs were highlighted. These stakeholders include the relevant ministers, departmental and entity officials and Cabinet.

With regard to the current selection processes, topics such as documents necessary for guiding the selection process; minimum educational qualifications required; fields of speciality; competencies required; number of years of experience, and professional registration were considered.

The third part of this section looked at the opinions of the respondents on matters such as the use of job interviews, the adequacy of current selection methods in ensuring the appointment of the most suitable candidate, alignment between job requirements and current selection methods and the need for competency based assessments.

The final section highlighted the competencies that are deemed necessary for the selection and appointment of the board member and gathered during the study.

The next section will focus on the study results in relation to the purpose and objectives of the study. It will also cover the practical implications of the study, its limitations and recommendations for future research.

5. DISCUSSION

The previous section focused on the results of the study based on how the respondents answered the questions and what they gave as their additional comments. The results also include the inputs given on the process that could be considered for the selection and appointment of board members.

The purpose of this study was to explore the competency requirements for the selection and appointment of board members and CEOs of SOEs in South Africa. To achieve this purpose, three research objectives were pursued.

Firstly, the current processes followed in the selection of board members and CEOs of SOEs were investigated. The study found that in fact no uniform process was followed. Each SOE followed a different process as guided by its founding legislation and there was evidence of political interference that could affect the appointment of the right candidates. The lack of a uniform process was also due to the absence of a legislative framework governing the selection and appointment processes. The handbook for the appointment of persons to boards of state and state controlled institutions (DPSA, 2008) was seen as a mere guideline and therefore not binding. This was different from the process that is followed at national, provincial and local government levels, where minimum requirements and competency assessments are applied. The argument is that SOEs face a lot of corporate governance challenges and there is a need for a legislative framework to guide the selection and appointment processes and curb the political interference that interferes with the appointment of the right candidates. A process that includes the nomination, recruitment; selection and appointment phases was proposed for consideration as one of the outcomes of the study.

The second objective was that of identifying the generic competencies to be used for the selection of board members and CEOs. The study gleaned a considerable group of competencies listed as requirements in the literature, in secondary sources such as job adverts and through the online questionnaire. Although the competencies differed from entity to entity and from source to

source, the study nevertheless managed to identify common competencies that could be considered as generic for use during selection. Most of these competencies were similar to those used when senior managers at national, provincial and local government were selected.

The third objective was to develop a competency framework to be used for the selection of board members and CEOs of SOEs. Based on the findings of the study, two competency profiles were developed, one to cater for board members (Appendix F) and the other for CEO (Appendix G) . The competency framework highlights the job title, job purpose, job objectives, job knowledge, technical skills, educational qualifications, experience and competencies required to be appointed either as board member or CEO. The proposed competencies are grouped according to three categories namely: managing-self, managing others and business management. The process also recommends that a technical and experience self-assessment exercise be undertaken by shortlisted candidates.

The next section will discuss each of the three study objectives in detail, indicating how the study was conducted and what the findings were.

5.1 Findings on the current process followed in the selection of board members and CEOs of SOEs

The study confirmed that SOEs are governed by various legislative and strategic documents including the PFMA, founding or enabling legislation, King III, corporate planning and shareholders' compact, and the Companies Act, among others. The study also found that additional documents such as job profiles, job adverts, copies of qualifications, the handbook for the appointment of persons to boards of state and state controlled institutions (DPSA, 2008) and the protocol on corporate governance from the DPE also assist in guiding the selection and appointment process. Despite the existence of these documents the study found that there is no prescribed or uniform process laid down in terms of legislation or regulations for the appointment of board members and CEOs of SOEs. The PRC (2013)

identified two key challenges with the current process. The first is the absence of a clear legislative framework for the recruitment, selection, appointment and induction of boards of SOEs, and the second is the lack of uniformity in the application of appointment procedures in this regard. The study found that six years later such a legislative framework is still not in place. The study confirmed that the process of appointing senior managers at national, provincial and local government levels differs from the ad hoc processes followed by SOEs. Appointment at the government levels includes a combination of processes such as interviews, competency assessments, security vetting and qualifications verification.

In terms of the appointment procedures the study found that the key stakeholders involved in the appointment of board members and CEOs include the relevant minister, cabinet, departmental and SOE officials and to some extent the ruling party's deployment committee. Documents that are key in the appointment process include the founding legislation, role profile, job advert, copies of qualifications, the handbook for the appointment of persons to boards of state and state controlled institutions (DPSA, 2008), security vetting forms, a declaration of interests form, National Treasury guidelines and the ruling party's deployment policy.

Respondents had different opinions about the minimum educational qualifications required for the appointment of board members. Some felt that a relevant honours degree or postgraduate diploma at NQF level 8 was adequate while others felt that the qualifications could be as high as a doctorate for the selection of CEOs. In terms of board member appointments, respondents' views on the minimum qualifications included a relevant bachelor's degree or an advanced diploma at NQF level 7. The job adverts for the nomination of board members did not stipulate the minimum educational qualifications whereas those for CEOs indicated various qualifications requirements. The process for the selection of senior managers at national, provincial and local government levels prescribes minimum educational qualifications required and it is therefore proposed that this practice be considered for board members and CEOs of SOEs as well.

The fields of speciality that board members and CEOs are expected to be exposed to include legal, audit, financial management, corporate governance, risk management, human resource management, economics, information and communication technology, procurement and marketing and public relations. These fields of speciality were found to be related to the duties attached to board member and CEO roles.

Respondents also differed in their opinions about the minimum years or relevant experience, with some stating less than five years while others favoured a range between five and more than 10 years for board members and between six and more than 10 years for CEOs.

The selection requirements for senior managers at national, provincial and local government levels make provision for minimum experience requirements and it would be ideal to have minimum requirements for board members and CEOs as well.

Most respondents indicated that there was no requirement for board members and CEOs to be registered with professional bodies. It may however happen that in some of the SOEs, professionally registered individuals such as lawyers, doctors and engineers could be the most suitable candidates for board members or CEOs. In such cases, professional registration would be mandatory and helpful in ensuring that successful candidates are guided by their professional codes of conduct when executing their tasks.

In terms of the selection methods used, most respondents indicated that job interviews were used as the main or only method. The job adverts also did not specify any methods to be used in the selection process. The respondents were divided on whether the use of interviews as the only selection method was adequate and whether the current selection method was aligned with the job requirements.

All 21 respondents who completed the questionnaire supported the proposal to make use of competency based assessments for the selection of board members and CEOs.

One of the respondents who did not use the online questionnaire indicated that the process to select and appoint board members and CEOS of SOEs was the prerogative of the minister in charge. Based on this he did not see the need to answer the questions in the questionnaire.

In addition, one of the respondents indicated that the selection and appointment processes at their own SOE include a combination of interviews and competency based assessments. Various competency assessment tools including the CPP, OPQ32n, WRISc, Firo –B, case study and role play exercises were used. The competencies that are assessed with these tools are listed in paragraph 5.2.

It can therefore be concluded that the current selection processes are not uniform across the SOEs and there is a need for the process to be regulated to ensure uniformity. It is proposed that the selection process indicated in paragraph 4.4.1 should include the development of competency profiles and the conducting of competency assessments in addition to the current practice of using interviews.

5.2 Proposed generic competencies to be used for the selection of board members and CEOs of SOEs

One of the key objectives of the study was to identify the competency requirements for the selection of board members and CEOs. The review of literature found that this was an under-researched area. The current competencies required for the appointment of senior managers in government therefore formed the foundation of the study. The questionnaire captured the core and process competencies for senior managers and made provision for additional competencies to be listed by respondents. As identified by the study, the competencies required for the selection of board members in order

of priority are strategic capability and leadership, financial management, problem-solving and analysis, communication, people management and empowerment, service delivery and innovation, knowledge management, change management, client orientation and customer focus, corporate governance and programme and project management.

In order of priority, the competencies required for the selection of CEOs were strategic capability and leadership, programme and project management, financial management, service delivery and innovation, change management, problem-solving and analysis, communication, people management and empowerment, client orientation and customer focus, knowledge management and corporate governance.

These competencies for both board members and CEOs look similar and what differs is their prioritisation. Other competencies that were found through the literature review and secondary data were also considered when the final recommended competencies were compiled.

The other respondent who did not make use of the prescribed questionnaire highlighted various characteristics that the National Treasury was developing to assist in prescribing competencies for prospective board members and CEOs. The characteristics were categorised as critical, important and useful. Critical characteristics the respondent listed included analytical, competent in the role, maintains focus on the strategic direction, has high standards of integrity and intelligence, exercises sound judgement, has people skills, is strategic in thinking, is a team player and trusted by others. The important characteristics included adaptable to changing situations and circumstances, generates buy-in from all parties, is emotionally stable, resilient, self-aware and self-critical. The useful characteristics included having a life outside the office, being willing and available to coach and mentor others, having emotional intelligence and humility and being numerate.

The competencies that were assessed in one of the SOEs that makes use of competency assessments are grouped into three categories, namely

managing work, managing self and managing others. Competencies for managing work include strategic thinking, problem-solving and analysis, judgement and decision-making, planning and organising work and commercial or financial acumen. The competencies for managing self, include rule orientation or integrity, achievement motivation, empathy, and initiative or action orientation. The competencies related to managing others include people management and empowerment, relationship building, communication skills and conflict resolution or assertiveness.

The competencies listed above were recommended for the competency profiles to be developed for the selection of board members and CEOs of SOEs. They are listed in paragraph 5.3 below.

5.3 Proposed Competency profiles for the selection of board members and CEOs of SOEs

The development of competency profiles for board members and CEOs was part of the objectives of the study. In order to assess the level of competency of candidates for board and CEO posts, an industry competency self-assessment rating sheet was developed (Appendix E). The aim of this rating sheet is to allow the candidates to rate their own competencies on a scale of 1 (not yet competent) to 3 (highly competent) against the areas of speciality in which the SOEs operate. These areas of speciality include financial management, human resource management, corporate governance, risk management, legal knowledge, economics, auditing and marketing and public relations. The assessment will assist in identifying developmental areas for the shortlisted candidates.

In addition, a competency profile template (Appendices F and G) was developed which makes provision for job title, job purpose, job objectives, job knowledge, technical skills, minimum educational requirements, minimum experience and competencies.

The competencies are grouped into three categories, namely managing self, managing others and business management. The following competencies per category are therefore proposed for board members of SOEs:

Managing-self

- Political awareness
- Analytical thinking
- Ethics and integrity
- Relationship management

Managing others

- Communication
- People management and empowerment
- Change management

Business management

- Strategic capability and leadership
- Financial management
- Business / organisational knowledge
- Risk management
- Client orientation and customer focus
- Corporate governance
- Legal knowledge
- Programme and project management
- Problem-solving and analysis

The following competencies per category are proposed for the selection of CEOs of SOEs:

Managing-self

- Self-awareness and management
- Innovation and creativity
- Result orientation

- Service delivery innovation
- Honesty and integrity

Managing others

- Communication
- People management and empowerment
- Change management

Business management

- Strategic capability and leadership
- Programme and project management
- Financial management
- Problem-solving and analysis
- Risk management

It is further recommended that the competencies proposed for the selection of board members and CEOs of SOEs indicated above and captured in the competency profiles be considered for piloting in one of the SOEs that currently does not make use of competency assessments.

5.4 Practical implications

The practical implications are that the study has laid a foundation for government to consider implementing compulsory competency based assessments for the selection and appointment of board members and CEOs of SOEs. The DPSA, DPE, and National Treasury could take the lead in this process by validating the two proposed competency profiles with the subject matter experts, and in collaboration with the National School of Government identify the relevant psychometric assessment tools to use. Once validated, the competency profiles could be piloted in one or more SOEs that currently do not make use of competency assessments for the selection of their board members and CEOs.

Lessons to be learnt from the pilot study could then be used to assist in refining the competency profiles before the competency assessment process is rolled-out to other SOEs.

5.5 Limitations and future research directions

The main limitation of the study is the fact that competency requirements for the selection of board members and CEOs of SOEs remains an under-researched subject matter in South Africa. Most studies conducted relate to corporate governance, and information available on this subject is mainly in the media and government domains.

Other limitations of the study included the failure to receive inputs from some of the targeted respondents. The study was targeting a number of respondents including ministers and deputy ministers of government departments responsible for some of the SOEs. However, reaching these political principals was a huge challenge. Firstly, the study was conducted during an electioneering year and period of uncertainty since South Africa was engaged in national and provincial government elections. It was not easy to reach the political principals without political connections or referrals, besides which it is generally not easy to reach politicians, especially cabinet ministers, due to their busy schedules.

Although a purposive sampling approach was followed, it was not always easy to reach respondents such as current and former board members and CEOs of SOE and departmental and entity officials responsible for the recruitment of board members and CEOs. Most of the respondents were reached through referrals and some requested formal letters before they could participate in the study.

Due to the limited time for the study, the questionnaire was not piloted but discussed with one of the respondents who was a former CEO of an SOE. Based on his input, the questionnaire was adopted for use. The initial response rate was not satisfactory when the manual questionnaire was used.

Some of the respondents complained that the questionnaire was too long. Based on this feedback, the questionnaire was converted to be administered online (on a Google platform) and this greatly increased the response rate.

The other limitation could be that the sample is not representative of the SOEs in South Africa. The PRC (2013) established that there are approximately 715 SOEs reporting at national, provincial and local government levels. They operate in various sectors and industries and differ in terms of size and mandates, based on their founding legislations and schedule types as provided for in the PFMA. No sample of 21 respondents could be considered representative of such diversity.

Future research directions could include measuring the performance of SOEs that are currently making use of competency assessments for the selection of their board members and or CEOs and the performance of such entities. Research could also be undertaken on the various types of assessment tools that are currently used by the SOEs that have institutionalised competency based assessments. Finally, a validation study could be undertaken to confirm the competency requirements as determined by this study.

6. CONCLUSION

The study succeeded in exploring the competency requirements for the selection and appointment of board members and CEOs of SOEs in South Africa. This also resulted in the development of competency profiles for both the board members and CEOs of SOEs.

The study found that the current selection process was not uniform across the SOEs and that the people appointed might not possess the required competencies in terms of educational qualifications, experience, knowledge and skills where an interview is the only selection method.

The findings of the study are practical and can be considered further by entities such as the DPSA, DPE, National Treasury, the National School of Government and the Presidency. Copies of the study will therefore be shared with them after publication.

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Appendix A: Letter of introduction and informed consent for participation in an academic research study

UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

Faculty of Economic and Management Sciences

Department of Human Resource Management

Title of the study:

Exploring Competency requirements for the selection and appointment of board members and chief executive officers of state owned entities in South Africa

Research conducted by:

Mr Moses Moshe Maswanganye (u18313338)

Cell: 072 405 9450 / 082 611 3565

Dear Participant

You are invited to participate in an academic research study conducted by Moses Moshe Maswanganye a Masters Industrial Psychology student from the Department of Human Resource Management at the University of Pretoria.

The purpose of the study is to explore the competency requirements for the selection and appointment of oard members and chief executive officers of state owned entities in South Africa.

Please note the following:

This is an anonymous study survey as your name will not appear on the questionnaire. The answers you give will be treated as strictly confidential as you cannot be identified in person based on the answers you give.

- Your participation in this study is very important to us. You may, however, choose not to participate and you may also stop participating at any time without any negative consequences.
- Please answer the questions in the attached questionnaire as completely and honestly as possible. This should not take more than 30 minutes of your time.
- The results of the study will be used for academic purposes only and may be published in an academic journal. We will provide you with a summary of our findings on request.
- Please contact my study leader, Prof Deon Meiring on email: Deon.Meiring@up.ac.za or office landline: 012 420 3846 if you have any questions or comments regarding the study.

In research of this nature the study leader may wish to contact respondents to verify the authenticity of data gathered by the researcher. It is understood that any personal contact details that you may provide will be used only for this purpose, and will not compromise your anonymity or the confidentiality of your participation.

Please sign the form to indicate that:

- You have read and understand the information provided above.
- You give your consent to participate in the study on a voluntary basis.

_____ _____

Participant's signature **Date**

Appendix B: Research Questionnaire

UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

Faculty of Economic and Management Sciences

EXPLORING COMPETENCY REQUIREMENTS FOR THE SELECTION AND APPOINTMENT OF BOARD MEMBERS AND CHIEF EXECUTIVE OFFICERS OF STATE-OWNED ENTITIES IN SOUTH AFRICA

PART A: BIOGRAPHICAL DATA

(Please tick with X where applicable)

DESIGNATION OF RESPONDENT							
Minister or Deputy Minister	Former Board Member	Former Chief Executive Officer	Departmental Official responsible for recruitment of SOE Board Members & CEOs	Entity Official responsible for recruitment of SOE Board Members & CEOs	Current Board Member	Current Chief Executive Officer (or Acting)	Other (Specify)

GENDER			
Male		Female	

RACE							
African		Coloured		Indian		White	

AGE GROUP							
Between 20 & 30		Between 31 & 35		Between 36 & 40		Between 41 & 45	
Between 46 & 50		Between 51 & 55		Between 56 & 60		Above 61	

NUMBER OF YEARS SERVED IN DESIGNATION LISTED ABOVE							
Less than 2 years		Between 3 and 5 years		Between 6 and 9 years		10 years and more	

PART B: QUESTIONNAIRE

REPORTING LINE OF PUBLIC ENTITY							
National Government		Provincial Government		Local Government		Other (Specify)	

CATEGORY OF ENTITY											
A Government Component		Statutory Council		Public Entity		Government Enterprise		Public Interest Institution		Other (Specify)	

KEY LEGISLATIVE AND STRATEGIC DOCUMENTS THAT GOVERN THE PUBLIC ENTITY			
Founding legislation		King Code on Corporate Governance	
Companies Act		Corporate Planning and Shareholder's Compact	
Public or Municipal Finance Management Act		Other (Specify)	

INDUSTRY OF SERVICE			
Agriculture		Minerals	
Communications		Trade and Industry	
Energy		Public Enterprises	
Environment		Transport	
Finance		Water	`
Forestry		Other (Please specify)	

KEY STAKEHOLDERS INVOLVED IN THE APPOINTMENT OF BOARD MEMBERS			
Minister responsible for SOE		Relevant SOE Sub-Committee	
Relevant Departmental Officials		Cabinet	
Relevant SOE Officials		Other (Specify)	
Relevant Portfolio Committee			

KEY STAKEHOLDERS INVOLVED IN THE APPOINTMENT OF CHIEF EXECUTIVE OFFICERS			
Minister responsible for SOE		SOE board	
Relevant Departmental Officials		Cabinet	
Relevant SOE Officials		Other (Specify)	
Relevant Committee			

WHICH DOCUMENTS ARE USED TO GUIDE THE PROCESS OF APPOINTING BOARD MEMBERS AND CHIEF EXECUTIVE OFFICERS OF THIS STATE OWNED ENTITY?			
DPSA Handbook and National Treasury guidelines for appointment of board members and CEOs of SOEs		Copies of Educational Qualifications	
Founding Legislation		Declaration of interests forms	
Job or Role Description		Security Vetting forms	
Job Advert		Other (Specify)	

WHAT ARE THE MINIMUM EDUCATIONAL QUALIFICATIONS REQUIRED FOR APPOINTMENT AS A BOARD MEMBER OF THIS STATE OWNED ENTITY?			
Grade 12 or Matric Certificate		Master's Degree (NQF Level 9)	
Relevant Diploma (NQF Level 6)		Doctorate or PHD (NQF Level 10)	
Relevant Advanced Diploma / Degree (NQF Level 7)		Other (Specify)	
Relevant Honours Degree (NQF Level 8)			

WHAT ARE THE MINIMUM EDUCATIONAL QUALIFICATIONS REQUIRED FOR APPOINTMENT AS CHIEF EXECUTIVE OFFICER OF THIS STATE OWNED ENTITY?			
Grade 12 or Matric Certificate		Master's Degree (NQF Level 9)	
Relevant Diploma (NQF Level 6)		Doctorate or PHD (NQF Level 10)	
Relevant Advanced Diploma / Degree (NQF Level 7)		Other (Specify)	
Relevant Honours Degree (NQF Level 8)			

WHICH FIELDS OF SPECIALTY ARE RELEVANT FOR THE APPOINTMENT OF BOARD MEMBERS OF THIS STATE OWNED ENTITY?			
Financial Management		Procurement	
Human Resource Management		Social sciences (Welfare/education/health)	
Economics		Engineering	
Legal		Information and Communication Technology	
Risk		Stewardship (arts, culture sport, museums)	
Corporate Governance		Marketing and Public Relations	
Audit		Other (Specify)	

WHAT ARE THE MINIMUM YEARS OF RELEVANT EXPERIENCE REQUIRED FOR APPOINTMENT AS BOARD MEMBER OF THIS STATE OWNED ENTITY?			
Less than a Year		Between 7 and 8 Years	
Between 1 and 2 Years		Between 9 and 10 Years	
Between 3 and 4 Years		More than 10 Years	
Between 5 and 6 Years		Other (Specify)	

WHICH FIELDS OF SPECIALTY ARE RELEVANT FOR THE APPOINTMENT OF CHIEF EXECUTIVE OFFICER OF THIS STATE OWNED ENTITY?			
Financial Management		Procurement	
Human Resource Management		Social sciences (Welfare/education/health)	
Economics		Engineering	
Legal		Information and Communication Technology	
Risk		Stewardship (arts, culture sport, museums)	
Corporate Governance		Marketing, Communications and Public Relations	
Audit		Other (Specify)	

WHAT ARE THE MINIMUM YEARS OF RELEVANT EXPERIENCE REQUIRED FOR APPOINTMENT AS CHIEF EXECUTIVE OFFICER OF THIS STATE OWNED ENTITY?			
Less than a Year		Between 7 and 8 Years	
Between 1 and 2 Years		Between 9 and 10 Years	
Between 3 and 4 Years		More than 10 Years	
Between 5 and 6 Years		Other (Specify)	

IS IT A REQUIREMENT OR COMPULSORY FOR BOARD MEMBERS AND CHIEF EXECUTIVE OFFICERS OF STATE- OWNED ENTITIES TO BE REGISTERED WITH RELEVANT PROFESSIONAL BODIES?					
	Yes		No		It dependents on the nature of the entity or specific role

IF PROFESSIONAL REGISTRATION IS REQUIRED, PLEASE LIST ALL PROFESSIONAL BODIES RELEVANT FOR THIS STATE-OWNED ENTITY

WHICH COMPETENCIES ARE REQUIRED FOR BOARD MEMBERS OF STATE OWNED ENTITIES TO BE EFFECTIVE IN THEIR ROLES?			
Strategic Capability and Leadership		Others (Please specify)	
Programme and Project Management			
Financial Management			
People Management and Empowerment			
Change Management			
Knowledge Management			
Service Delivery and Innovation			
Problem Solving and Analysis			
Client orientation and Customer Focus			
Communication			

WHICH COMPETENCIES ARE REQUIRED FOR CHIEF EXECUTIVE OFFICERS OF STATE OWNED ENTITIES TO BE EFFECTIVE IN THEIR ROLES?			
Strategic Capability and Leadership		Others (Please specify)	
Programme and Project Management			
Financial Management			
People Management and Empowerment			
Change Management			
Knowledge Management			
Service Delivery and Innovation			
Problem Solving and Analysis			
Client orientation and Customer Focus			
Communication			

ARE JOB INTERVIEWS THE ONLY CURRENT SELECTION METHODS USED FOR THE APPOINTMENT OF BOARD MEMBERS AND CHIEF EXECUTIVE OFFICERS OF THIS STATE OWNED ENTITY?	Yes	No

COMMENTS:

DO YOU THINK THAT THE CURRENT METHODS USED FOR SELECTION ARE ADEQUATE TO ENSURE THAT THE MOST SUITABLE CANDIDATES ARE APPOINTED?	Yes	No

COMMENTS:

DO YOU THINK THAT THE JOB REQUIREMENTS AND SELECTION METHODS USED ARE ALIGNED?	Yes	No

COMMENTS:

WOULD YOU SUPPORT A PROPOSAL TO MAKE USE OF COMPETENCY BASED ASSESSMENTS IN ADDITION TO THE JOB INTERVIEWS TO SELECT BOARD MEMBERS AND CHIEF EXECUTIVE OFFICERS OF STATE OWNED ENTITIES?	Yes	No

COMMENTS:

DO YOU HAVE ANY FURTHER COMMENTS OR SUGGESTIONS REGARDING THE COMPETENCY REQUIREMENTS FOR THE SELECTION AND APPOINTMENT OF BOARD MEMBERS AND CHIEF EXECUTIVE OFFICERS OF STATE OWNED ENTITIES?

Words of Appreciation

Thank You for taking your valuable time to participate in the Survey. Your inputs are highly appreciated and will contribute in enhancing the current practices on the selection and appointment of board Members and Chief Executive Officers of State Owned Entities in South Africa

Appendix C: Responses Capturing Template

BIOGRAPHICAL DATA: EXPLORING COMPETENCY REQUIREMENTS FOR THE SELECTION AND APPOINTMENT OF BOARD MEMBERS AND CHIEF EXECUTIVE OFFICERS OF STATE OWNED ENTITIES

Item ID	Item Description	Sub-item ID	Sub-item Description	RESPONDENT																				
				01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	Total
A1	Designation of respondent	A1.1	Minister or Deputy Minister																					0
		A1.2	Former board Member					X						X					X			X	X		5
		A1.3	Former Chief Executive Officer		X		X				X				X										4
		A1.4	Departmental official responsible for recruitment of board members and CEOs	X																	X				2
		A1.5	Entity official responsible for recruitment of board members and CEOs																	X				X	1
		A1.6	Current board Member			X				X															2
		A1.7	Current Chief Executive Officer									X	X												2
		A1.8	Commissioner						X																1
		A1.9	Other (Specify)													X	X	X							3
A2	Gender of respondent	A2.1	Male		X		X	X	X	X	X	X		X	X		X	X	X		X		X		14
		A2.2	Female	X		X							X			X				X		X		X	7
A3	Race of respondent	A3.1	African	X		X	X	X			X	X	X	X	X			X	X	X	X		X	X	15
		A3.2	Coloured		X					X						X									3
		A3.3	Indian						X													X			2
		A3.4	White														X								1
A4	Age group of respondent	A4.1	Between 20 & 30																						0
		A4.2	Between 31 & 35																						0
		A4.3	Between 36 & 40																					X	1
		A4.4	Between 41 & 45	X	X								X	X					X		X				6
		A4.5	Between 46 & 50			X	X	X										X				X			5
		A4.6	Between 51 & 55								X	X				X				X					4
		A4.7	Between 56 & 60							X					X		X								3
		A4.8	61 and above						X														X		2

A5	Number of years served in designation listed above	A5.1	Less than 2 Years			X							X												2
		A5.2	Between 3 and 5 Years									X		X		X			X	X	X			X	7
		A5.3	Between 6 and 9 Years				X	X	X	X	X				X			X							7
		A5.4	10 Years and more	X	X												X					X	X		5

QUESTIONS: EXPLORING COMPETENCY REQUIREMENTS FOR THE SELECTION AND APPOINTMENT OF BOARD MEMBERS AND CHIEF EXECUTIVE OFFICERS OF STATE OWNED ENTITIES

Item ID	Item Description	Sub-item ID	Sub-item Description		RESPONDENT																				
				01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	Total
B1	What is the reporting line of this state owned entity?	B1.1	National Government	X	X	X	X	X	X		X		X	X	X	X	X	X		X	X	X	X	X	18
		B.1.2	Provincial Government							X									X						2
		B1.3	Local Government									X													1
		B1.4	Other (Specify)																						0
B2	What is the category of this Entity?	B2.1	A Government component																						0
		B2.2	Statutory Council							X															1
		B2.3	Public Entity		X	X		X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	18
		B2.4	Government Enterprise	X			X																		2
		B2.5	Public Interest Institution																						0
		B2.6	Other (Specify)																						
B3	Key legislative and strategic documents that govern this public entity	B3.1	Founding Legislation	X	X	X	X	X	X			X	X	X	X	X	X	X	X	X	X	X	X	X	19
		B3.2	Companies Act	X			X					X			X			X		X				X	7
		B3.3	Public Finance Management Act	X	X	X	X	X	X	X	X		X	X	X		X	X	X	X	X	X	X	X	19
		B3.4	Municipal Finance Management Act									X													1
		B3.5	King Code on Corporate Governance	X		X	X		X			X		X		X	X	X	X	X	X	X	X	X	15
		B3.6	Corporate Planning and Shareholders Compact	X			X	X	X			X				X	X		X			X	X	X	11
		B3.7	Other (Specify)			X	X				X							X							4
		B4.1	Agriculture																						0

Item ID	Item Description	Sub-item ID	Sub-item Description		RESPONDENT																				
				01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	Total
B4	Industry of service where this public entity operates	B4.2	Communications																						0
		B4.3	Energy																						0
		B4.4	Environment																						0
		B4.5	Finance								X	X					X								3
		B4.6	Forestry																						0
		B4.7	Minerals																				X		1
		B4.8	Public Enterprises												X										1
		B4.9	Telecommunications	X												X									2
		B4.10	Transport		X	X	X	X					X	X						X	X	X		X	10
		B4.11	Water																						0
		B4.12	Other (Specify)						X	X								X	X						4
B5	Key Stakeholders involved in the appointment of board Members	B5.1	Minister responsible for SOE	X		X	X	X	X				X	X	X	X	X			X	X	X	X	X	15
		B5.2	Relevant departmental officials	X		X	X	X	X	X			X				X				X	X	X		11
		B5.3	Relevant SOE Officials			X	X		X		X					X	X								6
		B5.4	Relevant portfolio committee						X																1
		B5.5	Relevant SOE Sub-Committee																						0
		B5.6	Cabinet	X	X		X	X	X					X		X	X			X	X	X	X	X	13
		B5.7	Other (Specify)				X					X						X	X	X					5
B6	Key Stakeholders involved in the appointment of chief executive officer	B6.1	Minister responsible for SOE	X		X	X	X	X				X			X	X				X	X	X	X	12
		B6.2	Relevant departmental officials	X			X		X	X				X			X					X			7
		B6.3	Relevant SOE Officials				X		X		X					X						X			5
		B6.4	Relevant committee						X								X							X	3
		B6.5	SOE bboard	X			X	X	X				X	X	X	X	X	X	X	X	X	X	X	X	16
		B6.6	Cabinet	X	X		X	X	X					X		X	X		X		X	X	X	X	13
		B6.7	Other (Specify)				X					X						X		X					4
B7	Which documents are used to guide the process of appointing board members and	B7.1	DPSA Handbook for appointing board members and CEOs of SOEs	X		X	X		X					X		X	X		X		X			X	10
		B7.2	National Treasury Guidelines			X	X		X									X						X	5
		B7.3	Founding legislation	X	X	X	X	X	X	X		X	X		X	X	X	X		X	X	X	X		17
		B7.4	Job or Role Description / Profile	X			X	X	X		X		X	X		X	X	X				X	X	X	13

Item ID	Item Description	Sub-item ID	Sub-item Description		RESPONDENT																				
				01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	Total
	chief executive officers of SOEs?	B7.5	Job Advert	X		X	X	X	X				X			X	X	X	X		X	X			12
		B7.6	Qualifications	X		X	X		X				X			X	X	X	X		X				10
		B7.7	Declaration of interest	X			X	X	X							X	X	X							7
		B7.8	Security vetting	X			X	X	X							X	X	X			X		X		9
		B7.9	Other (Specify)				X																		1
B8	What are the minimum educational qualifications required to appoint board members of SOEs	B8.1	Grade 12 or Matric Certificate				X			X									X		X	X		X	6
		B8.2	Relevant National Diploma (NQF level 6)										X						X		X	X	X		5
		B8.3	Relevant advanced diploma/ bachelor's degree (NQF Level 7)	X		X								X			X			X	X	X		X	8
		B8.4	Relevant honours degree (NQF Level 8)			X			X						X			X			X			X	6
		B8.5	Relevant master's degree (NQF Level 9)			X						X						X						X	4
		B8.6	Doctorate of PHD (NQF Level 10)			X												X						X	3
		B8.7	Other (Specify)	X	X		X	X				X				X						X			7
B9	What are the minimum educational qualifications required to appoint chief executive Officers of SOEs	B9.1	Grade 12 or Matric Certificate		X					X											X	X		X	5
		B9.2	Relevant national diploma (NQF level 6)		X																				1
		B9.3	Relevant advanced diploma/ bachelor's degree (NQF Level 7)		X		X				X		X	X			X				X	X			8
		B9.4	Relevant honours degree (NQF Level 8)	X	X			X							X				X	X	X		X	X	9
		B9.5	Relevant master's degree (NQF Level 9)	X	X	X			X			X				X		X			X			X	9
		B9.6	Doctorate of PHD (NQF Level 10)			X																		X	2
		B9.7	Other (Specify)																			X			1
B10	Which fields of specialty are relevant for the appointment of	B10.1	Financial management	X	X	X	X	X	X			X	X	X		X	X	X	X	X	X	X	X	X	18
		B10.2	Human resource management		X	X	X					X		X		X	X	X	X	X	X	X	X		13
		B10.3	Economics				X	X				X			X		X	X			X				7

Item ID	Item Description	Sub-item ID	Sub-item Description		RESPONDENT																			
				01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	Total
	board members of SOEs?	B10.4	Legal	X	X	X	X	X	X			X	X	X	X	X	X	X	X	X	X	X	X	X	19
		B10.5	Risk	X		X	X	X	X			X	X	X		X	X	X		X	X	X		X	15
		B10.6	Corporate governance	X		X	X	X	X			X	X	X	X	X	X	X		X	X	X	X	X	17
		B10.7	Audit	X	X	X	X	X	X			X	X	X		X	X	X	X	X	X	X	X	X	18
		B10.8	Procurement				X		X					X			X	X							5
		B10.9	Social sciences (welfare/education/health)		X	X													X		X		X		5
		B10.10	Engineering			X	X						X	X							X		X		6
		B10.11	Information communication technology			X	X									X				X	X		X		6
		B10.12	Stewardship (Arts/culture/sport/museums)						X																1
		B10.13	Marketing and public relations		X		X									X			X						4
		B10.14	Other (Specify)				X	X		X	X											X			5
B11	What are the minimum number of years of relevant experience required for appointment as a board member of this state owned entity?	B11.1	Less than a year		X																				1
		B11.2	Between 1 and 2 years									X													1
		B11.3	Between 3 and 4 years						X					X					X		X				4
		B11.4	Between 5 and 6 years				X			X					X	X							X		5
		B11.5	Between 7 and 8 years			X												X				X			3
		B11.6	Between 9 and 10 years	X													X								2
		B11.7	More than 10 years					X												X				X	3
		B11.8	Other (Specify)								X		X												2
B.12	Which fields of specialty are relevant for the appointment of chief executive officers of soes?	B12.1	Financial management	X	X	X	X	X	X		X		X	X		X	X	X		X	X		X	X	16
		B12.2	Human resource management	X		X	X		X		X	X	X	X			X	X	X	X	X		X	X	15
		B12.3	Economics				X		X			X			X		X	X			X			X	8
		B12.4	Legal		X	X			X					X	X		X	X		X	X			X	10
		B12.5	Risk		X	X	X		X		X		X	X		X	X	X			X			X	12
		B12.6	Corporate governance	X	X	X	X		X				X		X	X	X	X		X	X		X	X	14
		B12.7	Audit			X			X									X		X	X			X	6
		B12.8	Procurement				X		X				X					X		X	X			X	14

Item ID	Item Description	Sub-item ID	Sub-item Description		RESPONDENT																				
				01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	Total
		B12.9	Social sciences (welfare/education/health)		x	x													x						7
		B12.10	Engineering				x							x							x		x		4
		B12.11	Information communication technology			x	x	x	x							x				x				x	7
		B12.12	Stewardship (arts cculture /sport /museums)							x															1
		B12.13	Marketing and public relations		x	x	x		x										x					x	6
		B12.14	Other (Specify)	x	x		x	x				x										x			6
B13.	What are the minimum number of years of relevant experience required for appointment as chief executive officer of this state owned entity?	B13.1	Less than a year																						0
		B13.2	Between 1 and 2 years																			x			1
		B13.3	Between 3 and 4 years																						0
		B13.4	Between 5 and 6 years	x						x				x	x	x					x				6
		B13.5	Between 7 and 8 years						x								x								2
		B13.6	Between 9 and 10 years		x							x						x	x						4
		B13.7	More than 10 years			x	x	x			x		x							x			x	x	8
		B13.8	Other (Specify)																						
B14	is it a requirement or compulsory for board members and chief executive officers of this state owned entity to be registered with relevant professional bodies?	B14.1	Yes									x										x			2
		B14.2	No	x	x	x	x	x	x	x	x		x	x	x	x	x	x	x	x	x			x	18

Item ID	Item Description	Sub-item ID	Sub-item Description		RESPONDENT																				
				01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	Total
B15	If professional registration is required, please list all the applicable professional bodies	B15.1	IODSA & ethics SA	X																					1
		B15.2	Actuarial science, medical and legal		X							X										X			3
		B15.3	IODSA																						
		B15.4	CA																						
B16	Which competencies are required for board members of this state owned entity to be effective in their roles?	B16.1	Strategic capability and leadership	X	X	X	X	X			X	X	X	X	X	X	X	X	X	X	X	X	X	X	**19**
		B16.2	Programme and project management				X					X		X				X	X		X				**6**
		B16.3	Financial management	X	X	X	X	X		X		X	X	X	X	X		X	X	X	X	X	X		**17**
		B16.4	People management and empowerment			X	X	X			X			X	X	X		X	X		X		X		**11**
		B16.5	ChangemManagement	X			X				X			X	X		X	X				X	X		**9**
		B16.6	Knowledge management							X				X	X		X	X	X		X	X	X		**9**
		B16.7	Service delivery and innovation	X			X				X			X	X	X		X	X		X	X			**10**
		B16.8	Problem solving and analysis	X	X	X	X				X	X	X	X	X	X	X		X		X	X		X	**15**
		B16.9	Client orientation and customer focus	X			X	X						X	X				X			X	X		**8**
		B16.10	Communication	X		X	X				X		X	X	X			X			X	X	X	X	**12**
		B16.11	Other (Specify)		X	X	X	X	X													X			**6**
B17	Which competencies are required for the chief executive officer of this state owned entity to be effective in his/her role?	B17.1	Strategic capability and leadership	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	**21**
		B17.2	Programme and project management	X	X	X	X	X	X	X		X	X	X			X	X	X			X	X		**15**
		B17.3	Financial management	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	**20**
		B17.4	People management and empowerment	X	X	X	X	X	X		X	X	X	X	X		X	X	X	X		X	X	X	**18**
		B17.5	Change management	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X		X	X	X	X	**19**
		B17.6	Knowledge management	X			X	X	X		X	X	X	X	X		X	X	X		X	X	X		**14**
		B17.7	Service delivery and innovation	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	**20**
		B17.8	Problem solving and analysis	X	X	X	X	X	X		X	X	X	X	X			X	X	X	X	X	X	X	**18**
		B17.9	Client orientation and customer focus	X	X	X	X	X	X		X	X	X	X	X	X			X		X	X	X	X	**17**

Item ID	Item Description	Sub-item ID	Sub-item Description		RESPONDENT																				
				01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	Total
		B17.10	Communication	X	X	X	X	X	X	X	X	X	X	X	X			X	X		X	X	X	X	**18**
		B17.11	Other (Specify)		X	X	X	X																	**4**
B18	Are job interviews the only current selection methods used for the appointment of board members and chief executive officers of this SOE?	B18.1	Yes		X	X	X		X	X		X	X	X	X	X		X	X	X	X	X			**15**
		B18.2	No	X		X		X			X						X						X	X	**7**
		B18.3	Other (Comments)																						
B19	Do you think that the current methods used for selection are adequate to ensure that the most suitable candidates are appointed?	B19.1	Yes	X				X				X			X			X	X	X			X	X	**9**
		B19.2	No		X	X	X		X	X	X		X	X		X	X					X			**11**
		B19.3	Comments	X				X	X			X			X		X	X	X		X				**9**
B20	Do you think that the job requirements and selection methods are aligned	B201.1	Yes	X				X	X			X			X		X	X	X		X		X	X	**11**
		B20.2	No		X	X	X			X	X		X	X		X				X		X			**10**
		B20.3	Comments																						
B21	Would you support a proposal to make use of	B21.1	Yes	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	**21**
		B21.2	No																						
		B21.3	Comments																						

Item ID	Item Description	Sub-item ID	Sub-item Description		RESPONDENT																			
				01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	Total
	competency based assessments in addition to the job interviews to select Board members and Chief Executive Officers of SOEs?																							
B22	Do you have any further comments or suggestions regarding the competency requirements for the selection and appointment of board members and chief executive officers of state owned entities?				X		X		X		X		X	X			X					X	X	X	**10**

ADDITIONAL INFORMATION: OTHER INFORMATION AND COMMENTS

Item ID	Item Description	Sub-item ID	Sub-Item Description	Respondent	Description
A1	Designation of respondent	A1.9	Other (Specify)	13	HR Director
				14	Government Policy Development Official
				15	Company Secretary
B2	Category of the entity	B2.6	Other (Specify)	01	Public Entity and Government Enterprise
B3	Key legislation and strategic documents that govern the entity	B3.7	Other (Specify)	03	Service Level Agreement
				04	Civil Aviation Act
				08	Pensions Fund Act
				15	Municipal Demarcation Act
B4	Industry of Service	B4.12	Other (Specify)	06	Trade and Industry
				07	Sport
				15	Constitutional Institution
				16	Training
B5	Key stakeholders involved in the appointment of board Members	B5.7	Other (Specify)	04	Lobbyists and Ruling Party Deployment Committee
				09	Municipality
				15	President of the Republic of South Africa
				16	MEC
				17	Shareholders Committee comprising of MECs responsible for road traffic matters in the 9 Provinces
B6	Key stakeholders involved in the appointment of Chief Executive Officer	B6.7	Other (Specify)	04	Lobbyists and Ruling Party Deployment Committee
				09	Parent Municipality and Board
				17	Shareholders Committee in terms of founding legislation
B7	Documents used to guide the process of	B7.9	Other (Specify)	04	Social media and Ruling Party Deployment Policy

	appointing board members and CEOs				
B8	Minimum educational qualifications required to appoint board members of SOEs	B8.7	Other (Specify)	01	This depends on the required skills for a particular Board, should a person who does not have a degree be appointed it should be based on experience and expertise and proven participation in that particular area
				02	No qualification minimum
				04	Relevant qualification and competency as deemed by officials
				05	None defined
				09	Nominations by union or member
				13	None
				19	Qualifications in law, aviation, finance and human resources
Item ID	**Item Description**	**Sub-item ID**	**Sub-Item Description**	**Respondent**	**Description**
B9	Minimum educational qualifications required to appoint CEOs of SOEs	B9.7	Other (Specify)	19	Aviation qualification
B10	Fields of specialty relevant for the appointment of board members	B10.14	Other (Specify)	04	Aviation and technology management, economic and operational regulation
				05	Actuarial science, health care
				07	Sport
				08	No particular work
				19	Aviation
B11	Minimum years of relevant experience required for appointment of board members of SOEs	B11.8	Other (Specify)	08	Not standard
				10	Don't know
B12	Fields of specialty relevant for the appointment of CEOs	B12.14	Other (Specify)	01	Strategic Capability and Leadership
				02	Management
				04	Global politics, Aviation Air Traffic Management, Economic and Operational Regulation
				05	Operations Management
				09	Public Management

				19	Aviation
B16	Competencies required for board members to be effective in their	B16.11	Other (Specify)	02	Governance, Governance and Governance
				03	HRM, Analysis and use of information, Corporate Governance, Strategy Development and implementation, Industry experience and knowledge, Risk management, Law, information technology and a need to find a way to assess moral compound, beliefs and values
				04	Global political surveyness and aviation working experience in Air Traffic Management and Airlines and understanding of economic regulation
				05	Corporate governance, ethics, Law, IT governance, IT governance, Risk management
				06	No competencies identified
				19	Analytical thinking, risk knowledge, innovative thinking, corporate governance, stakeholder management
B17	Competencies required for board members to be effective in their	B17.11	Other (Specify)	02	General management
				04	Global political surveyness and aviation working experience in Air Traffic Management and Airlines and understanding of economic regulation
				05	Corporate governance, ethics, Law, IT governance, IT governance, Risk management
Item ID	**Item Description**	**Sub-item ID**	**Sub-Item Description**	**Respondent**	**Description**
B18	Are job interviews the only current selection method used for the appointment of board members and chief executive officers of SOEs	B18.3	Other (Comments)	01	The CEOs undergo competency assessment. Unfortunately Board members don't undergo competency assessment but there are security and qualifications screening, reference checks, conflict of interest forms they need to complete before they an be appointed.
				03	Not sure, based on my appointment I was not interviewed so I am not sure if they interviewed other candidates
				04	Although it is just a formality
				05	Case study presentation and aptitude tests also form part of assessment
				09	Where no suitable candidates are found, alternatives like headhunting are explored
				14	Also head-hunting
				15	Municipal Demarcation Act prescribes how the interview panel should be composed
				18	The CEOs undergo the competency assessment test and based on their outcome they are recommended for the post
				19	Board members are not interviewed and there is a definite need for this. As it is important for board members to be able to articulate and express themselves appropriately. A lot is gauged from dress and mannerisms at an interview. It also affords them an opportunity to clarify any concerns.
				20	Competency tests are used in support of the final decision

B19	Do you think that the current selection methods are adequate to ensure that the most suitable candidates are appointed?	B19.3	Other (Comments)	01	I think the board members need to undergo competency assessment especially the chairperson to make sure that the suitable chairperson is appointed. With regard to the CEO, I believe the selection process is enough because after the board concludes the process. The Department also do vetting and access their recommendations against the job spec, advert and other requirements to make sure that the suitable candidate is appointed prior to submitting the recommendation to the Minister.
				02	Board members need clear minimum criteria and formal, objective interviews as for what is used for CEOs
				03	Not sure what methods are used for selection
				04	Independent panel that does not have direct vested interests should be used
				06	Furthermore, background checks need to be performed
				08	They are not adequate. The pension fund industry turns to be largely linked to the employer instead of the role it plays and the legislation that governs it
				11	Competency assessment and other applicable assessment instruments
				14	A white paper on governance of entities should be developed followed by overarching legislation on governance matters
				17	Sometimes the selection is influenced by politics where politicians are involved in the process
				19	The entity is not consulted and the CV's are not shared before the appointment. It results in possible conflict of interest and board members who are inexperienced become too operational or do not understand their responsibilities, some are too private sector based. Finding a balance is a challenge and members are sometimes appointed based on who you know.
				20	If used correctly
Item ID	**Item Description**	**Sub-item ID**	**Sub-Item Description**	**Respondent**	**Description**
B21	Would you support a proposal to make use of competency based assessments in addition to the job interview to select board members and CEOs of SOEs?	B21.3	Further comments or recommendations	01	It will assist to make the recommendation concrete and know in advance the areas that will require intervention or improvement. Should the assessments show weakness in the key areas, this will assist as well in making an informed decision of not appointing such an individual
				03	I support competency assessments for board members to identify director skill and knowledge gaps ensure the skills of the current directors are being properly utilized thereby promoting and contributing to improved board performance
				04	Any method that will provide the most suitable candidate for that moment without any bias
				06	Competency based assessments are useful in identifying strengths and weaknesses, management styles and so forth
				08	But only as one of the assessment methods

				09	They are helpful in guiding decisions to be made
				14	Competency assessment is required for reappointment. The DPSA is currently revising the 2008 guide on board appointments
				15	Competency assessment is an important tool during selection and recruitment
				17	For on-going development purposes particularly for board members and to also inform the induction
				19	I do believe it will address the gaps and make sure that the competent board members are appointed and for the right reasons
				20	Provided that they are used to support the final decision
B22	Do you have any further comments or suggestions regarding the competency requirements for the selection and appointment of board members and Chief Executive Officers of State Owned Entities?	B22	Further comments or recommendations	02	Apply the same standard for board members (selection and vetting) as for CEOs
				04	The process should be de-politicised. The success of the organization first depends on its global operational performance which then makes the politicians look good. Currently it is the cart before the horse where political decisions overrule operational logic
				06	More academically qualified persons and persons with experience in the field need to be appointed. Obviously board members must be unblemished with regard to dignity, integrity, honesty and trust
				08	Ethics, governance and financial orientation as minimums
				10	Competency assessments should focus on strategic thinking to ensure that boards can be effective in directing the Organisation's strategy and long term thinking
				11	The appointments should be based on competency and proven track record. It should not have political interference or political deployment without necessary credentials
				14	The enabling documents should specify fit and proper criteria for board and CEO appointments
				17	For on-going development purposes particularly for board members and to also inform the induction
				19	More emphasis should be placed on reference checks like consulting previous entities in terms of performance as a board member
				20	Good methods are in place but practice a lot of wrongs are being practiced where incompetent persons are being employed to satisfy the board's desires
				21	Government could consider introducing final interviews by Cabinet on the three final candidates to avoid instances where Ministers just rubber stamp

Appendix D: Newspaper adverts

ADVERTS FOR NOMINATION OF BOARD MEMBERS OF STATE OWNED ENTITIES OBTAINED FROM VARIOUS NEWSPAPERS

No	Newspaper	Date Advertised	State Owned Entity	Parent Department	Founding or Enabling Legislation	Membership Type	Competency Requirements for Appointment	Added Advantage
1.	Sunday Times	2019, September 1	Post Bank	Telecommunications and Postal Services	South African Post Bank Ltd Act No.9 of 2010	Non-Executive	Banking and economics, Project Management, Risk Management, Financial inclusion, finance and financial services (financial accounting, management accounting, financial management, financial reporting, auditing, risk management, corporate finance and banking), Information communication and technologies, legal in corporate law and contracts management, Corporate governance and transformation in terms of diversity and inclusion, human capacity development and human resource management, block chain, cyber security, digital transformation	Proven skills, knowledge, qualifications and experience in the banking and developmental finance sectors. Relevant experience in legislation and regulation such as Postbank Act, Banks Act, PFMA, Digital skills and Multimedia
2.	Sunday Times	2019, September 8	The Council for Geoscience	Mineral Resources	The Geoscience Act 100 of 1993	Members	Must be suitably qualified in either mining, Business or Economics. Or must have extensive experience relevant to the minerals activities and appropriate expertise or skills to enhance the board's capability in performing its functions effectively	
3.	City Press	2019, September 1	Transport Education Training Authority Board	Higher Education , Science and Technology	Skills Development Act No. 97 of 1998	Members	Corporate governance and ethics, skills development legislation and the NSDS, Service delivery, PFMA and financial management, Strategic leadership role, Education, Skills development, human resource development, quality assurance, general management, business skills,	

No	Newspaper	Date Advertised	State Owned Entity	Parent Department	Founding or Enabling Legislation	Membership Type	Competency Requirements for Appointment	Added Advantage
							communication and marketing	
4.	Sunday Times	2019, August 18	The Food and Beverage Manufacturing Sector Education and Training Authority	Higher Education , Science and Technology	Skills Development Act No. 97 of 1998	Members	Corporate governance and ethics, skills development legislation and the National Skills Development Strategy (NSDS) III, Service delivery, PFMA and financial management, Education, training, Skills development, human resources development, quality assurance of learning provision	
5.	Sunday Times	2019, September 8	The National Public Transport Regulator (NPTR)	Transport	National Land Transport Act No. 5 of 2009	Members	Public Transport, Transport Economics, Accounting, Auditing or Actuarial studies, Law, Tourism transport, and vehicle standards and specifications	
6.	City Press	2019, August 18	The Free State Development Corporation	Free State Department of economic, small business development, tourism and environmental affairs	Free State Development Corporation Act No.6 of 1995	Non-Executive	Law and Property Management experience and knowledge	
7.	Sunday Times	2019, September 8	The National Electronic Media Institute of South Africa (NEMISA)	Telecommunications and Postal Services		Non-Executive	Skills, knowledge, qualifications in the ICT sector: Academia, Research, Innovation, Digital Transformation and Multimedia, Data and Computer Science	Proven skills, knowledge, qualifications and experience in the ICT sector: Block chain, Internet of Things, Digital Transformation Skills, Cyber security, Intellectual Property and commercialization and business skills

No	Newspaper	Date Advertised	State Owned Entity	Parent Department	Founding or Enabling Legislation	Membership Type	Competency Requirements for Appointment	Added Advantage
8.	Sunday Times	2019, September 8	State Information Technology Agency (SITA)	Telecommunications and Postal Services		Non-Executive	Small, Medium and Micro Enterprises (SMME); Black Economic Empowerment (BEE) and Developmental Needs; Legal with focus on negotiation and contract management; IT expert (IT security with intelligence or forensic investigation background) ICT; e-Government; Strategic Technology Trends; Procurement with integrity; Human Resources Management; Financial Accounting; Reporting and Auditing and IT Governance	Proven skills, knowledge, qualifications and experience in the ICT sector: Block chain, Internet of Things, Digital Transformation Skills, Cyber security, Intellectual Property and commercialization and business skills
9.	Sunday Times	2019, August 18	Nuclear Energy Corporation South Africa	Energy		Members	**NTP Radiosotopes SOC Ltd and Pelchem SOC Ltd.** Nuclear science, Nuclear engineering, Oncology, Nuclear medicine and Nuclear pharmacy. Nuclear safety, Emergency preparedness/ responses and Nuclear waste management. Radiation sciences, Radiation technology, and Radiation Protection. Clean energy and Renewable Energy Projects. Large scale infrastructure projects. Geology. Civil, mechanical, electrical and Metallurgical Engineering. Mining and Environmental Management. Finance, Audit, Risk Management and compliance with working knowledge of IFRS. Financial management and financial engineering. Corporate financial structuring and related matters. Corporate governance and Company law. Technology commercialization and or market foresight. Strategic leadership. Human resources. Organisational design. Strategic communication. Reputation and stakeholder management	
10.	City Press	2019, August 25	Culture, Arts, Tourism, Hospitality and	Higher Education , Science and Technology	Skills Development Act No. 97 of 1998	Members	Corporate governance strategy and ethics, financial management, auditing and legal, Human resource development, education,	

No	Newspaper	Date Advertised	State Owned Entity	Parent Department	Founding or Enabling Legislation	Membership Type	Competency Requirements for Appointment	Added Advantage
			Sports Sector Education and Training Authority				training and skills development, quality assurance of learning provision, skills development legislation and the National Skills Development Plan. The PFMA and regulations	
11.	Sunday Times	2019, August 25	Education, Training, and Development Practices Sector Education and Training Authority	Higher Education , Science and Technology	Skills Development Act No. 97 of 1999	Members	Extensive knowledge and experience in broad strategy formulation, strategic planning, corporate governance, financial management, understanding of skills development legislation and commitment to promote the best interests of the ETDP SETA	
12.	Sunday Times	2019, August 18	Wholesale and Retail Sector Education and Training Authority	Higher Education , Science and Technology	Skills Development Act No. 97 of 1998	Members	Knowledge, skills and expertise in: Corporate governance and ethic; Skills development legislation; SETA's service delivery responsibility; PFMA and financial management; Sector and constituency represented; strategic role of the accounting authority; Education, training, skills development and human resource development; quality assurance of learning provision; general management and business skills; communication and marketing role of entity in relation to its stakeholders and any other areas of expertise relevant to the sector	
13.	City Press	2019, August 25	Road Accident Fund	Transport	Road Accident Fund Act No. 56 of 1996	Members	Extensive experience in insurance, finance, medical service provision, law, accounting, actuarial science or in matters relating to disabled persons, road users , commuters or consumers interests	
14.	Sunday Times	2019, September 8	South African Diamond and Precious	Mineral Resources	Diamonds Act No.56 of 1986	Members	Appropriate qualifications and experience in the fields of Legal, Finance, Mining, Human Resources, Marketing, Business	

No	Newspaper	Date Advertised	State Owned Entity	Parent Department	Founding or Enabling Legislation	Membership Type	Competency Requirements for Appointment	Added Advantage
			Metals Regulator				Development and understanding of transformation imperatives of the government	
15.	Sunday Times	2019, August 25	Financial and Accounting Services Sector Education and Training Authority	Higher Education , Science and Technology	Skills Development Act No. 97 of 1998	Members	Corporate governance and ethics; skills development legislation and NSDS III; PFMA and Financial Management; Sector or constituency represented by member; strategic leadership role of the Accounting Authority; Education, training , skills development and human resources development and quality assurance of learning provision	
16.	City Press	2019, September 8	South African Bureau of Standards	Trade and Industry	Standards Act, No.8 of 2008	Non-Executive	Professional experience in engineering, conformity assessment, finance, business management, corporate governance, banking and credit extension, international or foreign standardization, technical infrastructure matters. Knowledgeable of the operations of a high complexity accredited testing laboratory that operates as a subsidiary of a scientific based standards setting organization and understanding of South African Government economic policies.	
17.	City Press	2019, August 25	Media, Information and Communication Technologies Sector Education and Training Authority	Higher Education , Science and Technology	Skills Development Act No. 97 of 1998	Independent Chairperson of the Risk Management Committee	CA, SA. Affiliation with any risk institutions. Knowledge in developing and reviewing risk awareness strategy. Knowledge in developing and reviewing risk management policy. Knowledge in developing and reviewing fraud prevention policy. Knowledge in developing and reviewing risk appetite and tolerance levels. Evaluation of the adequacy and effectiveness of the risk management process followed and the fraud prevention plans. Knowledge of the Skills Development Act; PFMA; NSDS III;	

No	Newspaper	Date Advertised	State Owned Entity	Parent Department	Founding or Enabling Legislation	Membership Type	Competency Requirements for Appointment	Added Advantage
							National Treasury Regulations. SETA Constitution. Knowledge of industry standards and relevant laws and regulations	
18.	City Press	2019, August 25	Safety and Security Sector Education and Training Authority	Higher Education , Science and Technology	Skills Development Act No. 97 of 1998		Corporate governance and ethics, Skills Development legislation and National Skills Development Plan, PFMA, Financial Management, Education, Training and skills development and human resources development. Quality assurance of learning provision	

JOB ADVERTS FOR CHIEF EXECUTIVE OFFICERS OF STATE OWNED ENTITIES OBTAINED FROM VARIOUS NEWSPAPERS

No	Newspaper	Date advertised	State Owned Entity	Parent Department	Job Title	Duties	Minimum Educational Requirements	Minimum Experience	Competency requirements for appointment	Added Advantage
1.	City Press	2019, August 25	Government Printing Works	Home Affairs	Chief Executive Officer	Leading the Government Printing Works in setting a clear and compelling service vision which translates into the effective achievement of its strategic mandate and growing of business to ensure self- sustainability. Foster partnerships with relevant internal and external stakeholders thereby optimizing the Department's contribution to the achievement of the National Development Plan. Ensure compliance with national and internationally recognised regulations. Ensure continuous improvement in the quality and value of services rendered by the Department. Establish and maintain an organisational structure which supports the accomplishment of operational and strategic goals. Implement and ensure compliance with corporate governance and all the relevant legislative and regulatory frameworks based on King IV principles. Ensure effective resource management	Recognised undergraduate qualification at NQF level 7 and a post graduate qualification at NQF level 8	8 to 10 years' experience at Senior Management level of which 3 years must be within any organ of state defined in the Constitution, Act 108 of 1996	Dynamic leader with strong financial background and must have extensive knowledge of the PFMA and Treasury regulations. A strong understanding of corporate governance and entire legislative and regulatory framework applicable thereto. Excellent verbal and written communication skills and strong business acumen. Au fait in strategic capability and leadership, service delivery innovation, client orientation and customer care, problem solving and analysis.	

No	Newspaper	Date advertised	State Owned Entity	Parent Department	Job Title	Duties	Minimum Educational Requirements	Minimum Experience	Competency requirements for appointment	Added Advantage
2.	Sunday Times	2019, August 25	Cradle of Humankind World Heritage Site and Dinokeng Projects	Gauteng Department of Economic Development	Chief Executive Officer	Provide leadership at the forefront of the management of the World Heritage Site and the Dinokeng Projects. Developing strategic plan to advance the company's vision and mission. Ensure alignment to the shareholder's objectives. Provide stakeholder value in the tourism transformation sector. Oversee company operations (services and facilities management) to ensure efficiency, quality service and cost effective management of resources with due consideration to risks. Lead the implementation of resolutions and policies of the organisation	A degree in business management/ administration/ tourism and hospitality (NQF level 7) and a post graduate qualification at NQF level 8 as recognised by SAQA	8 to 10 years' experience at Senior Management level plus 10 years in the tourism sector. A minimum of 5 years project management experience.	Demonstrated knowledge of economic and accounting principles and practice. Analysis and reporting of financial data. Relevant knowledge of law, legal codes, precedents and government regulations. Knowledge of South African Government structures and economic policy framework as strategies. Appropriate national and international business engagement among peers. High level communication skills both written and verbal, including extensive public speaking experience. Knowledge of principles and processes for providing customer services. Customer needs assessment, meeting quality standards for services and evaluation of customer satisfaction. Ability to interpret and implement organisational climate	MBA or MBL. Experience in developing industry and business relationships with a diverse group of industry and public stakeholders

No	Newspaper	Date advertised	State Owned Entity	Parent Department	Job Title	Duties	Minimum Educational Requirements	Minimum Experience	Competency requirements for appointment	Added Advantage
									survey reports.	
3.	Sunday Times	2019, September 1	The ZA Domain Name Authority	Non-Profit Organisation	Chief Executive Officer	Provide strategic direction to ZADNA through sound business strategy, systems, planning, approved policies and procedures. Ensure compliance with applicable legislation and regulations. Corporate governance. Budget and finance management. Governance and regulation of domain name registries, registrars and registrants. Development and implementation of policies and industry charters. Business growth strategy and growth of the South African domain name space industry. Stakeholder management and reporting to the ZADNA board	A relevant bachelor's degree in Information Technology in related discipline or a master's degree in business administration or equivalent qualification.	10 years preferably within ICT environment. At least 8 years of experience must be in senior/ executive managerial level. Expert knowledge and understanding of the domain namespace/internet. Knowledge of the domain namespace legislation and regulatory framework		Postgraduate qualification in ICT

Appendix E: Industry Competency Self-Assessment Rating Sheet

Rating scale: (1 = not yet competent, 2 = competent, 3 = highly competent)

Field of specialisation	Candidate A	Candidate B	Candidate C	Candidate D
Financial management				
Human resource management				
Corporate governance				
Risk management				
Legal knowledge				
Economics				
Auditing				
Marketing and Public Relations				

Outcome and comments

Appendix F: Proposed Competency framework for board members of SOEs

Job Title: Board Member of a State Owned Entity

Job Purpose: To provide strategic guidance, leadership and monitoring over a state owned entity

Job objectives:

- To provide strategic direction to the SOE
- To formulate, monitor and review the corporate strategy, major plans of action, risk policy, annual budgets and business plans of the SOE
- To regularly identify key risk areas and key performance indicators
- To ensure that the SOE is fully aware of and complies with applicable laws, regulations, government policies and codes of business practice
- To ensure that the shareholders' performance objectives are achieved and that they can be measured in terms of the performance of the SOE
- To monitor and manage potential conflicts of interest of management, board members and shareholders
- To communicate with the shareholder and relevant stakeholders openly and promptly
- To act on a fully informed basis, in good faith, with diligence, skill and care and in the best interests of the SOE
- To ensure that an effective succession plan for all directors and key executives is in place and adhered to
- To retain full and effective control over the SOE
- To ensure that financial statements are prepared for each financial year
- To review and evaluate (on an annual basis) the required mix of skills and experience and other qualities in order to assess the effectiveness of the entire board, its committees and the contribution of each individual director during the entire term of office
- To maintain the highest standard of integrity, responsibility and accountability
- To appoint the CEO in concurrence with the Executive Authority

Job knowledge: Corporate governance, Law, IT Governance, Risk Management, Stakeholder Relations

Technical skills: N.B Specific skills related to the SOE to be indicated by relevant officials

Education: A relevant bachelor's degree or an advanced diploma at NQF level 7 and a relevant postgraduate qualification at NQF level 8. A relevant masters or doctoral degree will be an added advantage

Experience: Relevant experience of between 8 and 10 years

Managing self-competencies

Rating scale: (1 = not achieved, 2 = partially achieved, 3 = achieved, 4 = exceeded)

Competency	Description	Effective Behavioural Indicators	Rating			
			1	2	3	4
Political awareness	Conscious of the dynamic interplay between politics and organisational activities	▪ Conversant with the policy and operational mandate of the SOE ▪ Understands the dynamics of interplay between the SOE, the board and the executive authority ▪ Knows how to build and sustain harmonious relationships with multiple political stakeholders				

Analytical thinking	Analyses the situation and identifies the underlying problems, causes, relationships, implications and opportunities	▪ Effectively resolves the most difficult and complex problems that require the creation of new and innovative approaches ▪ Analyses and appropriately weighs the advantages and disadvantages, opportunities and threats before deciding on a course of action ▪ Integrates seemingly unrelated information from different sources to identify new approaches that can strengthen the long term position of the SOE				
Ethics and integrity	Acts with integrity, honesty and transparency in relationships with others and the organisation	▪ Earns the trust and respect of fellow board members and management by acting in a trustworthy and authentic manner ▪ Speaks truthfully and honestly ▪ Handles sensitive matters with care and discretion ▪ Keeps promises and commitments ▪ Acts in accordance with the core values of the SOE ▪ Shares information with fellow board members with openness				
Relationship management	Interacts with fellow board members, management and stakeholders in a professional manner	▪ Interacts respectfully with others (fellow board members, management, staff, shareholder and customers) ▪ Cultivates a safe and supportive environment for fellow board members ▪ Manages conflict and mitigates any possible negative impact ▪ Contributes towards building a cohesive and united board				
Managing others competencies						
Rating scale: (1 = not achieved, 2 = partially achieved, 3 = achieved, 4 = exceeded)						
Competency	**Description**	**Effective Behavioural Indicators**	**Rating**			
			1	**2**	**3**	**4**
Communication	Presents ideas in a clear, concise and persuasive manner	▪ Engages with shareholders and stakeholders to enhance mutual understanding ▪ Expresses ideas to individuals and groups both in formal and informal settings ▪ Communicates controversial sensitive messages to stakeholders tactfully ▪ Ensures safeguarding of sensitive SOE information ▪ Encourages participation and mutual understanding. ▪ Delivers and presents key information and messages ▪ Relates to others in a respectful manner ▪ Manages and maintains political and				

		professional relations				
People management and empowerment	Manages and empowers people to optimise their outputs	▪ Ensures that the most suitable candidate is appointed as CEO ▪ Applies labour and employment legislation and regulations consistently and fairly ▪ Encourages collective responsibility and accountability ▪ Manages conflict through a participatory transparent approach ▪ Ensures that induction and succession planning processes are enhanced				
Change management	Initiates and supports SOE transformation and change in order to successfully implement new initiatives and deliver on service delivery commitments	▪ Creates an environment that encourages change, innovation and improvement ▪ Identifies broad change strategies to achieve desired results ▪ Creates innovative ways of reinforcing change, rewarding acceptance and discouraging change resistance ▪ Creates a network of leaders who support and own the change				
Business management competencies						
Rating scale: (1 = not achieved, 2 = partially achieved, 3 = achieved, 4 = exceeded)						
Competency	**Description**	**Effective Behavioural Indicators**	**Rating**			
			1	**2**	**3**	**4**
Strategic capability and leadership	Provides a vision and sets the direction for the SOE	▪ Inspires others to deliver on the organisational mandate ▪ Ensures that the SOE achieves its strategic objectives against specified performance measures ▪ Defines performance measures to evaluate the success of strategies ▪ Supports stakeholders in achieving their goals ▪ Communicates the strategic plan to key shareholders and stakeholders ▪ Ensures that relevant board committees and subcommittees are functional				
Financial management	Ensures that the SOE is financially sound and its existence is sustainable	▪ Applies sound financial management concepts ▪ Ensures that the SOE performs financial planning, budgeting and forecasting ▪ Manages and monitors financial risks ▪ Continuously seek for investment opportunities ▪ Ensures that financial reports of the SOE are prepared in line with the applicable guidelines ▪ Analyses and monitors financial reports ▪ Ensures that financial resources are allocated to established goals and objectives				

		▪ Aligns expenditure to cash flow projections ▪ Ensures that corrective measures and actions are taken to ensure alignment of budget to financial resources				
Business /Organisational knowledge	Understands the nature and workings of the SOE	▪ Understands the vision, mission and objectives of the SOE ▪ Understands the industry/sector in which the SOE operates ▪ Understands the work of the SOE ▪ Understands how the work of the SOE fits with the National Agenda ▪ Understands the organisational business processes				
Risk management	Able to identify, evaluate and mitigate organisational risks that may hamper the SOE from achieving its objectives	▪ Conversant with risk identfication and mitigation techniques ▪ Assists the board in identifying, quantifying and developing risk management strategies ▪ Monitors and evaluates organisational risks ▪ Ensures that the organisational risk register is updated and relevant				
Client orientation and customer focus	Ensures that the SOE delivers quality services to the customers	▪ Identifies opportunities to meet or exceed customer expectations ▪ Identifies clear and implementable solutions ▪ Analyses internal work processes to improve customer service				
Corporate governance	Conversant with the general principles of good corporate and organisational governance	▪ Conversant with the fundamental principles of good governance ▪ Conversant with the related governance instruments ▪ Understands the importance of managing public resources in a transparent and effective manner ▪ Demonstrates a commitment to upholding the principles of good corporate governance ▪ Guides fellow board members and management on governance issues ▪ Keeps abreast of developments in the field of governance				
Legal knowledge	Conversant with legal principles, practices and their application to the SOE	▪ Alerts fellow board members to issues with possible legal implications ▪ Helps members to understand potential legal issues ▪ Conversant with legal processes				
Project and programme management	Plans, manages, monitors and evaluates specific activities in order to deliver the desired outputs and outcomes	▪ Establishes broad stakeholder involvement and communicates the project status and key milestones ▪ Defines roles and responsibilities for project team members and clearly communicates expectations ▪ Balances quality of work with deadlines and budget ▪ Identifies and manages risks to the project by assessing potential risks and building				

		contingencies into project plan ▪ Uses computer software programmes to help manage project ▪ Sets and manages service level agreements with contractors				
Problem solving and analysis	Systematically identifies, analyses and resolves existing and anticipated problems in order to reach optimum solutions in a timely manner	▪ Explains potential impact of problems to own working environment ▪ Demonstrates logical problem solving approach ▪ Provides rationale for proposed solutions ▪ Determines root causes of problems and evaluates whether solutions address root causes ▪ Demonstrates objectivity, thoroughness, insightfulness, and probing behaviours when approaching problems ▪ Demonstrates the ability to break down complex problems into manageable parts and identify solutions				

Identification of competency assessment instruments to be used per competency and assessment area

Competency	Abilities	Interest	Personality	Motivation
Political awareness				
Analytical thinking				
Ethics and integrity				
Relationship management				
Communication				
People management and empowerment				
Change management				
Strategic capability and leadership				
Financial management				
Business /organisational knowledge				
Risk management				
Client orientation and customer focus				
Corporate governance				
Legal knowledge				
Project and programme management				
Problem solving and analysis				

Appendix G: Proposed competency framework for CEOs of SOEs

Job Title: Chief Executive Officer of a State Owned Entity

Job Purpose: To provide strategic guidance, leadership and monitoring over a state owned entity

Job objectives:

- To craft and implement vision and mission of the SOE
- To develop and implement strategic goals and objectives
- To lead the development of the SOE's short and long-term strategies
- To monitor and evaluate the performance of the SOE
- To communicate on behalf of the SOE with shareholders, stakeholders, organised labour and industry leaders
- To develop and implement cost effective and innovative strategies
- To ensure that the SOE performance in line with its founding and enabling legislation.
- To ensure that the SOE complies with its regulatory requirements
- To ensure that the SOE maintains high social responsibility
- To ensure that SOE employees operate in an ethical and respectful manner

Job knowledge: Corporate Governance, Law, Risk Management, IT Governance

Technical skills: Specific skills related to the SOE

Education: A relevant bachelor's degree or advanced diploma at NQF level 7 and a relevant postgraduate qualification at NQF level 8. A relevant masters or doctoral degree will be an added advantage

Experience: Relevant experience of between 8 and 10 years at senior management level

Managing self-competencies

Rating scale: (1 = not achieved, 2 = partially achieved, 3 = achieved, 4 = exceeded)

Competency	Description	Effective behaviour indicators	Rating			
			1	2	3	4
Self-awareness and management	Able to fully understand oneself and use that information to manage one's emotions effectively	▪ Has deep understanding of own emotions, strengths, weaknesses, needs and drives ▪ Recognises one's emotions and their effects and learns from one's feelings quickly. ▪ Understands own and others' emotions ▪ Understands own strengths, weaknesses, inner resources and, limits				
Innovation and creativity	Generates and promotes new ideas and uses them to develop new or improved processes, methods, systems, solution, products or services. Generates creative solutions to work situations	▪ Generates ideas that create breakthrough opportunities and change ▪ Leads initiatives to promote innovation and creativity ▪ Tries different and novel ways to deal with problems and opportunities. ▪ Anticipates how institutional , legislative, policy or context changes will affect the SOE and develops strategies to capitalise on these changes				

Service delivery innovation	Champions innovative and creative ways of delivering services while ensuring cost effectiveness and efficiency	▪ Consults clients and stakeholders on ways to improve the delivery of services ▪ Communicates the benefits of service delivery Demonstrates knowledge of general concepts of financial planning, budgeting and forecasting and how they interrelate ▪ improvement opportunities to stakeholders ▪ Demonstrates full knowledge of principles on service delivery innovations ▪ Identifies and analyses opportunities where innovative ideas can lead to improved service delivery ▪ Creates mechanisms to encourage innovation and creativity within functional areas and across the organisation Implements innovative service delivery options				
Honesty and Integrity	Displays and builds the highest standards of ethical and moral conduct in order to promote confidence and trust in the SOE	▪ Promotes organisational values and beliefs ▪ Conducts self in accordance with organisational code of conduct ▪ Deals with fraud, corruption, nepotism and maladministration allegations ▪ Discloses conflict of interests and gifts ▪ Establishes trust and shows confidence in others ▪ Treats all employees with respect ▪ Shares information openly, while respecting the principle of confidentiality ▪ Honours the confidentiality of matters and does not use such information for personal gain or the gain of others				
Results orientation	Stays focused on the efforts necessary to achieve quality results consistent with SOE strategic goals	▪ Continuously monitors progress towards goal attainment ▪ Anticipates and mitigates potential obstacles to business results ▪ Willingly takes on most complex and difficult assignments ▪ Continuously raises the standards to increase levels of excellence and success				
Managing others competencies						
Rating scale: (1 = not achieved, 2 = partially achieved, 3 = achieved, 4 = exceeded)						
Competency	**Description**	**Effective Behaviour Indicators**	**Rating**			
			1	**2**	**3**	**4**
People management and empowerment	Manages and empowers people to optimise their outputs	▪ Ensures that the most suitable candidate is appointed as CEO ▪ Applies labour and employment legislation and regulations consistently and fairly ▪ Encourages collective responsibility and accountability ▪ Manages conflict through a participatory				

		transparent approach ▪ Ensures that induction and succession planning processes are enhanced				
Change management	Initiates, supports and champions organisational transformation and change in order to successfully implement new initiatives and deliver on service delivery commitments	▪ Performs analysis to determine the impact of changes in the social, political and economic environment ▪ Keeps self and others calm and focused during times of change or ambiguity ▪ Initiates, supports and encourages the generation of new ideas ▪ Consults and persuades all the relevant stakeholders of the need for change ▪ Inspires and builds commitment towards organisational change ▪ Coaches colleagues on how to manage change ▪ Proactively seeks new opportunities for change ▪ Identifies and manages resistance to change				
Communication	Exchanges information and ideas in a clear and concise manner appropriate for the audience in order to explain, persuade, convince and influence others to achieve the desired outcome	Expresses ideas to individuals and groups both in formal and informal settings in an interesting and motivating way; ◊ Receptive to alternative viewpoints; ◊ Adapts communication content and style according to the audience including managing body language effectively; ◊ Delivers messages in a manner that gains support, commitment and agreement; ◊ Writes well-structured complex documents; ◊ Communicates controversial sensitive messages to stakeholders tactfully; ◊ Listens well and is receptive; and ◊ Encourages participation and mutual understanding.				
Business management competencies						
Rating scale: (1 = not achieved, 2 = partially achieved, 3 = achieved and 4 exceeded)						
Competency	**Description**	**Effective Behaviour Indicators**	**Rating**			
Strategic capability and leadership	Provides a vision, sets the direction for the SOE and inspires others to deliver on the organisational mandate	▪ Gives direction to team in realising the organisation's strategic objectives ▪ Impacts positively on team morale, sense of belonging and participation ▪ Develops detailed action plans to execute strategic initiatives ▪ Assists in defining performance measures to evaluate the success of strategies ▪ Achieves strategic objectives against specified performance measures ▪ Translates strategies into action plans ▪ Secures co-operation from colleagues and team				

		members ▪ Seeks mutual benefit/win-win outcomes for all concerned ▪ Supports stakeholders in achieving their goals ▪ Inspires staff with own behaviour – “walks the talk” ▪ Manages and calculates risks ▪ Communicates strategic plan to the organisation ▪ Utilises strategic planning methods and tools				
Programme and project management	Plans, manages, monitors and evaluates specific activities in order to deliver the desired outputs and outcomes	▪ Establishes broad stakeholder involvement and communicates the project status and key milestones ▪ Defines roles and responsibilities for project team members and clearly communicates expectations ▪ Balances quality of work with deadlines and budget ▪ Identifies and manages risks to the project by assessing potential risks and building contingencies into project plan ▪ Uses computer software programmes to help manage projects ▪ Sets and manages service level agreements with contractors				
Financial management	Compiles and manages budgets, controls cash flow, institutes risk management and ensures that tender procurement processes are in accordance with generally recognised financial practices in order to ensure the achievement of strategic organisational objectives.	▪ Manages and monitors financial risk ▪ Continuously looks for new opportunities to obtain and save funds ▪ Prepares financial reports and guidelines based on prescribed format ▪ Understands and weighs up financial implications of propositions ▪ Understands, analyses and monitors financial reports; ▪ Allocates resources to established goals and objectives ▪ Aligns expenditure to cash flow projections ▪ Ensures effective utilisation of financial resources ▪ Develops corrective measures/actions to ensure alignment of budget to financial resources				
Problem solving and analysis	Systematically identifies, analyses and resolves existing and anticipated problems in order to reach optimum solutions in a timely manner	▪ Demonstrates logical problem solving approach ▪ Determines root causes of problems and evaluates whether solutions address root causes ▪ Demonstrates objectivity, thoroughness, insight fullness, and probing behaviours when approaching problems Demonstrates the ability to break down complex problems into manageable parts and identify solutions ▪ Provides rationale for proposed solutions				

Risk management	Able to identify, evaluate and mitigate organisational risks that may hamper the SOE from achieving its objectives	▪ Conversant with risk identfication and mitigation techniques ▪ Assists the board in identifying, quantifying and developing risk management strategies ▪ Monitors and evaluates organisational risks ▪ Ensures that the organisational risk register is updated and relevant				

Identification of competency assessment instruments to be used per competency and assessment area

Competency	Abilities	Interest	Personality	Motivation
Self-awareness and management				
Innovation and creativity				
Service delivery innovation				
Honesty and integrity				
Result orientation				
People management and empowerment				
Change management				
Communication				
Strategic capability and leadership				
Programme and project management				
Financial management				
Problem solving and analysis				
Risk management				