



**A PROPOSED SUSTAINABLE FUNDING FRAMEWORK FOR THE  
PUBLIC BROADCASTER IN SOUTH AFRICA**

**BY**

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In accordance with Rule G5.6.3, I hereby declare that the above-mentioned thesis is my own work and that it has not previously been submitted for assessment to another University or for another qualification.



.....  
**SIGNATURE**

**31 January 2018**  
.....

**DATE**

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## **EXECUTIVE SUMMARY**

Public service broadcasting in South Africa is the responsibility of the South African Broadcasting Corporation (SABC), which is the only national public service broadcaster mandated through the South African Broadcasting Act. Consequently, the SABC is meant to be a tool for information, entertainment and education that is accessible by all citizens, regardless of their social and economic status in the community. However, like all enterprises, the SABC requires a sustainable source of revenue to function effectively. It is of the utmost importance that the SABC has the necessary resources and stable source of revenue to fulfil its public service responsibilities, as a lack of proper resources and insufficient funds can hinder the provision of these services.

The global economic crisis has put all public and private sector companies under financial pressure. The effect of this financial pressure was felt by the SABC and led to financial loss, subsequently posing a serious threat to the financial sustainability of the SABC. Given this situation, this study sought to develop a sustainable funding framework by identifying factors that influence the financial sustainability of the public broadcaster in South Africa and to provide alternative strategies for improving the financial sustainability of the public broadcaster in South Africa, which has thus far proved unsustainable and insecure. Past research has focused mainly on defining a public service broadcaster or a public mandate, or considered the future of public service broadcasters. In these past studies, researchers mostly debated the SABC funding challenges without attempting to develop a funding framework for the SABC.

To achieve the objectives of this study a quantitative approach using a web-based distribution survey method was adopted to test the hypotheses. The participants were randomly selected in each provincial SABC office from the database of managers, unionised and non-unionised employees, as well as the database list of freelancers. A total of 432 participants, selected through a stratification sampling technique, were considered and 175 respondents completed the survey. However, after data clean-up only 168 respondents' data was usable.

Based on the analysis of various secondary sources, a theoretical framework regarding sustainable funding of the public broadcaster in South Africa was

constructed. The proposed theoretical framework indicated that the intervening variable, which is sustainable funding, is possibly influenced by three independent variables namely, internal stakeholders, a competitive environment and the management of resources. The perceived outcomes (dependent variables) of a sustainably funded public broadcaster were identified as customer benefits and organisational performance.

The computer programme STATISTICA was used for data analysis. Descriptive statistics was used to summarise the data of the respondents and allow easy interpretation by the researcher. Inferential statistical analysis was used to test for relationships between identified variables using a validity test, reliability test and correlation and regression analysis. The empirical results revealed that sustainable funding formed two separate intervening variables. These variables were renamed sustainable funding enabler and sustainable funding as part of management control. The dependent variable customer benefits and organisational performance also loaded onto a single factor and was renamed organisational outcomes.

Given the results, it was determined that internal stakeholders, competitive environment and management of resources have a significant positive influence on the sustainable funding enabler for the public broadcaster. In turn, sustainable funding enabler had a significant positive influence on the organisational outcomes (customer benefits and performance). On the other hand, only the management of resources had a positive influence on sustainable funding as part of management control of the public broadcaster. Furthermore, sustainable funding as part of management control still had a significant positive influence on the organisational outcomes. The majority of the respondents agreed in their responses in relation to the variable items measuring sustainable funding as a part of management control and its influence to the organisational outcomes of the public broadcaster.

In conclusion, sustainable funding of the public broadcaster is influenced by the identified variables, namely internal stakeholders, competitive environment and management of resources. In turn, sustainable funding has a positive influence on the organisational outcomes (customer benefits and performance). It is envisaged that the empirical evidence provided in this study will assist the SABC in understanding the factors influencing financial sustainability and thereby assist the

organisation during strategy development and decision making. This study provides relevant and practical recommendations that will make the SABC financially sustainable. Finally, the objectives of this study were achieved and the research questions were answered. This study can also act as a foundation for other studies, thereby contributing to the body of knowledge.

**Keywords:** public broadcaster, South African Broadcasting Corporation, SABC, South Africa, financial sustainability, sustainable funding

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## **CHAPTER 1**

### **INTRODUCTION AND SCOPE OF THE STUDY**

#### **1.1 INTRODUCTION AND BACKGROUND**

The South African Broadcasting Act of 1999 defines 'broadcasting' as a one-way distribution of television and radio programmes to audiences through the use of a radiofrequency spectrum or satellite mode of transmission that is received by appropriate receiving equipment (Broadcasting Amendment Act, 2009). In underdeveloped countries the main trusted access to news and information is through radio. In more developed countries, television has replaced radio as the most prevalent source of news, education and entertainment (Salomon, 2008:7; Ofcom Report, 2014:8).

In Western societies, for example the United Kingdom (UK), people spend an average of 26 hours per week watching television, that is according to the Broadcasters' Audience Research Board (BARB), and 23 hours listening to radio, as reflected in the Radio Joint Audience Research (RAJAR) data (Mediauk.com, 2014). Within the broadcasting communication medium, public service broadcasting plays a critical role, as it serves all members of a community. The basic mission of public service broadcasters is to serve the cultural, social and political needs of their audiences. Public service broadcasters provide common, universal services that help build a national identity and convey the aspirations and concerns of the citizens in their platforms (Picard, 2006:183; Obijiofor, 2011:13).

Like all enterprises, public service broadcasters require a sustainable source of revenue to function effectively. It is of the utmost importance that public service broadcasters have the necessary resources and stable sources of revenue to fulfil their public service responsibilities, as a lack of proper resources and insufficient funds can hinder the provision of these services (Juneau, 2000:6; Obijiofor, 2011:15; Burnley, 2014:11). Proper resources include the organisation's assets and skills that provide the foundation of a sustainable competitive advantage and long-term performance in relation to competitors. Assets are the organisation's possessions that are superior to those of the competition and skills include the capability that the

organisation has that allow it to perform better than competitors (Aaker, 1989:91). Some skills are inherent in the employees, who form an important internal stakeholder group that contribute and influence the development of the organisation (Florea & Florea, 2013:131). Therefore, attracting and retaining skilled employees is a critical strategic issue for competitive advantage and organisational success (Hosmer, 2001:34).

In South Africa, public service broadcasting is the duty and responsibility of the South African Broadcasting Corporation (SABC), mandated through the South African Broadcasting Act (Broadcasting Act, 1999). The South African Broadcasting Act of 2002 holds that the SABC is obligated to provide a broadcasting service that is representative of all South Africans (Broadcasting Act, 2002:Section 8a). In order to fulfil this obligation, the SABC requires sufficient resources and a stable funding framework. According to Fourie (2003:18) and Mendel (2011:61), such funding should be sufficient to allow the SABC to achieve the multiple tasks it is legally mandated to perform, including the provision of broadcasting services in eleven official languages, as well as being responsive to the needs of those who are deaf and blind. However, the SABC has an unstable revenue income as reflected in the financial reports for the period 2009 to 2016. From 2009 to 2011 the organisation experienced revenue losses, while in 2012 the SABC announced a nominal profit (SABC Annual Report, 2010:32; SABC Annual Report, 2012:90). The fluctuation continued, as a loss was declared again in 2013, 2015, 2016 and a profit in 2014 (SABC Annual Report, 2014:99; SABC Annual Report, 2015:92; SABC Annual Report, 2016:125). To prevent this trend from continuing, a sustainable and reliable revenue source is needed.

Public service broadcasters receive funding from diverse sources, including licence fees, contributions by individuals, government grants and commercial financing (Juneau, 2000:9; Burnley, 2014:6). The funding split of the South African Broadcasting Corporation (SABC), as reflected in the annual financial report of 2016 (the 2017 annual financial report was not available at the time of writing), is as follows: advertising revenues 79%, television licence fees 12%, sponsorships 6%, government grant 2% and business enterprises and facility revenues 1% (SABC Annual Report, 2016). The government grant is in the form of capital investment for

infrastructural and expansion projects. The public commercial divisions (three radio stations and one television channel), are mandated to generate and deliver revenue to cross-subsidise the public service radio stations and public service television channel (Department of Communications, 1998:24; Mendel, 2011:60).

Public service broadcasting is defined by the United Nations Educational, Scientific and Cultural Organization (UNESCO) as an institution that broadcasts for all citizens in the country and should be financed out of public money and be controlled by those same citizens. UNESCO holds that public service broadcasting should be free from political pressure and commercial forces (Media Development Indicators, 2008:37; Mendel, 2011:7). However, many public service broadcasters are challenged by increasing competition from commercial media as well as Broadcasting over the internet (Burnley, 2014:11; Department of Communications, 2014:54). Advertising is seen as a financial base for the commercial broadcasters (Rutherford, 2005:28). Broadcasting over the internet also has its own negative impact on the viability of traditional broadcasting services, such as radio and television, as there is no licence requirement for content providers on the internet. On the other hand, traditional broadcasting services are required to be licenced to ensure fair and equitable access to the spectrum, but content providers that broadcast over the internet are not bound by broadcasting codes, regulations or standards (Salomon, 2008:66). With no licencing conditions being imposed on these internet content providers, unfair competition is created for traditional broadcasters, including public service broadcasters. As a result, this unfair competition affects audiences, content and revenue which lead to strained and insufficient resources for public broadcasters in the fulfilment of their public service responsibilities (Burnley, 2014:11; Department of Communications, 2014:54).

According to Burnley (2014:9), a number of public service broadcasters rely on commercial and advertising income to fulfil their public service responsibilities and objectives. This reliance is seen as problematic by researchers. A broadcaster that is highly dependent on commercial income, particularly advertising revenue, will be under pressure to achieve a high audience in those sections of the population that are of primary interest to advertisers. This may lead to the broadcasters undermining programmes that are designed for the poor or serving public interests in favour of the

advertiser's needs, in order to directly compete with the commercial broadcasters (European Broadcasting Union, 2000:4; Mendel, 2011:7).

Another challenge relating to broadcasters' high reliance on advertising revenue is that this form of revenue is mainly dependent on the behaviour of the market and the audience that the broadcasters attract. This effect was felt by the SABC during the 2009 global financial crisis (began in 2007 and peaked in 2009) when the SABC confirmed a loss of R400 million from the cancellation of advertising expenditure, accordingly causing a serious threat to the financial sustainability of the SABC (Mail & Guardian, 2010). A financial crisis in a broad sense is the collapse of an economy due to a decline in asset investment resulting in economic recession (Mishkin, 2004:189; Financial Times Lexicon, 2017). According to Burnley (2014:9), the global economic crisis has put all public and private sector companies under financial strain and scrutiny, leading to spending cuts on non-necessities such as advertising.

In March 2017 the SABC issued a media statement claiming that "the SABC's major sources of revenue are advertising revenue and sponsorships (85%) and TV licences [fees] (12%) and we can confirm that these revenue streams are under pressure with the SABC now funding its activities from its reserves." The statement went on by stating that "the depressed global and local economic market condition is having a negative impact on advertising and sponsorship revenue in South Africa generally. Advertisers have progressively reduced their advertising budgets from October 2015 to date a factor that is affecting the broadcasting and print media industry equally". The media statement concludes by claiming that the sustainability of the current SABC news and other channels has also been jeopardised (SABC Group Communication, 2017). Evidence of the above discussion is reflected in the unstable revenue income posted in the financial reports of 2009 to 2016. According to Masuku (2010:103) and Mendel (2011:7), there should be clear and complete separation between public service broadcasters and a commercial broadcasters' funding system.

Mendel (2011:7) warns that where a broadcaster relies heavily on direct government funding as a primary source of revenue, there is a risk that political parties, especially the governing party, will use this reliance as leverage to gain influence over editorial policy and the broadcaster's audiences in the process. These political

elements and dynamics mentioned as risks in the above-mentioned statement were observed in the SABC when the Public Protector, Advocate Thuli Madonsela, released her report on the SABC in 2014, titled “When governance and ethics fail”, which, among other things, examined the undue interference by the Minister and Department of Communication. Subsequently, the Minister and SABC executives challenged the report in various platforms, including the courts. These political dynamics led to widespread concern from the public (South Africans) about the SABC’s ability to exercise its mandate as the public broadcaster and the board of directors no longer convening quorate meetings, as several non-executive board members had been removed or had resigned. As a result, the National Assembly established the ad hoc committee on the SABC Board of Inquiry, to inquire into the fitness of the SABC Board to discharge its duties as prescribed in the Broadcasting Act, No 4 of 1999 and any other applicable legislation. Subsequent to that, in 2017 an ad hoc committee delivered the report and recommendations, which included among other things, the dissolution of the board at the SABC (Parliament Interim Report, 2017).

It cannot be ruled out that these political dynamics might have had a negative impact on the advertising revenue at the SABC as well as the image of the organisation during the said period. However, this study did not delve into the political dynamics but focused instead on the main source of the SABC’s financial challenges, which seemed to have begun fluctuating after the impact of the 2007 global financial crisis and that were reflected in the 2009 to 2016 financial reports. Instead, the sound financial administration and reporting processes, as well as the legislative regulations that were addressed by this study, if applied properly, should minimise any political interference. Especially in the context that the SABC was profitable in the years 2004, 2005, 2006, 2007 and 2008, prior to the global financial crisis (SABC Annual Report, 2006:38; SABC Annual Report, 2008:22).

The SABC’s financial challenges were compounded by the low 12% revenue generation from licence fees, which is low in relation to the size of the country’s population of approximately 55 million people and 16 million households (Statistics South Africa, 2016). This low revenue generation can be attributed to a high rate of non-payment of television licence fees by South Africans.

Against this background, it was important that research be conducted to develop a framework for financial sustainability for the South African public broadcaster. This study sought to identify factors that influence the financial sustainability of the public broadcaster in South Africa and to provide recommendations that will improve the financial sustainability of the public broadcaster in South Africa, which has thus far proved unsustainable and insecure. This study will contribute to the body of knowledge that could assist in policy development on the financial sustainability of public broadcasters in the South African environment. The existing policy framework was scrutinised and alternative strategies were determined from the perspective of all relevant internal stakeholders within the SABC, such as management, unionised and non-unionised employees. The ultimate aim of the study is to assist the SABC to be competitive and to be a sustainable South African public broadcaster.

## **1.2 PROBLEM STATEMENT**

The SABC posted revenue losses for the years 2009, 2010, 2011, 2013, 2015 and 2016 as reflected in its annual financial reports. This was in contrast to the earlier years 2004, 2005, 2006, 2007 and 2008, when the SABC was profitable (SABC Annual Report, 2006:38; SABC Annual Report, 2008:22). These revenue losses and financial insecurity seemed to have been triggered by the global financial crisis that began in 2007 with its effects felt in 2009. The funding split of the SABC in 2016 was as follows: advertising revenues 79%, television licence fees 12%, sponsorships 6%, government grant 2% and business enterprises and facility revenues 1% (SABC Annual Report, 2016). It should be noted that the 2017 annual financial report was not available at the time of writing. This funding split indicated a reliance on income from advertising. However, Steemers (2002:19) cautioned that should the public service broadcaster broadcast programmes that please the advertisers and neglect its public service obligation, it should not have a claim on funding from licence fees. In this case, the revenue generation from licence fees contribute a low 12% to the total revenue of the organisation, which is meagre in relation to the size of the country's population of approximately 55 million people and 16 million households (Statistics South Africa, 2016). This financial instability has the potential to limit the SABC in fulfilling public broadcasting's basic principles and mandate.

Owing to these financial challenges and instability, a study needed to be conducted to develop a framework for financial sustainability for the South African public broadcaster. The following summarised issues were pertinent in formulating the problem statement:

- The SABC's main revenue accrues from advertisers. However, this has the potential to undermine the public broadcaster's mandate of providing broadcasting services in eleven official languages for educational purposes and the like. This revenue is not secure, as it is dependent on market forces (Fourie, 2003:18; SABC Group Communication, 2017).
- Owing to the global financial crisis that began in 2007 and peaked in 2009, the SABC is still recovering from financial distress after requesting the National Treasury to provide bank guarantees that would enable it to raise financial assistance, according to the African Governance Monitoring and Advocacy Project, the Open Society Foundation for South Africa and the Open Society Media Programme (Lloyd, Duncan, Minnie & Bussiek, 2010:178; SABC Group Communication, 2017).
- The SABC generates little revenue from television licence fees (SABC Annual Report, 2016). This may be attributed to a high rate of non-payment by South Africans, resulting in a shortage of money for running the broadcaster and achieving its mandate (Masuku, 2010:99).
- Public service broadcasters are challenged by increasing competition from commercial media and broadcasting over the internet. Advertising is seen as a financial base for commercial broadcasters (Rutherford, 2005:28). Broadcasting over the internet also has a negative impact on the viability of public service broadcasters, as there is no licence requirement for content provided on the internet (Salomon, 2008:66). With no licencing conditions being imposed on these content providers over the internet, unfair competition is created. This unfair competition affects audiences, content and the public service broadcasters' revenue (Department of Communications, 2014:54).
- Lastly, the South African public service broadcaster has a difficult public mandate in that it is expected to broadcast to all South African communities with a universal reach of high-quality content and in multiple languages. This requires additional and sustainable financial resources (Mendel, 2011:61). In

this case, the additional resources include the organisation's assets and skills, which also provide the foundation of a sustainable competitive advantage for long-term performance (Aaker, 1989:91).

The problem statement for this study was therefore formulated as follows:

**The existing funding framework for the South African public service broadcaster is not sustainable. Therefore, it was important to gather internal stakeholders' perceptions on how the SABC's financial sustainability could be ensured.**

The main research question that arose from the aforementioned problem statement was:

**What factors would render the SABC a financially sustainable public broadcaster?**

In addition, the following research questions were identified and were set out to be addressed by this study:

- What revenue streams will ensure the financial sustainability of the SABC?
- Does sustainable funding of the SABC ensure stable revenue for the organisation?
- Does the SABC have sound financial administration and reporting processes?
- Are internal stakeholders contributing to the values that promote the financial sustainability of the SABC?
- Is the competitive and business environment conducive to the financial sustainability of public service broadcasting in South Africa?
- Are the current legislative regulations supportive of the financial sustainability of public service broadcasting in South Africa?
- Is the current SABC infrastructure and digital technology improving the financial sustainability of the organisation?
- Does the financial sustainability of the SABC yield improved customer benefits?



- Does the financial sustainability of the SABC allow it to achieve its strategic organisational performance?
- Which aspects influence the financial sustainability of the SABC and to what extent?
- Are there any relationships between the variables influencing financial sustainability?

### **1.3 RESEARCH OBJECTIVES**

In this section, the researcher identified the primary and secondary research objectives. According to Creswell (2012:111), a research objective is a statement of intent used in quantitative research that specifies goals that the researcher plans to achieve in a study.

The primary objective of this study was to propose a sustainable funding framework for the South African public broadcaster through a consultative process with internal stakeholders.

In addition to the above-mentioned primary objective, the following secondary objectives were pursued:

- to review available and related literature on the broadcasting service sector in South Africa as well as broadcasting funding and financial sustainability;
- to identify the most appropriate research methodology that addresses the problem statement of this study;
- to develop research instruments that are appropriate for primary data sourcing from the relevant internal stakeholders;
- to empirically assess the influence of the identified variables on the financial sustainability of the public broadcaster in South Africa;
- to source primary data (opinions) from the internal stakeholders;
- to analyse the data using statistical procedures and to test the hypotheses;
- to present the research results with regard to the research question; and
- to provide managerial guidelines and recommendations and to propose a sustainable funding framework for a public service broadcaster.

To achieve these research objectives a positivism paradigm was pursued in the form of a quantitative method approach based on statistical analysis. The aim of the study was to identify and contribute to correcting the causes of failure in the current funding framework, which seems to be threatening the sustainability of the SABC. This study also sought to add to the existing body of knowledge on financial sustainability frameworks of public broadcasters in the South African context.

#### **1.4 RESEARCH HYPOTHESES**

Hypotheses are propositions about the relationships between variables that can be tested for association or causality against empirical evidence. The empirical data, known facts, is based on observation and experiences that are used for inference (Collis & Hussey, 2014:4). A variable is a characteristic, attribute or key idea that the researcher can measure and seek to collect information on to address the purpose of their study (Creswell, 2012:112). Creswell (2012:111) agrees with Collis and Hussey (2014:4) and refers to hypotheses as statements in quantitative research in which the researcher makes a prediction about the outcome of a relationship among attributes or characteristics.

The hypotheses are based on theory and derived from the research objectives. Five hypotheses were set in this study:

**Null hypothesis one [H0<sub>1</sub>]:** *Internal stakeholders do not influence the sustainable funding of the SABC.*

**Null hypothesis two [H0<sub>2</sub>]:** *A competitive environment does not influence the sustainable funding of the SABC.*

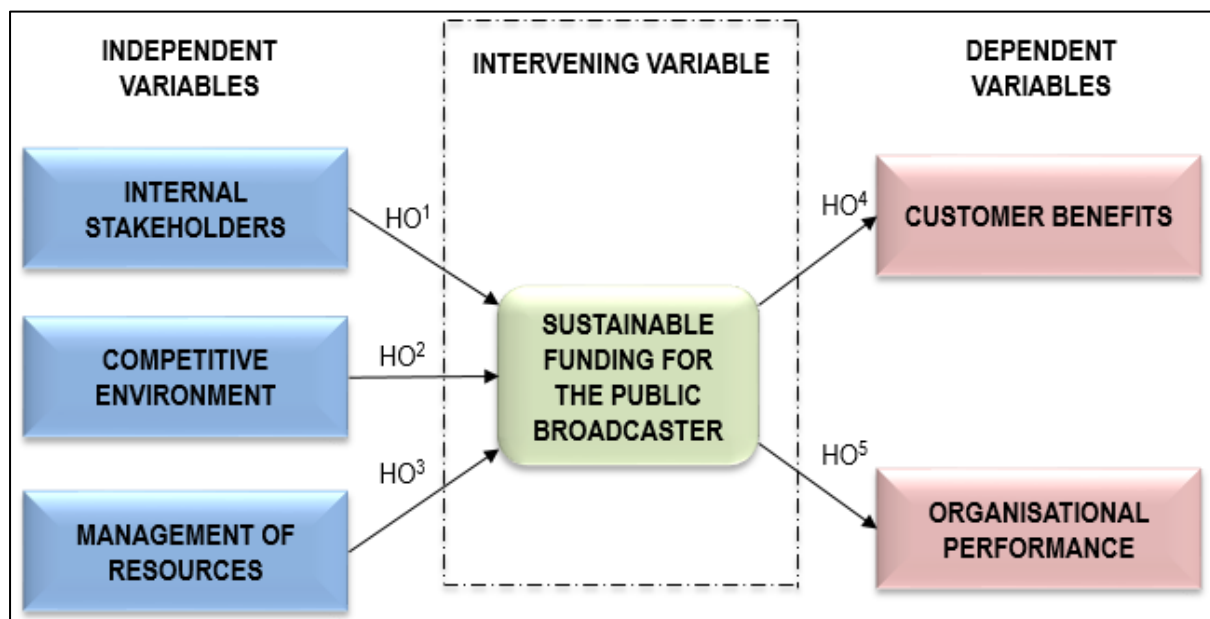
**Null hypothesis three [H0<sub>3</sub>]:** *The management of resources does not influence the sustainable funding of the SABC.*

**Null hypothesis four [H0<sub>4</sub>]:** *A sustainably funded SABC does not yield improved customer benefits.*

**Null hypothesis five [H0<sub>5</sub>]:** *A sustainably funded SABC does not improve the organisational performance.*

Based on the analysis of various secondary sources, a theoretical framework regarding sustainable funding for the public broadcaster in South Africa is hereby constructed. The proposed theoretical framework indicates that the intervening variable, which is sustainable funding for the public broadcaster, is possibly influenced by three independent variables namely, internal stakeholders, a competitive environment and the management of resources. The framework indicates the perceived outcomes of a sustainably funded public broadcaster, to be customer benefits and organisational performance. The proposed theoretical framework with the identified variables is indicated in Figure 1.1.

A variable is a characteristic, attribute or key idea that the researchers can measure, observe or seek to collect information on, to address the purpose of the study. An independent variable is defined as a variable that has an effect on the outcome or on the dependent variable when it undergoes a change (Creswell, 2012:112).



Source: Researcher's own construction

**Figure 1.1: Proposed theoretical framework regarding sustainable funding for the public broadcaster in South Africa**

In constructing the proposed theoretical framework in Figure 1.1, the major elements of the sustainability concepts from Gumucio-Dagron (2001) and Jallof (2012), as well as the pillars of financial sustainability by Leon (2001), were considered. The framework indicates the independent variables, namely internal stakeholders, competitive environment and the management of resources. The dependent

variables were identified as customer benefits and organisational performance. A brief summary of the concepts relating to the variables of the proposed theoretical framework is outlined in this section and Chapter 4 presents a detailed discussion of these variables.

#### **1.4.1 Internal stakeholders**

Post, Preston and Sachs (2002:18) define a stakeholder as a person, group or organisation that has an interest or concern in an organisation and can influence the actions, objectives and policies of that organisation. Stakeholders can also be affected by the objectives of the organisation. According to Miles (2012:290) and Dhall (2014:1), stakeholders include internal and external stakeholders such as customers, communities, employees, governmental bodies, investors, management, political parties, suppliers, trade associations and unions. This study focuses on internal stakeholders, namely the board of directors, employees, freelancers, management and trade unions. Chapter 4 of this study presents a detailed discussion of internal stakeholders.

#### **1.4.2 Competitive environment**

The environment in which organisations operate has dynamic environmental forces that include a competitive influence that has a direct effect on the organisation's operations and the achievement of its objectives (Gitman & McDaniel, 2005:34). Gavrea, Ilies and Stegorean (2011:292) established that the competitive environment in which an organisation operates and the uncertainty of the business environment are factors that influence organisational performance.

#### **1.4.3 Management of resources**

Resources are factors of production or assets that are required to accomplish the desired outcome of the organisation, such as to produce goods and services that meet the customers' needs and wants (Miller & Spoolman, 2011:9; Whitehead, 1992:6). According to Trautmann (1994:215), these resources can be classified as employee (labour resources) and financial (capital resources) that include physical resources and land. The employees are influential stakeholders and form a key aspect in the success of the organisation through their energy, knowledge and skills.

Attracting and retaining skilled employees is a critical strategic issue for competitive advantage and organisational success (Hosmer, 2001:34). Financial resources are the monetary resources that the organisation uses to purchase raw or natural materials that are sold or offered as a service to the customers. The physical resources are also a factor of production and refer to assets that the organisation uses when producing goods or services. These tangible assets are necessary for the organisation to function and they include premises, equipment, vehicles and other similar items. The land is part of the raw and natural resources (Vitez, 2017:1; Whitehead, 1992:5).

#### **1.4.4 Customer benefits**

Customers are external stakeholders who receive services or a product as part of a transaction (Kendall, 2007:4). In Florea and Florea's (2013:131) view, customers as external stakeholders could influence an organisation's decisions and activities. According to Hastings (2004:305), in the broadcasting industry measuring customer benefits is directly aligned with the perception of value attained from the broadcast content and the extent to which a customer surplus, in terms of customers' expectations, is delivered by the broadcaster.

#### **1.4.5 Organisational performance**

Organisational performance is the ability of the organisation to meet its goals and objectives in an effective and efficient manner using allocated resources (Gutner & Thompson, 2013:58). According to Gavrea et al. (2011:287), organisational performance is an important indicator of organisational success. The organisational performance is measured against predetermined outputs, which can be in the form of financial, as well as non-financial, indicators.

### **1.5 RESEARCH DESIGN AND METHODOLOGY**

Research design refers to the overall structured plan of the study that a researcher chooses for logically addressing a particular research problem successfully. It constitutes the blueprint that guides the researcher in the process of data collection, measurement and analysis (Kirshenblatt-Gimblett, 2006). This definition is supported by Parahoo (1997:142), who holds that a research design seeks to understand and

describe how, when and where data are to be collected and analysed. A detailed discussion on research design and methodology is presented in Chapter 5 with the methodology chosen for this study.

### **1.5.1 Research methodology**

Research refers to a planned systematic and methodical process of inquiry and investigation to gain a solution to a problem with a view to increasing knowledge or interpreting new facts. Methodology is an approach to the process of the research or the logic behind the chosen methods, where method is a technique for collecting and analysing data (Collis & Hussey, 2014:55).

The starting point is identifying the research paradigm, which is a framework that guides the process of how the research should be conducted (Collis & Hussey, 2014:10). Collis and Hussey (2014:43) identified two most commonly utilised paradigms in research as interpretivism and positivism. Interpretivism, also referred to as the phenomenological paradigm, is concerned with understanding a phenomenon from an individual's perspective (Creswell, 2009:8). An interpretivism paradigm is mostly used in research that seeks to provide interpretive understanding of a phenomenon. It can also address questions about what is happening and what is likely to happen in the future. In this paradigm the researcher is part of what is being researched and develops a theory inductively (Willis, 2007:51; Creswell, 2003:13). The interpretivism paradigm shares its foundation with the qualitative method (Weaver & Olson, 2006:464).

The positivistic paradigm differs from qualitative methods in that it explains relationships by attempting to identify facts or causes that influence the outcomes objectively (Creswell, 2009:7). In the context of this study, the relationship that the study attempted to explain was whether the financial sustainability of a public broadcaster leads to customer benefits and organisational performance. Collis and Hussey (2014:44) hold that the positivism paradigm is associated with, and shares its philosophical foundation with the quantitative method of analysis based on statistical analysis. The quantitative method focuses on fresh data collection in accordance with the problem. Ideas are reduced into a small, discrete set of ideas to test variables that constitute hypotheses and research questions (Rahi, 2017:2).

The hypotheses were formulated based on the theory as well as the research objectives. The theoretical framework indicating direct relationships was developed and is also in support of the hypotheses. According to Creswell (2012:63), explaining or predicting relationships among variables is an important characteristic of a quantitative research approach. The positivistic paradigm is mainly relevant for this study to focus on testing the relationships between the specified variables. However, a number of aspects of this study are phenomenological in nature.

Creswell (2003:15) adds a third approach, where qualitative and quantitative methods are combined, which involves collecting and analysing both forms of data in a single study and termed it a mixed method approach or methodical triangulation. The data can be collected simultaneously or sequentially, depending on the research problem. This section discusses the approaches to research, not aimed at justifying a superior research method, but aims to choose the method most suitable for the study at hand. A positivism paradigm was pursued in this study in the form of a quantitative method approach based on statistical analysis. In Chapter 5 a detailed discussion on the choice of methodology used in this study is presented.

### **1.5.2 Data collection**

Research data is the factual original source(s) of data collected by the researcher for the purpose of analysis and to produce research findings and results. Data can be classified, depending on the source, as either internal or external and either primary or secondary (Wegner, 2012:14). Data collection is the stage where appropriate information for answering a research question is collected. This data may be grouped and categorised based on the methods of collection, such as observational, experimental, simulation and reference data. The method that focuses on quantifying the research data relates to the positivistic paradigm, whereas the non-quantifying methods are suited to interpretivism (Collis & Hussey, 2014:154).

In this study, both secondary and primary data sources were used. The secondary sources were mainly from books, company records, internet websites and journals. The secondary data sources are discussed in detail in Chapters 2, 3 and 4 respectively, as broadcasting services in South Africa, broadcasting funding and financial sustainability as well as a discussion on independent and dependent

variables. The primary data were collected from internal SABC stakeholders including the board of directors, employees, freelancers and management. The sampling units identified for the study were confined to the SABC. Sampling is a technique by which a group of people or elements drawn from a representative population are selected for a study in order to gain knowledge about that particular population (Bless, Higson-Smith & Kagee, 2013:162).

According to Heaton (2004:37) and Creswell (2012:212), data collection can be achieved through a number of methods, which can include interviews, focus groups, surveys, field notes and recorded transcripts of social interaction that help to answer the research questions. A survey using a questionnaire as a research instrument was used to collect data from the participants in this study. A questionnaire is a research instrument that is used to collect primary data from a sample of participants who are asked carefully structured questions with a view to eliciting prompt and reliable responses. The ultimate goal is to address the research question (Collis & Hussey, 2014:205).

To measure the variables of this study, a questionnaire was constructed and distributed and completed online by the respondents in the form of a survey. The questionnaire items were self-developed based on the literature overview. The questionnaire consisted of two sections. Section A of the questionnaire measured the independent and dependent variables and comprised 65 questions that were grouped together under the specific variables to be tested. For example, all the questions relating to internal stakeholders were grouped together in the internal stakeholders section (Section A1) and the same applied to the other sections. Section A's items tested the hypotheses using the Likert scale (strongly agree to strongly disagree) in a 5 point scale. The scale consists of positive and negative responses on a symmetrical scale with 1 the lowest and 5 the highest point. The scale captures opposite extremes of the opinion (strongly agree to strongly disagree) and has a neutral point in the middle. Section B focused on soliciting the biographical information of the participants. This section comprised seven questions gathering information regarding the participants' gender, union affiliation status, their position in the SABC, department, provincial office, age group and level of education.



During the administering process, the web-based distribution survey method was used. The participants were randomly selected in each provincial SABC office from the database of managers, unionised and non-unionised employees freelancers. Their email addresses were retrieved from the SABC email distribution list and manually loaded into the web-based distribution survey tool known as *SurveyMonkey* for the purpose of an empirical study. It is important to note that the questionnaire was first piloted or tested on a small group in the sample to assist in the refinement process to ensure the validity and reliability of the instrument. The feedback received from the pilot study participants was used to make minor changes to the questionnaire. It is important to pre-test the instrument to ensure that it works as intended. According to Ruel, Wagner and Gillespie (2016:97), pre-testing allows the researcher to pinpoint any problem areas, reduce measurement errors and ensure that the respondents are interpreting the questions correctly. Validity and reliability are considered in tandem for accurate and meaningful research. Without validity, the results have no meaning and without reliability, the answers are inconsistent and unreliable. In addition to the concept of validity and reliability, knowledge of various levels of measurement is important for statistical analysis. Cronbach's Alpha, which computes the correlation coefficient, as well as factor analysis, was relevant for this study (Ruel et al., 2016:97).

A covering letter was attached to the questionnaire explaining the purpose of this study so that the respondents understood the context in which the questions were posed. A total of 432 participants were loaded and sent the questionnaire. The data from the completed questionnaires were captured by the same web-based survey tool that is capable of monitoring and categorising the response rate and the response data and importing the data into an excel spread sheet for analysis (Collis & Hussey, 2014:52).

### **1.5.3 Data analysis**

Data analysis is a mechanism for extracting useful information from the raw data for the purpose of producing findings and results that can be easily interpreted by the researcher (Burns & Grove, 2003:479). This data is collected by means of questionnaire surveys and subsequently analysed using statistics. Statistical analysis is used for quantitative data to allow the information to be interpreted by the

human mind and to help with decision-making, as well as assisting the researcher to draw inferences from the data (Collis & Hussey, 2014:226). In this study, the computer programmes Microsoft Excel and STATISTICA 13 were used for data analysis.

Firstly, the descriptive statistics such as frequency distribution, which indicates the central position of the data, was used to summarise and interpret the biographic data of the participants into percentages and averages using mean, median and mode. These measures of the frequency distribution's central position describe the data with a single statistic. For example, the mean indicates the arithmetic average of the data when all values are added and then divided by the number of values. The median indicates the mid-value when the data values have been rearranged and listed in an orderly way. The mode indicates the value that appears most often in the data (Collis & Hussey, 2014:244). Descriptive statistics was used to indicate the spread of the data using standard deviation (Collis & Hussey, 2014:226). The descriptive statistics used a group of statistical methods and models to compare, relate and test the variables in order to assist the researcher to draw conclusions about a population (Creswell, 2012:347; Collis & Hussey, 2014:227).

In a typical inferential statistical analysis, bivariate and multivariate analyses are used to explore the differences and to test for relationships between the variables as well as to measure the strength of the relationships (Collis & Hussey, 2014:262). The inferential statistical analysis begins with data cleaning, which also addresses the problem of missing data. In correcting any missing data, the first step was to assess if the missing data can be ignored. In the case of substantial missing data, the questionnaire items were deleted. However, the imputation process is an option that can be used to estimate the missing data values as a remedy (Hair, Black, Babin & Anderson, 2010:45). Data cleaning is followed by inferential statistical analysis stages, which included a validity test, reliability test and correlation and regression analysis.

The validity test indicates the ability of the empirical results to reflect the phenomena under study (Collis & Hussey, 2014:53). One of the procedures to determine validity is through factor analysis. Factor analysis allows the researcher to analyse the relationships among a set of variables using statistical techniques and explains the

correlation between pairs of questionnaire items and measured outcome variables. Factor analysis allows for interpretation of these interrelationships between large numbers of variables by collapsing them into closely linked items (Burns & Grove, 2005; Collis & Hussey, 2014:276).

Hair et al. (2010:940) hold that factor analysis can be achieved from a confirmatory or exploratory perspective. Confirmatory factor analysis (CFA) tests if the data fits the hypothesised model. The CFA test uses the Structural Equation Modelling (SEM) approach to test the goodness-of-fit of data. The SEM approach uses various types of statistical techniques that depict and test complex relationships between independent, intervening and dependent variables (Hox & Bechger, 1998:354; Schumacker & Lomax, 2010:2). SEM statistical techniques include a combination factor analysis, regression analysis and discriminant analysis in order to estimate if the model is adequate or not (Hox & Bechger, 1998:354). According to Hooper, Coughlan and Muller (2008:53), the primary purpose of SEM is to identify the model fit that best represents the data's underlying theory. Various goodness-of-fit indices are used for estimation, model fit and statistical assumptions (Hox & Bechger, 1998:355). The goodness-of-fit test compares the observed values to the predicted values using indicators such as the Chi-squared test, Root Mean Square Error Approximation (RMSEA), Goodness-of-fit Index (GFI) consisting of a Normed Fit Index (NFI) and a Comparative fit index and a Parsimony Goodness-of-fit Index (PGFI). Each of these indices has limitations in its use but they complement one another (Hooper et al., 2008:53).

In this study, factor analysis was employed for determining construct validity using an exploratory factor analysis (EFA). The EFA helps the researcher with summarising and reducing data from the original variables to a smaller set of summarised variables. EFA also allows the researcher to determine the possible underlying relationships between the measured variables and the questionnaire items. In addition, the EFA technique explains the variation among questionnaire items using the newly created and condensed items (Suhr, 2006:2). Hair et al., (2010:101) caution that researchers should not factor analyse a sample of fewer than 50 observations and should strive for at least 5 observations per variable. In addition, the preferable sample size should be 100 or larger. Furthermore, the EFA is

dependent on the input data, which is calculated through a correlation test among the variables or from a correlation test between the respondents, sometimes referred to as R-type factor analysis.

In this study EFA allowed the researcher to reduce the number of questionnaire items measured so that the remaining questionnaire items clearly explained the idea under investigation. The reflected, valid data should also be reliable and consistent (Collis & Hussey, 2014:52). The reliability test assesses the consistency between multiple, measured variables. In this study, the researcher uses Cronbach's Alpha as a reliable coefficient test that computes correlation coefficient values for all the questions. The closer the computed correlation coefficient value is to one, the higher the reliability estimate (Ruel et al., 2016:84). The aim is to gauge how well the questionnaire items in the survey measure the same idea. A detailed discussion on the acceptable values of Cronbach's Alpha will be presented in Chapter 6.

The correlation coefficient ( $r$ ) is a technique used to measure the association between variables, such as the strength and direction of the variables' relationship. Positive correlation indicates that the variables vary together, and a high value on one item corresponds with a high value on the other. On the contrary, negative correlation provides the opposite effect, for example, a high value on one item is associated with a low value on the other. In this study, the correlation coefficient ( $r$ ) that was used is the Pearson Product Moment Correlation (PPMC) to measure the association between variables (Collis & Hussey, 2014:275; Hair et al., 2010:156). The PPMC test is followed by testing the hypotheses.

Hypotheses testing allow the researcher to test the validity of a claim about the true value from the survey to determine if the results are meaningful. Based on the sample results, the value is either accepted as true or rejected as false (Wegner, 2012:187). Finally, multiple regression analysis was used to assess and evaluate the relationships between a dependent variable and several independent variables (Hair et al., 2010:161). Chapter 6 elaborates on the results of the hypotheses tests.

## **1.6 SIGNIFICANCE OF THE STUDY**

Past studies have mainly focused their attention on defining a public service broadcaster or a public mandate, or considered the future of public service broadcasters. In past studies researchers mostly debated the SABC funding challenges, but did not attempt to develop a funding framework. This is confirmed by Lloyd (2009:57), who holds that no effective, viable and implementable funding model has been developed in South Africa that takes into account the public service broadcaster's reality. Lloyd's (2009:57) claim is still relevant.

This study contributes new knowledge by proposing a framework for financial sustainability for the public broadcaster in the South African environment. The need to develop an effective and sustainable funding framework was supported by the late Minister of Communication, Roy Padayachie, at a budget vote session of the Department of Communication delivered on 31 May 2011 (Department of Communications, 2011:5), thus indicating a gap that needed to be addressed. This study also sought input from internal stakeholders through a consultative process to develop a framework for financial sustainability for the South African public broadcaster. The objective was to assist the SABC in being competitive and to be a sustainable South African public broadcaster.

## **1.7 DELIMITATION OF THE STUDY**

The delimitation establishes the scope of the study so as to constrain the enquiries (Collis & Hussey, 2014:110). This study was conducted to develop a framework for the financial sustainability of the South African public service broadcaster, which is the SABC. This study was therefore confined to the SABC and its employees from its nine provincial offices.

The SABC has approximately 3900 permanent employees spread around the nine provinces (SABC Employment Equity Report, 2016). Using the sample size table from Collis and Hussey (2014:199) adapted from Krejcie and Morgan (1970:609), the sample size targeted was calculated as 351 employees. This translates to 39 employees from each of the nine SABC provincial offices. In addition, approximately 80 freelancers (based on an estimated daily attendance of freelancers), were included to complete the sample of internal stakeholders. Put differently, it is  $351/9 =$

39 and  $80/9 = 8.9$  (rounded off to 9) ensuring proportionality of the sample (Broadcasting Act, 1999; SABC Employment Equity Report, 2016).

## **1.8 ETHICAL CONSIDERATIONS**

According to Creswell (2012:24), ethical practices should be a primary consideration in all steps of the research process to help the researcher distinguish right from wrong and determine acceptable from unacceptable behaviour during a study. According to Leedy and Ormrod (2010:101), most ethical issues in research fall into four categories, namely (1) protection from harm, (2) informed consent, (3) right to privacy and (4) honesty of the researcher. Creswell (2012:146) list a number of ethical guidelines and approvals that needed to be obtained and observed by the researcher:

- All respondents involved in the research volunteered to take part.
- Sufficient information about the study was shared to ensure that risks and benefits were understood.
- No volunteers were compensated for participating in this study.
- Respondents had a choice whether to participate in the survey or not.
- All literature sources of information were acknowledged.

Permission was sought from the SABC management for the study to be undertaken and a cover letter was presented to the respondents. The privacy of the respondents was guaranteed and the results were reported without misrepresentation. Permission to access SABC documents was negotiated and granted.

## **1.9 THE STRUCTURE OF THE STUDY**

The study is divided into seven chapters.

**Chapter 1** outlines the scope of the study, which entails the background of the research problem and the significance of the study.

**Chapter 2** provides a background to broadcasting services and the legislative mandate, policies and framework of a public broadcaster in South Africa.

In **Chapter 3** broadcasting funding and financial sustainability is discussed, as well as international best practices regarding the funding of public broadcasters.

**Chapter 4** discusses independent and dependent variables.

**Chapter 5** focuses on the research methodology, including data collection, data analysis as well as the measuring instruments.

In **Chapter 6** the empirical results, as well as the interpretation thereof, are presented.

**Chapter 7** presents a summary, conclusion and recommendations.

## **1.10 SUMMARY**

In this chapter the aim of the study was introduced, the research statement and the sub-challenges were outlined. The significance of the research was presented with a clear delimitation and outline of the study. The objective of this study was to develop a framework for financial sustainability of a public broadcaster in South Africa. This framework should be sustainable and should be arrived at through a consultative process with internal stakeholders. The ultimate goal is for the study to contribute in identifying and correcting the causes of failure in the existing funding framework, which appears to threaten the financial sustainability of the SABC at present.

The following chapter examines available knowledge with regard to a South African public broadcaster and its services.

## **CHAPTER 2**

### **BROADCASTING SERVICES IN SOUTH AFRICA**

#### **2.1 INTRODUCTION**

This chapter presents a theoretical discussion on broadcasting services in South Africa. In chapter one, the primary objective of this study was outlined as an attempt to develop a framework for financial sustainability for the South African public broadcaster. The study is aimed at identifying variables that influence sustainable funding of the public broadcaster through a consultative process with internal stakeholders. The focus of this chapter is a discussion of the background of broadcasting services and the legislative mandate of a public broadcaster in South Africa.

Broadcasting as a form of electronic communication is a process of signal distribution from the broadcasting company, as a source, to the receiving community. This chapter commences with defining electronic communication in broadcasting and thereafter the types of available broadcasting services are described. These broadcasting services include public service, commercial and community broadcasting services. Additionally, this chapter discusses the platforms of the public broadcaster in South Africa, the SABC, in line with the title of this study. The SABC platforms to be discussed include radio and television services. Broadcasting over the internet is also discussed. At the end of this chapter a summary and conclusion are presented.

#### **2.2 ELECTRONIC COMMUNICATION**

The Electronic Communications Act (2005:9) defines electronic communication in broadcasting as a transmission of signal (s) that carry information, be it sound, data, video, moving or still visual images, to the recipient. This transmission provides broadcasting services to the recipients via radio electromagnetic waves. In South Africa, the provision of electronic communication and broadcasting services is regulated by the government through the Electronic Communications Act (Electronic Communications Act, 2005:9). Regulation is performed through a licence that prescribes standard terms and conditions to be followed by the supplier of electronic



communications or broadcasting services. Licence, in this context, refers to a broadcasting licence that authorises broadcasters to distribute their signals (Broadcasting Act, 1999). According to the Electronic Communications Act (2005:11), the primary objective is to provide a legal framework for convergence and to promote and facilitate connectivity for all citizens.

The Electronic Communications Act can be summarised as a convergence legislation that attempts to align broadcasting and telecommunications. According to the International Telecommunication Union (ITU), electronic communication can be referred to as telecommunications (International Telecommunication Union, 2012:7). ITU oversees information and communication technologies on behalf of the United Nations. Convergence in this context is due to the advent of digital technology and the internet, which has resulted in the fusion of distinct industries, such as broadcasting, computers and telecommunications (Salomon, 2008:66). This convergence has influenced the transition of broadcasting services by allowing broadcasting of content to be delivered over telecommunications networks, such as cellular phone networks and the internet using digital devices such as computers (Lloyd, Duncan, Minnie & Bussiek, 2010:103). These broadcasting services mentioned above are radio and television broadcasting services.

### **2.3 BROADCASTING SERVICES**

The Broadcasting Act (1999:6) defines broadcasting as a form of unidirectional electronic communication that distributes content such as audio and video intended for anyone permitted to have appropriate equipment or facilities to receive the communication. Broadcasting distribution is carried out as a service to the communities by means of radio or television. Radio broadcasting refers to the sending of sound or audio over radio frequencies to the receivers and television broadcasting service refers to the sending of visual images that are received and seen as moving pictures (Electronic Communications Act, 2005:12). These radio and television services are then entrusted to a broadcaster. The broadcaster is referred to as a legal entity responsible for distribution of television and/or radio programme services to recipient (s) that are authorised to receive the programmes (Broadcasting Act, 1999:7).

The distribution and transmission technology for programmes in the South African broadcasting services is mainly through radio frequency, using satellite or terrestrial broadcasting transmission modes. Satellite transmission modes imply that the broadcast is transmitted via satellite communication and received by a satellite dish to a set-top box. On the other hand, the terrestrial transmission mode is the traditional broadcast transmission with antennas situated on the earth's surface (Electronic Communications Act, 2005:13). A licence is required before broadcasting activities are undertaken. This licence is referred to as a broadcasting licence or a broadcasting signal distribution licence that is issued and monitored by a regulator, namely the Independent Communications Authority of South Africa (ICASA) (Broadcasting Act, 1999:9).

The main reason for a regulator relates to the regulator's responsibility to allocate broadcasters a radio frequency spectrum, which is a limited government owned resource. Radio frequency spectrum refers to the continuum of frequencies in the electromagnetic spectrum that can be used for various radio technologies and applications, including the transmission of television and radio (Carver, 2006:14). Additional reasons to have a regulator are for the government to monitor that broadcasting conditions are adhered to by the broadcaster and also to protect audiences, as broadcast media can affect people's thinking and behaviour in positive or negative ways (Salomon, 2008:9). The conditions and obligations for a broadcaster are outlined in the broadcasting licence.

In South Africa broadcasting licences are categorised as either free-to-air or pay services. According to the Broadcasting Act (1999:16), free-to-air is a service or bouquet provided by a broadcaster that does not require a person to pay a subscription to receive or view, whilst pay service is subscription based. Free-to-air broadcasting service programmes are unencrypted. Encryption is a process of making the received content unrecognisable. On the other hand, pay service broadcasters are licenced to transmit to audiences that have access to the programme only if they pay subscription fees and therefore these programmes are encrypted for non-payers (Thomas, 2010:6).

In the South African context, the two broadcasting licences as well as the services, free-to-air and pay services, exist side by side and form the South African

broadcasting system. However, classification as free-to-air or pay service is insufficient, as broadcasting services have to carry different sets of obligations to ensure diversity and fair competition. The South African broadcasting system is further categorised into public, community and commercial broadcasting services that are described in depth in the following sections. Lastly, public service broadcasting and community broadcasting are regarded as free-to-air services and commercial service broadcasting is regarded as a pay service (Broadcasting Act, 1999:17).

## **2.4 PUBLIC SERVICE BROADCASTING**

The term public service broadcasting was coined in the United Kingdom (UK) by the Sykes Committee during the advent of radio broadcasting in 1923. The Sykes Committee decided that broadcasting should be a public utility and that the airwaves were public property (Born, 2004:27). Public service broadcasting was established to be available and serve everyone without discrimination. McQuail (2000:156) and Mendel (2011:6) agree with the Sykes Committee by stating that public service broadcasting is a system of broadcasting that is publicly owned, publicly funded and operated in a non-profit way. The public service broadcasting system is required to meet a set of minimum conditions or attributes to fulfil the needs of the communities it serves. These needs and attributes include the right to freedom of expression as well as the general principles of democracy.

The United Nations Educational, Scientific and Cultural Organization (UNESCO) define public service broadcasting as a meeting place where all citizens are welcomed and considered equals. It is meant to be a tool for information, entertainment and education that is accessible to all citizens, irrespective of their social and economic status in the community (Juneau, 2000:7). Public service broadcasting can also be defined in both economic and audience terms. In economic terms, public service broadcasting can be defined as broadcasting funded by the public. On the other hand, in terms of audience, the listeners and viewers are general citizens (Medhurst, 2003:44; Burnley, 2014:6). The World Radio and Television Council Chairman holds that public service broadcasting is neither commercially nor state controlled (Juneau, 2000:7). Genuine public service broadcasting is not synonymous with state-owned broadcasting systems, although

the latter perform public service functions; they are controlled and fully funded by the government. According to Banerjee and Seneviratne (2005:14), state-owned broadcasters lack independence and impartiality in their broadcasting content.

The origin and the philosophical basis of public service broadcasting are linked to the Reithian conceptualisation of British broadcasting (Banda, 2006:1). Reith was the leading ambassador of public service broadcasting and the first Director General of the British Broadcasting Company (now changed to Corporation), named the British Broadcasting Corporation (BBC). He implemented a successful public service broadcasting model for a UK broadcaster, which became an ideal model for other countries to follow (McGuigan, 2006:101). The Reithian conceptualisation highlights public service broadcasting as a source of information and sharing of culture and as a platform for education. Reith's concept paved the way for the passing of the Broadcast Act by the South African Parliament in 1936, thereby dissolving the African Broadcasting Corporation and establishing the SABC (Hachten & Giffard, 1984:202; Mendel, 2011:59) .

Public service broadcasting in South Africa is the responsibility of the SABC, which is the only national public service broadcaster mandated through the South African Broadcasting Act. The SABC broadcasts four television channels and 18 radio stations to the general public (Broadcasting Act, 1999). The number of SABC services allows the broadcaster to fulfil its obligations, which include providing universal service and accessibility to all South Africans. These obligations are stipulated by the Act, that the SABC has to make its services available throughout the Republic (section 8a of the Act) in all official languages (section 10.1 of the Act). The SABC's broadcasting services, when viewed in terms of UNESCO's definition, do cater for all languages and cultural groupings and provide entertainment, education and informational programmes (Horwitz, 2001:145). According to the Broadcasting Act, these broadcasting services should play a powerful role in the task of nation building and creating cultural identity among the citizens, which is in line with the South African Constitution (Broadcasting Policy, 1997: Chapter 1). An in-depth discussion of the SABC's services (as a public service broadcaster), is presented under the SABC background section.

The role that the public service broadcaster plays in a society differs from one country to another due to the political environment and also changes with technology transformation (Juneau, 2000:4; Nissen, 2002:13). The aforementioned statement confirms that there is no uniform model among the public service broadcasters. There are significant differences in the manner in which individual nations describe the mandates of each respective broadcaster. However, there are shared principles of public service broadcasting, which include providing multilingual and multicultural radio and television services that inform, educate and entertain all citizens. These shared principles of public service broadcasting can be summarised as diversity, meaning the service offered by public service broadcasting should be diversified in terms of the genres of programmes offered, the audiences targeted and the subjects that are discussed. The languages should reflect the countries' languages and be accessible to every citizen throughout the country (Juneau, 2000:7).

According to Mpofu (1996:34) and Mendel (2011:5), the role that the public service broadcaster plays in a society differs in accordance with changes in technology. Changes in technology influence efficiency and lead to new ways of producing and delivering content. These changes are referred to as 'digitisation', which brings about developments that include digital compression techniques that allow the broadcast of more channels in a given spectrum allocation. Additionally, digitisation allows for conditional access systems that facilitate the exclusion of unauthorised viewing. This wide range of broadcast channels from which to choose and conditional access systems lead to blurring of the boundaries between the activities of public service broadcasters and those of commercial service broadcasters. Mendel (2011:5) holds that shared principles of providing multilingual and multicultural services by the public service broadcaster should distinguish public service broadcasting from the roles of commercial broadcasting services.

## **2.5 COMMERCIAL BROADCASTING SERVICES**

There is a range of commercial broadcasting services in South Africa and broadcasters providing these services are sometimes referred to as private broadcasters. These commercial broadcasting services are either free-to-air or pay services and are owned by private corporate media organisations (Lloyd et al., 2010:60). The Broadcasting Act holds that commercial broadcasting services should

be operated as part of a profit-making enterprise and should adopt a programme model that appeals to the advertisers. Commercial broadcasters rely on advertising for revenue (Thomas, 2010:6). The Broadcasting Act, through licence conditions, imposes certain public service broadcasting responsibilities on commercial broadcasting services that should be fulfilled, such as news broadcasting (at least one hour per day) and should be easily accessible to citizens (Broadcasting Act, 1999:8).

The regulator has imposed more public service broadcasting responsibilities on commercial free-to-air broadcasters than on commercial pay services. Commercial free-to-air broadcasters distribute content through terrestrial broadcasting transmission modes and commercial pay services distribute content through satellite broadcasting transmission modes (Broadcasting Policy, 1997: Chapter 5). These imposed responsibilities are based on the fact that commercial free-to-air broadcasters broadcast on the spectrum that is owned by the government (Department of Communications, 2014:37). Therefore, commercial broadcasters using terrestrial broadcasting transmission modes carry a much higher social responsibility than broadcasters using privately owned satellite broadcasting transmission modes. Nevertheless, these responsibilities imposed on commercial broadcasters using terrestrial broadcasting transmission modes are still less onerous than those imposed on public service and community broadcasters (Lloyd et al., 2010:60).

The commercial broadcasting services in South Africa are categorised into radio (only free-to-air service) and television broadcasting services and are owned by various private institutions. The television commercial free-to-air broadcasting service is licenced to E-TV as a terrestrial transmission broadcaster (Department of Communications, 2014:60). E-TV was owned and operated by Midi TV (Pty) Ltd in 1998 but was later bought by a black empowerment group named Hosken Consolidated Investments (Lloyd et al., 2010:61).

The commercial pay broadcasting service is licenced to two companies in South Africa. Naspers is one of the commercial pay broadcasting service companies and also has a terrestrial subscription service (MNet - originally an abbreviation of Electronic Media Network) and a multi-channel satellite subscription service named

Digital Satellite Television (Dstv). The other commercial pay broadcasting service is licenced to On Digital Media (ODM), a multi-channel satellite subscription service (Lloyd et al., 2010:61).

The multi-channel satellite subscription services are also obligated by the licence conditions to carry (simulcast) and broadcast the public service broadcasting channels supplied by the SABC. However, the Naspers-owned multi-channel satellite commercial service (Dstv) also carries other privately owned commercial broadcasting services that include commercial radio services (Department of Communications, 2014:61). These commercial radio services are described below. The Eastern Cape Province has only one commercial radio broadcasting service, namely:

- **Algoa FM** – offers music and news in English and Afrikaans. The average weekly audience reach of the radio is 448 000 listeners (South Africa.info, 2016).

The Free State Province has one commercial radio broadcasting service, namely:

- **OFM** – broadcasts adult contemporary music and news in Afrikaans and English with an average weekly audience reach of 436 000 listeners (South Africa.info, 2016).

The Gauteng Province has six commercial radio broadcasting services and all of these radio stations broadcast in English, namely:

- **Classic FM** – is based on the UK model, offers classical music with business, news and sport coverage daily from 6pm. The average weekly audience reach of the radio is 151 000 listeners (South Africa.info, 2016).
- **Highveld Stereo** – offers a broadcast mix of contemporary music with an average weekly audience of 1.18 million listeners (South Africa.info, 2016).
- **Jacaranda FM** – is the largest independent commercial radio that offers adult contemporary music and news with an average weekly audience of 2.32 million listeners (South Africa.info, 2016).

- **Kaya FM** – provides an African-focused adult contemporary mix of music and talk programmes, with an average weekly audience of 932 000 listeners (South Africa.info, 2016).
- **Talk Radio 702** – is a current affairs and talk radio station. It is the largest independent commercial radio station that offers adult contemporary music and news with an average weekly audience of 281 000 listeners (South Africa.info, 2016).
- **Y FM** – is youth radio that offers South African music and works in partnership with New York-based Masters at Work, who have released South African artists into the United States of America and Europe. The radio reaches an average weekly audience of 1.34 million listeners (South Africa.info, 2016).

The KwaZulu-Natal Province has two commercial radio broadcasting services, namely:

- **East Coast Radio** – broadcasts a mix of music and news in English with an average weekly audience reach of 2.06 million listeners (South Africa.info, 2016).
- **Gagasi FM** – provides contemporary music and broadcasts in English and isiZulu with an average weekly audience of 2.00 million listeners (South Africa.info, 2016).

The Western Cape Province also has two commercial radio broadcasting services, both broadcasting in English, namely:

- **Cape Talk 567** – works in partnership with Gauteng-based Talk Radio 702 to provide news, sport and talk programmes with an average weekly audience reach of 82 000 listeners (South Africa.info, 2016).
- **K FM** – broadcasts adult contemporary music with a reach into the Northern Cape Province. The radio reaches an average weekly audience of 1.29 million listeners (South Africa.info, 2016).

Although these are commercial radio broadcasting services and the audience reach is for free-to-air services, it should be noted that all these commercial radio broadcasting services are also available on a satellite pay service that is owned by



Naspers. These commercial radio broadcasting services are available on the internet through live audio streaming technology. It can be observed that the average weekly audience reach through free-to-air terrestrial transmission modes is 12.6 million listeners country-wide. There is a total of 12 commercial radio broadcasting services. This limited number is due to licences for commercial radio broadcasting services being awarded through a competitive bidding process. On the other hand, community radio broadcasting services licences are awarded through the registration of a class licence. The community radio broadcasting services only require a class licence, which means an application for, and awarding of, registration, as opposed to the process of a competitive bidding process as in the case of commercial radio broadcasting services (Lloyd et al., 2010:60).

## **2.6 COMMUNITY BROADCASTING SERVICES**

The objective of community broadcasting services is to meet the broadcasting needs of a community or communities living in a specific geographical area. The communities' interests normally differ from province to province in terms of cultural interest, language and group interests (Department of Communications, 2015:17). In short, community broadcasting services should be owned and managed by the communities within which they are situated and the members of these communities should be responsible for deciding what the broadcaster talks about and in what form. A number of these community broadcasters are owned by students, universities, municipalities, churches or a group of people within a community. Community broadcasting services are free-to-air, as in the case of public service broadcasting, but fully controlled by a non-profit entity, which is a community (Broadcasting Act, 1999:8).

The term non-profit entity means that any profits generated by the community broadcasting services cannot be given to shareholders or used to benefit the people running the community broadcasting service. However, the profits can be used to pay employees and any surplus is used for improving the future provision of the community broadcasting service or for delivering social gain to the community in which the broadcaster is based (Lloyd et al., 2010:65). Community broadcasting services are funded by donations, grants from large organisations, commercial advertising and sponsorships and by selling memberships to the community

(Broadcasting Act, 1999:10). The Broadcasting Act also encourages community participation in the form of voluntary support as well as the provision of programmes by the community for broadcasting purposes. This encouragement ensures that the community broadcasting service offers content that is popular and relevant to a specific audience (the community). These community audiences are often ignored by commercial broadcasters (Broadcasting Act, 1999:10). Community broadcasting services provide a platform that allows individuals, groups and community members to tell their own stories, to share experiences and to become creators and contributors.

In South Africa, community broadcasting services are mostly geographically based and broadcast in the language of that specific community. The scope and reach of community broadcasting services are dependent on the licences that have been allocated (Lloyd et al., 2010:65). Government support to community broadcasting services is through the Media Development and Diversity Agency (MDDA) (Department of Communications, 2015:17). The MDDA is an agency in partnership with the government and other media companies to create an enabling environment and promote media development and diversity in local communities (Media Development and Diversity Agency Act, 2002:14). The establishment of the MDDA in 2003 was aimed at providing support for community broadcasting services in the form of mentoring and training, as well as to develop strong management and governance practices for community broadcasters. The MDDA can provide financial contributions for up to three years as part of the start-up capital, based on the motivation from the community that is setting up a community broadcasting station (Lloyd et al., 2010:68).

The community broadcasting services in South Africa are divided into community radio and television broadcasting services. According to Broadcasting Policy (1997:Chapter 5), although there are community television broadcasting service licences that were granted, the community television broadcasting services thus far have not been viable. ICASA hosted a workshop as an inquiry into local television and identified a number of factors that challenge the viability of community television broadcasting services. These were the allocation of spectrum, technical infrastructure, funding and advertising revenue, skills shortages and relevance of

programming (Independent Communications Authority of South Africa, 2003:18). Buckley (2008:8) holds that constraints regarding the transmission spectrum and funding availability are issues that affect the viability and sustainability of community television broadcasters. The high costs of television productions are a significant barrier to disadvantaged communities, as financial assistance comes from the local businesses and community organisations. Communities outside major towns are at a disadvantage when attempting to secure financial contributions from their own community, as they are isolated and have limited access to the required resources. Buckley (2008:8) emphasises that an important measure of the economic sustainability of community broadcasters is their ability to secure contributions from their own community, by generating fees from announcements by local organisations and businesses, as well as sponsorships from community groups for special programmes in exchange for advertising air-time.

Madamombe (2005:2) holds that setting up broadcasting infrastructure is costly due to the required support equipment and maintenance. A number of community television broadcasters rely on donor funding for start-up capital and when donor funding dries up, it usually spells the end of the community television broadcaster. Lastly, most community television broadcasters depend heavily on volunteerism to assist and provide expertise in making programmes and fund-raising. United Nations Volunteers (2015:4) refers to volunteerism as the act of rendering one's service or skills at free will, for the general public good and where monetary reward is not the principal motivating factor. Sometimes volunteers receive a monthly stipend as motivation for availing themselves to serve. The issue of volunteerism is a challenge in itself, as a number of community members cannot afford to volunteer their time due to personal commitments. On the other hand, community broadcasters invest in developing the skills of young volunteers and they (community broadcasters) do not get a return on this investment when the volunteers move on soon afterwards for greener pasture (Lush & Urgoiti, 2012:21).

The Department of Communications (2015:15) holds that community television broadcasting service requires a large spectrum and substantial funding of start-up capital due to the capital intensive nature of television infrastructure and broadcasting equipment. The view of the Department of Communications is that

there are not any tangible benefits for the government or the public when supporting community television broadcasters, as community television broadcasting services cannot be a social enterprise. This implies that community television broadcasting services should have a value proposition that is based on a financially sound business model that is strategically linked to other government programmes that support economic development and job creation (Department of Communications, 2015:15). On the 29th March 2015 ICASA published a gazette issuing a notice of a moratorium on granting community television broadcasting licences until the digital terrestrial television (DTT) migration has been finalised. According to the gazette, the moratorium is informed by the scarcity of the radio frequency spectrum (Department of Communications, 2015:16). Migration to digital terrestrial television is the period after which the analogue signal is switched-off.

The community television broadcasting services in South Africa have only six approved and active community television broadcasters. These six include a satellite television channel named Trinity Broadcasting Network that is based in the Eastern Cape and free-to-air television channels that have short-term licences, namely Bay TV, Cape Town TV, Richards Bay TV, Soweto TV and Tshwane TV (Department of Communications, 2015:16). However, these free-to-air community television broadcasting services lack government funding assistance due to the economic climate. According to the Department of Communications (2015:16), another reason for the lack of government funding is due to the lack of a funding framework for community television broadcasting services. Government funds are also overly stretched to cater for other socio-economic development needs.

On the other hand, community radio broadcasting services offer more cost-effective options with cheaper transmission overheads and much simpler programme production processes. Another advantage of radio broadcasting is that the radio is portable and can be listened to while doing other things, such as driving or chores. Community radio broadcasting services are the largest benefactors of government funding assistance through the Media Development and Diversity Agency (Media Development and Diversity Agency Act, 2002:5). According to the Department of Communications (2015:11), community radio broadcasting services continue to receive priority support from the government due to the mandate of advancing

government developmental goals relating to communities having access to information, media diversity and the promotion of local languages and cultures. These community radio broadcasting services are described below and grouped according to the province in which they broadcast. The list begins with the Gauteng Province that has 18 free-to-air community radio broadcasting services.

- **90.6 FM Stereo** – provides multilingual programmes to the communities of Boipatong, Evaton, Lenasia, Orange Farm, Parys, Sasolburg, Sebokeng, Sharpeville, Meyerton, Vandebijlpark and Vereeniging with an average weekly audience of 23 000 in Afrikaans, English and isiSotho (South Africa.info, 2016).
- **East Rand Stereo** – offers programmes inclined towards the Christian faith with music and talks in Afrikaans and English. The broadcast coverage is area is around Alberton, Benoni, Boksburg, Brakpan and Springs with an average weekly audience of 55 000 (South Africa.info, 2016).
- **East Wave Radio** – broadcasts to the communities of Evaton, Johannesburg Metro, Meyerton and Vereeniging with programmes promoting the Indian culture in English with an average weekly audience of 16 000 (South Africa.info, 2016).
- **Groot FM (previously called Radio Rippel)** – offers a broadcast mix of talks and music in Afrikaans in Pretoria with an average weekly audience of 44 000 (South Africa.info, 2016).
- **Impact Radio** – is a Christian inclined radio station, broadcasting in English to the communities of Pretoria with an average weekly audience of 33 000 (South Africa.info, 2016).
- **Iscorian FM** – broadcasts from steel parastatal company Iscor Ltd (ArcelorMittal South Africa) in Vereeniging with programmes that include talks on legal and health issues and music to the communities of Evaton, Lenasia, Meyerton, Sasolburg, Vandebijlpark and Vereeniging. The radio broadcasts in English with an average weekly audience of 45 000 (South Africa.info, 2016).
- **Jozi FM** – is based in Soweto and broadcasts multicultural programmes that includes talks in English and music. The broadcast covers the West Rand with an average weekly audience of 444 000 (South Africa.info, 2016).

- **Moretele Community Radio** – provides youthful programmes that include education, news, religion and music in Babelegi, Hammanskraal, Mabopane, Modimolle and Temba. The radio broadcasts in English, isiNdebele, isiTsonga and isiTswana, with an average weekly audience of 103 000 (South Africa.info, 2016).
- **Pretoria FM (previously called Radio Pretoria)** – offers a broadcast mix of music and talks in Afrikaans, with coverage spread across the Free State, Gauteng, Limpopo, KwaZulu-Natal, Mpumalanga and North West with an average weekly audience of 123 000 (South Africa.info, 2016).
- **Radio Islam** – broadcasts in English and promotes the religion of Islam to the communities of Lenasia and South Johannesburg with an average weekly audience of 31 000 (South Africa.info, 2016).
- **Radio Pulpit** – broadcasts gospel in Afrikaans and English in the Gauteng area and nationally between 4am and 11am with an average weekly audience of 10 000 (South Africa.info, 2016).
- **Radio Today** – broadcasts in English to the communities of Alberton, Benoni, Boksburg, Edenvale, Germiston, Johannesburg, Randburg and Roodepoort and Sandton and provides news and music programmes with an average weekly audience of 14 000 (South Africa.info, 2016).
- **Radio TNG** – provides multicultural programmes of talks and music for the communities of Atteridgeville, Ga-Rankuwa, Hammanskraal, Mabopane, Mamelodi, Pretoria and Rosslyn in English, with an average weekly audience of 26 000 (South Africa.info, 2016).
- **Radio TUKS** – is a university radio station at the Pretoria campus (University of Pretoria) for an Afrikaans-speaking audience and broadcasts to the Pretoria Metro and offers talks and music programmes with an average weekly audience of 55 000 (South Africa.info, 2016).
- **Rainbow FM** – is a Christian radio station offering news and music programmes in English to the communities in south and west Johannesburg, namely Eldorado Park, Discovery, Florida, Horizon, Kagiso, Krugersdorp, Lenasia, Newlands, Pimville, Randfontein, Roodepoort and Soweto with an average weekly audience of 2.32 million (South Africa.info, 2016).

- **Soshanguve Community Radio** – broadcasts multicultural programmes of talk and music in isiTswana around Atteridgeville, Ga-Rankuwa, Hammanskraal, Mabopane, Mamelodi, Pretoria, Rosslyn and Soshanguve with an average weekly audience of 161 000 million (South Africa.info, 2016).
- **TUT Stereo** – is a campus radio station broadcasting for six hours a day from the Tshwane University of Technology in Afrikaans, English and isiSepedi, reaching most of Pretoria and surrounds. The radio reaches an average weekly audience of 1000 (South Africa.info, 2016).
- **UJ FM** – is a campus-based radio station run by students at the University of Johannesburg, broadcasting in Gauteng, predominantly in English but also using other languages such as Afrikaans and isiZulu with an average weekly audience of 12 000 (South Africa.info, 2016).

The total Gauteng Province community radio broadcasting services' is 3.52 million listeners weekly. The radio broadcasting services are in multiple languages that represent the society of Gauteng. The two prominent radio stations in the Tshwane area, Lekker FM and Bosveld stereo, are not included in this study due to non-availability of their audience research at the South African Audience Research Foundation in 2016.

The next community radio broadcasting services to be described are in the Western Cape Province, where there are 15 community radio stations.

- **Bush Radio** – offers talk and music programmes as well as dramas in Afrikaans, English and isiXhosa for the communities of Cape Flats and Mitchells Plain, with an average weekly audience of 86 000 (South Africa.info, 2016).
- **Fine Music Radio** – offers multicultural jazz and classical music with an average weekly audience of 33 000 among the communities of Cape Town Metro, Durbanville, Goodwood, Simons Town, Somerset West and Stellenbosch, broadcasting in English (South Africa.info, 2016).
- **MFM 92.6** – broadcasts from Stellenbosch University with programmes reflecting the culture and aspirations of the students on the campus, with an average weekly audience of 13 000. The station broadcasts in Afrikaans and

English to the communities of Cape Town Metro, Durbanville, Goodwood, Simons Town, Somerset West and Stellenbosch (South Africa.info, 2016).

- **Radio KC** – broadcasts to the youth in the communities of Cape Town Metro, Drakenstein, Paarl, Wellington and Worcester. The radio station broadcast in Afrikaans and English with an average weekly audience of 82 000 (South Africa.info, 2016).
- **Radio Tygerberg** – is a Christian radio station broadcasting in English and offering talk and music programmes to the communities of Cape Town Metro, Goodwood, Somerset West, Simons Town and Stellenbosch, with an average weekly audience of 313 000 (South Africa.info, 2016).
- **Radio Zibonele** – broadcasts in both English and isiXhosa to the communities of Cape Town Metro and all the way to the Khayelitsha area with an average weekly audience of 107 000 (South Africa.info, 2016).
- **Radio 786** – offers programmes reflecting Islamic values in English to the communities of Cape Town Metro, Durbanville, Goodwood, Simons Town, Somerset West and Stellenbosch, with an average weekly audience of 147 000 (South Africa.info, 2016).
- **Radio Atlantis** – is a youth-oriented radio station that broadcasts programmes that reflect the culture of the Afrikaans-speaking communities of Abbots dale, Atlantis, Darling, Malmesbury, Mamre and Philadelphia, with an average weekly audience of 27 000 (South Africa.info, 2016).
- **Radio CCFM** – is a Christian station broadcasting to the communities of Cape Town Metro, Durbanville, Goodwood, Simons Town, Somerset West and Stellenbosch in English with an average weekly audience reach of 67 000 (South Africa.info, 2016).
- **Radio Helderberg** – broadcasts to the communities of Cape Town, Durbanville, Goodwood, Gordon's Bay, Grabouw, Macassar, Simons Town, Somerset West and Stellenbosch with programmes promoting family values in Afrikaans, English and isiXhosa with an average weekly audience of 8 000 (South Africa.info, 2016).
- **Radio Namakwaland** – broadcasts programmes reflecting the culture of Namaqualand in Afrikaans and English to the communities of Bitterfontein, Citrusdal, Clanwilliam, Elands Bay, Graafwater, Klawer, Lamberts Bay,



Lutzville, Nieuwoudtville, Nuwerus, Saldanha, Strandfontein, Vanrhynsdorp and Vredenburg with an average weekly audience of 50 000 (South Africa.info, 2016).

- **Radio UCT** – broadcasts in English targeting students and young professionals at the University of Cape Town and the communities of Cape Town Metro, Durbanville and Goodwood, with an average weekly audience reach of 12 000 (South Africa.info, 2016).
- **Radio West Coast** – provides family-oriented programmes in Afrikaans, English and isiXhosa to the communities of Clanwilliam and Lamberts Bay to the West Coast with an average weekly audience of 35 000 (South Africa.info, 2016).
- **Valley FM** – broadcasts to the agricultural communities of the Breede River Valley, De Doorns, Rawsonville, Wolseley and Worcester in Afrikaans, English and isiXhosa. A number of programmes are presented by blind announcers and the average weekly audience reach of the radio is 37 000 (South Africa.info, 2016).
- **Voice of the Cape** – broadcasts programmes that reflect multi-ethnic Muslim values with an average weekly audience of 82 000 from among the communities of Cape Town Metro, Ceres, Durbanville, Goodwood, Malmesbury, Paarl, Simons Town, Somerset West, Stellenbosch, Wellington and Worcester, broadcasting in English (South Africa.info, 2016).

It can be observed from the above break down that the community radio broadcasting services in the Western Cape Province presents to a weekly average of 1.09 million multi-ethnic listeners.

The ten KwaZulu-Natal Province community radio broadcasting services are:

- **Durban Youth Radio** – provides youthful programmes in English and isiZulu targeting high school pupils and young professionals. The radio station was transferred from the University of Natal to the community and broadcasts to the community of Durban Metro with an average weekly audience of 146 000 (South Africa.info, 2016).

- **Good News Community Radio** – is a Christian radio station broadcasting to the communities of Chatsworth, Durban Metro, Mtunzini, Stanger and Tongaat in English, with an average weekly audience of 86 000 (South Africa.info, 2016).
- **Highway Radio** – is a Christian station broadcasting in English to the communities of Durban, Pinetown, North Coast, Scottburgh and Stanger with an average weekly audience of 119 000 (South Africa.info, 2016).
- **Hindvani FM** – targets Indian listeners and seeks to promote the development of the Hindi language and music in the communities of Cato Ridge, Chatsworth, Central Durban and North Coast to Mandeni, Phoenix and Umkomaas. The station broadcasts in Hindi with an average weekly audience of 66 000 (South Africa.info, 2016).
- **Icora FM** – broadcasts to the isiZulu-speaking listeners of Empangeni, Eshowe, Mandeni, Richards Bay, Stanger and Ulundi with an average weekly audience of 65 000 (South Africa.info, 2016).
- **Imbokodo** – is a female empowerment radio project that offers programmes in isiZulu to the communities of Cato Ridge, Durban Metro, Eshowe, Newcastle, Pietermaritzburg, Pinetown, Tongaat and Umlazi with an average weekly audience of 229 000 (South Africa.info, 2016).
- **Newcastle Community Radio** – broadcasts in Afrikaans, English and isiZulu to the communities of Dannhauser, Dundee, Glencoe, Ladysmith, Memmel, Newcastle, Nqutu, Utrecht, Volksrust and Vryheid with an average weekly audience of 92 000 (South Africa.info, 2016).
- **Radio Khwezi** – broadcasts in Afrikaans, English, German and isiZulu to the communities of KwaZulu-Natal Midlands and upper North Coast, offering programmes that include environmental, educational and cultural issues with an average weekly audience of 331 000 (South Africa.info, 2016).
- **Radio Maritzburg** – offers broadcasts that target isiZulu-speaking listeners in the communities of Cato Ridge, Edendale, Hammersdale, Howick, New Hanover, Pietermaritzburg and Richmond with an average weekly audience of 103 000 (South Africa.info, 2016).
- **Maputaland Community Radio** – offers programmes targeted at Afrikaans, English, isiSwati, isiTsonga, and isiZulu-speaking listeners with an average

weekly audience of 47 000 in the communities of Matubatuba, Nongoma, Vryheid and the borders of Mozambique and Swaziland (South Africa.info, 2016).

The ten community radio broadcasting services in KwaZulu-Natal have a total weekly average of 1.29 million listeners with broadcast coverage extending to the borders of Mozambique and Swaziland.

The 11 Eastern Cape Province community radio broadcasting services are:

- **Bay FM** – offers programmes reflecting youthful aspirations and was previously owned by the University of Port Elizabeth (now Nelson Mandela University) and is now run by members of the community. The radio station broadcasts to the communities of Despatch, Kwa-Magxaki, Kwa-Zakhele, Motherwell, Port Elizabeth and Uitenhage in English and isiXhosa. The radio has an average weekly audience of 66 000 (South Africa.info, 2016).
- **Grahamstown Community Radio** – is broadcast in the isiXhosa language to the communities of Adelaide, Bhisho, Grahamstown, Fort Beaufort and King Williams Town with an average weekly audience of 30 000 (South Africa.info, 2016).
- **Link FM** – is a Christian radio station broadcasting to the communities of East London, Grahamstown, King Williams Town, Queenstown, Stutterheim, and Umthatha in English with an average weekly audience of 107 000 (South Africa.info, 2016).
- **Nqubela Community Radio** – broadcasts programmes with a mix of talk and music that promote community-centred development, education and information in Afrikaans, English and isiXhosa. The average weekly audience is 271 000 around Uitenhage and Port Elizabeth (South Africa.info, 2016).
- **Radio Graaff-Reinet** – broadcasts to an average weekly audience of 22 000. The station broadcasts in Afrikaans and English to the communities of Adelaide, Bhisho, Fort Beaufort, Graaff-Reinet and King Williams Town (South Africa.info, 2016).
- **Radio Ilitha** – is youth radio that broadcasts in Afrikaans, English, Southern Sotho and isiXhosa to the communities of Elliot, Maclear, Mount Fletcher,

Qumbu, Tsolo and Ugie with an average weekly audience of 1 000 (South Africa.info, 2016).

- **Radio Khanya** – broadcasting to the communities of Butterworth, Centane, Clarkebury, Elliotdale, Idutywa, Kei Mouth, Nqamakwe, Qunu, Tsomo and Willowvalle in English and Xhosa with an average weekly audience of 56 000 (South Africa.info, 2016).
- **Radio Kingfisher** – is a Christian station broadcasting to the communities of Despatch, Grahamstown, Jeffrey's Bay, Port Elizabeth and Uitenhage in English with an average weekly audience of 114 000 (South Africa.info, 2016).
- **Radio Takalani** – targeted at youth in the communities of Aliwal North, Barkly East, Burgersdorp, Lady Grey, Rhodes, Jamestown, Rouxville, Smithfield, Sterkspruit and Zastron broadcasting in Afrikaans, English, Southern Sotho and isiXhosa with a balance of programmes including talk shows and music with an average weekly audience of 46 000 (South Africa.info, 2016).
- **Rhodes Music Radio** – broadcasts as a campus radio station from Rhodes University in Grahamstown with programmes that reflect the culture and aspirations of student life in English, with an average weekly audience of 24 000 (South Africa.info, 2016).
- **Vukani Community Radio** – broadcasting to the isiXhosa-speaking communities of Aliwal North, Barkly East, Cala, Elliot, Lady Grey, Maclear, Mount Fletcher and Oortrecht, with an average weekly audience of 54 000 (South Africa.info, 2016).

As observed above, the total average weekly audience of the 11 community radio stations broadcasting services in the Eastern Cape Province is 791 000. The stations are spread from the urban metropolitan areas to the rural communities of the Eastern Cape.

The Free State Province's nine community radio broadcasting services are discussed next.

- **Lentswe FM** – broadcasts to the communities of Nqwathe and Parys in Afrikaans, English, isiSotho and isiXhosa, with an average weekly audience of 15 000 (South Africa.info, 2016).

- **Mosupatsela FM** – broadcasts a programme mix of music and talks in English, isiSotho, isiTswana and isiXhosa to the communities of Botshabelo, Bloemfontein, Ladybrand, Thaba-Nchu, Virginia and Winburg with an average weekly audience of 120 000 (South Africa.info, 2016).
- **Naledi FM** – broadcasts multicultural programmes to the communities of Bethlehem, Ficksburg, Marquard, Senekal, Virginia and Winburg in English, isiSotho and Afrikaans with an average weekly audience of 20 000 (South Africa.info, 2016).
- **Overvaal Stereo** –targets Afrikaans-speaking listeners in the farming communities of Klerksdorp, Kroonstad, Odendaalrus, Parys, Potchefstroom, Sasolburg, Vanderbijlpark, Viljoenskroon, Virginia and Welkom with an average weekly audience of 54 000 (South Africa.info, 2016).
- **Qwa Qwa Radio** – this radio station broadcasts programmes reflecting Southern Sotho culture to the communities of Bergville, Bethlehem, Clarence, Harrismith, Kestell and Phuthatijaba in English and isiSotho with an average weekly audience of 154 000 (South Africa.info, 2016).
- **Radio Maluti 77.1 FM** – is aimed at the Afrikaans-speaking communities of Bethlehem and the whole Eastern Free State area with an average weekly audience of 3 000. The radio station broadcasts primarily in Afrikaans but does include English, SeSotho and Isizulu (Saarf.co.za, 2016).
- **Radio Panorama** – broadcasts to the Christian Afrikaans-speaking communities of Bothaville, Henneman, Kroonstad, Odendaalsrus, Steynsrus, Ventersburg, Virginia, Welkom and Wesselsbron with an average weekly audience of 51 000 (South Africa.info, 2016).
- **Radio Rosestad** – broadcasts to urban and farming Afrikaans-speaking listeners in Boshoff, Bloemfontein, Dealsville, Edenburg, Hertzogville, Reddersburg, Virginia, Petrusburg and Welkom with an average weekly audience of 25 000 (South Africa.info, 2016).
- **Setsoto FM** – broadcasts programmes with a mix of talk and music that promotes community-centred programmes in English and isiSotho to the communities of Clocolan, Ficksburg, Ladybrand, Marquard, Senekal and Maseru in Lesotho with an average weekly audience of 15 000 (South Africa.info, 2016).

The nine community radio broadcasting services in the Free State Province have a weekly average audience of 454 300.

The four community radio broadcasting services of the North West Province are:

- **Letlhabile Community Radio** – broadcasts an even mix of programmes to the communities of Ga-Rankuwa, Hartebeespoort, Magaliesburg, Swartruggens and Ventersdorp. This radio station broadcasts in Afrikaans, English, isiSotho, isiTswana and isiZulu with an average weekly audience of 54 000 (South Africa.info, 2016).
- **PUK FM** – is a campus radio station at the North West University targeting scholars and students around the Potchefstroom area. The radio station's average weekly listenership is 5 000. The radio station broadcasts in Afrikaans, English and isiTswana (South Africa.info, 2016).
- **Radio Mafisa** – is aimed at the isiTswana-speaking communities of Brits, Ga-Rankuwa, Hartebeespoort, Magaliesburg, Rustenburg, Swartruggens and Ventersdorp with an average weekly audience of 148 000. The radio station broadcasts in Afrikaans, English, isiSotho and isiTswana (South Africa.info, 2016).
- **Vaaltar Community Radio** – offers a broadcast mix of talk and music to the communities of Christiana, Bloemhof, Schweizer-Reneke, Taung, Vryburg and Warrenton in English, isiSotho and isiTswana with an average weekly audience of 73 000 (South Africa.info, 2016).

The four North West Province community radio broadcasters are offering multi-lingual services to an average of 280 000 weekly listeners.

The seven Mpumalanga Province community radio broadcasting services are:

- **Barberton Community Radio** – offers a broadcasting programme mix of talks and music with an average weekly audience of 106 000 in Badplaas, Barberton, Nelspruit and Pienaar in English, isiSwati and isiZulu (South Africa.info, 2016).
- **Kangala Community Radio** – offers programmes reflecting youthful aspirations in a multitude of languages, including isiNdebele, Northern Sotho

and isiTswana, with an even mix of music and talks. The radio station broadcasts to the communities of Belfast, Groblersdal, Hammanskraal, Hendrina, Kwa-Thema Middelburg, Nelspruit, Pretoria and Springs with an average weekly audience of 77 000 (South Africa.info, 2016).

- **Moutse Community Radio** – broadcasts multilingual programmes to the communities of Belfast, Dullstroom, Groblersdal, Lydenburg, Middelburg, Naboomspruit, Pretoria and Witbank in English, isiNdebele, isiSotho, isiTsonga, and isiZulu with an average weekly audience of 160 000 (South Africa.info, 2016).
- **Radio Alpha** – broadcasts to an average weekly audience of 4 000. The station broadcasts in Afrikaans, English, isiSwati and isiZulu to the communities of Badplaas, Barberton, Carolina, Kromdraai, Machadodorp, Mooiplaas, Oshoek and Tmpuluzi and Warburton (South Africa.info, 2016).
- **Radio Laeveld** – broadcasts to Afrikaans-speaking listeners in the communities of Badplaas, Barberton, Blyde River Canyon, Lydenburg, Nelspruit, Phalaborwa, Sabie, Waterval Boven and White River with an average numbering 12 000 (South Africa.info, 2016).
- **Radio Kragbron** – broadcasts an even mix of programmes of talks and music to the Afrikaans-speaking communities of Carolina, Bronkhorstspuit, Delmas, Groblersdal, Hammanskraal, Kwa-Thema, Kriel, Middelburg, Ogies and Witbank with an average weekly audience of 39 000 (South Africa.info, 2016).
- **Radio Middelburg** – offers a broadcast mix of talks and music to the communities of Carolina, Delmas, Groblersdal, Hammanskraal, Kwa-Thema, Middelburg and Witbank in Afrikaans, English, isiSotho and isiZulu with an average weekly audience of 20 000 (South Africa.info, 2016).

The total average weekly audience for the seven Mpumalanga Province community radio broadcasting services is 418 000.

The seven Limpopo Province community radio broadcasting services are:

- **Mohodi FM** – broadcasts to the communities of Broekman, Brussels, Fatima, Lisa, Madikana, Makgalong, Makhado, Maponto, Mokopane, Mogwadi, Ngoako Ramalepe, Sekakeng, Polokwane and Tzaneen with programmes

promoting family values in English and isiPedi with an average weekly audience of 48 000 (South Africa.info, 2016).

- **Mokopane Community Radio** – provides family-oriented programmes to the communities of Bela-Bela, Lephalale, Mokopane, Makhado, Modimolle, Magoebaskloof, Morbeng, Ngoako Ramalepe, Roedtan, Polokwane, Thabazimbi, Tzaneen and Vaalwater. The radio broadcasts in Afrikaans, English, isiNdebele and isiTsonga with an average weekly audience of 13 000 (South Africa.info, 2016).
- **Radio Botlokwa** – broadcasts a programme mix of talks and music to the Afrikaans, English and isiPedi communities of Botlokwa, Mokopane, Polokwane, Tzaneen and Zebediela with an average weekly audience of 28 000 (South Africa.info, 2016).
- **Radio Bushbuckridge** – provides multilingual programming in Afrikaans, English, isiSotho, isiSwati and isiTsonga to the communities of Blyde River Canyon, Bushbuckridge, Lydenburg, Phalaborwa, Sabie, Waterval Boven and White River with an average weekly audience of 225 000 (South Africa.info, 2016).
- **Radio Moletsi** – broadcasts talks and music programmes in isiPedi around Dikgale, Leboakgomo, Madiba Park, Marabe, Mashashane, Matlala, Mogwadi, Polokwane and Seshego with an average weekly audience of 11 000 (South Africa.info, 2016).
- **Radio Turf** – broadcasts from Turfloop Technikon with programmes reflecting the culture and aspirations of the student life on campus, with an average weekly audience of 29 000. The station broadcasts in English to the communities of Dalmada, Haeneratzburg, Polokwane and Seshego, (South Africa.info, 2016).
- **Univen Community Radio** – is a campus radio station at the University of Venda targeting students in the communities of Giyani, Makhado, Morbeng and Thohoyandou. The radio station's average weekly audience numbers 120 000 (South Africa.info, 2016).

The Limpopo Province's seven community radio broadcasting services have a total average weekly audience of 474 000, and broadcast to multi-ethnic groups.



The Northern Cape Province has three community radio broadcasting services, namely:

- **Radio Kaboesna** – broadcasts to an average weekly audience of 2 000. The station broadcasts in Afrikaans, English and isiXhosa to listeners in the communities of Calvinia, Citrusdal, Niewoudtville, Vanrynsdorp and Williston (South Africa.info, 2016).
- **Radio Riverside** – broadcasts multilingual programmes to the communities of Groblershoop, Kakamas, Kenhardt, Marydale, Postmasburg, and Upington in Afrikaans, English, isiTswana and isiXhosa with an average weekly audience of 49 000 (South Africa.info, 2016).
- **Radio Teemaneng** – offers programmes reflecting family values in Afrikaans, English, isiTswana and isiXhosa with a mix of music and talks. The radio station broadcasts to the communities of Hopetown, Kimberley, Petrusburg, Postmasburg and Warrenton Hertzogville with an average weekly audience of 73 000 (South Africa.info, 2016).

The Northern Cape Province's community radio broadcasting services have a total average weekly audience of 124 000.

It is evident that each province has numerous community radio broadcasting services. These broadcasting services have a role to perform in the communities in terms of information dissemination. Additionally, it can be observed that the community radio broadcasting services cater to the specific interests of the communities they serve, for example, some are youth-oriented or religion-based radio stations. The programming provided by the community radio broadcasting services reflects the needs of the communities, which include the cultural, religious and demographic needs. Programming refers to the way broadcasters select and arrange the various elements, such as music and talks that make programmes pleasing to the listeners (Smith, 1990:153). The community radio broadcasting services are a source of music and serve to empower society by informing and educating through languages spoken in the target community. According to Girard (2007:1), community radio broadcasting services' mission is to empower, support and contribute to the communities as well as nurturing the local talent in the form of

community participation. The importance of community radio broadcasting in the communities was also recognised in the Declaration of Principles on Freedom of Expression in Africa (Buckley, 2008:2).

The broadcast coverage is restricted to specific areas, thus reaching smaller audiences. According to the Department of Communications (2015:17), the community radio broadcasters' coverage restriction is prescribed through the licence conditions. In this study, it is only in three provinces, Gauteng, KwaZulu-Natal and Western Cape, where audiences of more than 1 million listeners are recorded. This restricted coverage of community radio necessitates a radio broadcasting service that can provide coverage to the nation at large. The total community radio broadcasting services' weekly average audience country-wide is approximately 8.4 million listeners for the combined 84 radio broadcasting services in South Africa. It should be noted that the Statistics South Africa data indicated that the working age population of South Africa is 39.2 million, with 14.8 million not economically active.

Statistics South Africa (Stats SA) is the agency of the state that produces official statistics for the country (Statistics South Africa, 2016). Only around 21 percent of the population is reached by the 84 community radio broadcasting services, although there are a higher number of community radio broadcasters than the 12 commercial or 18 public radio broadcasters. It can therefore be concluded that this low population coverage by community radio broadcasting services necessitates a radio broadcasting service that has a wide footprint and can target the nation at large. Only the public service broadcaster, the SABC, is tasked in terms of law to make broadcasting services available throughout South Africa.

## **2.7 SABC BACKGROUND**

In South Africa broadcasting began in 1923 through the use of radio, with the support of the South African Railways, with only three radio services licenced for broadcasting (Afolayan, 2004:114). These three radio services were later merged and sold to the SABC in 1936, which was then recognised as a national public broadcaster by an Act of Parliament. In 1976 the SABC introduced and incorporated television in addition to their radio broadcast services. It was agreed that both the television and radio broadcasting services be funded through the collection of licence

fees. In 1982 two more television broadcast channels were introduced to serve the black urban audiences. The channels were divided into TV2 for Nguni languages and TV3 for Sotho and Tswana. In 1985 another new service named TV4 was introduced, carrying sports and entertainment programmes. In 1996 the SABC reorganised these TV channels into SABC 1, SABC 2 and SABC 3 to be more representative of South Africa's languages and at a later stage SABC news was added (About the SABC, 2016).

The SABC is the only public service broadcaster entrusted to provide four television channels and 18 radio stations to the general public through terrestrial transmission (Broadcasting Act, 1999). The three SABC television channels have a viewership of more than 30 million. Furthermore, the terrestrial transmitter network coverage of these three SABC television channels is as follows: SABC1 is 91.2% of the population, SABC2 is 91% and SABC3 is 77% of the South African population. The fourth television channel is news-centred and is currently available only on a satellite broadcast platform. The SABC radio stations' listenership is more than 25 million weekly listeners for the combined 18 radio stations (SABC Annual Report, 2015; About the SABC, 2016). An in-depth discussion of the television and radio broadcasting services is presented under the section entitled SABC platforms.

The core business and mission of the SABC is to inform, educate and entertain through a variety of high quality television and radio programmes for all communities in South Africa. The SABC's vision is to provide compelling content that is accessible by all South African citizens. The content should be enriching, credible and relevant to all citizens. The values of the SABC are aligned with the South African Constitution's principles with a focus on creating open conversations and partnerships and encouraging respect amongst South Africans (SABC Annual Report, 2015; About the SABC, 2016).

To support the abovementioned vision, mission and values, the SABC has developed mechanisms such as the editorial policy, as well as policies on local content, education, universal service and access, language and religion. These policies are intended to assist the SABC's management to negotiate difficult editorial and programming issues and to make informed decisions during content selection for broadcast (SABC Editorial Policy, 2016). However, it should be noted that the

powers, functions, rights and responsibilities, as well as the mandate of the SABC (as a public broadcaster), are derived from regulatory sources that include the legislation, the licence conditions and the code of conduct for broadcasters as laid out by the Broadcasting Complaints Commission of South Africa (BCCSA), amongst other material (SABC Annual Report, 2015:20). The three main legislative regulations affecting the SABC are indicated below and are discussed in depth.

- The Constitution of the Republic of South Africa;
- The Independent Communications Authority of South Africa Act;
- The Broadcasting Act.

### **2.7.1 SABC Values and the Constitution of the Republic of South Africa**

The Constitution of the Republic of South Africa is the highest and most fundamental law of the country that sets out the rights of all South African citizens. All other laws are built within the constitution's umbrella and should be in line with the constitution. Chapter 1 of the Constitution affirms the democratic values and national principles, including official languages and freedom of expression (Constitution of the Republic of South Africa, 1996).

The South African Constitution's principles empower the public service broadcasters with principles of independence, accountability and diversity. The Constitution guarantees the public broadcaster freedom of expression and with journalistic, creative and programming independence. The Broadcasting Act is aligned with the Constitution and ensures that the broadcasting system is aligned with the democratic values of the Constitution and that the fundamental rights of all citizens are enhanced and protected (Broadcasting Act, 1999). These aligned values include diversity, nation building and values that forbid discrimination based on race, culture and religion. These values seek to forge a common understanding and acceptance of the various cultural backgrounds that are South Africa's heritage (Broadcasting Policy, 1997: Chapter 1). These values and principles form a foundation for the core editorial values of the SABC as a public broadcaster (SABC Editorial Policy, 2016).

The core editorial values of the SABC include nation building, equality and diversity, restoration of human dignity as well as accountability, transparency and freedom of

expression, which can be term as independency. Equality and diversity can be demonstrated through the broadcaster's programmes, which are presented in various languages. Nation building refers to the provision of information to the citizens to allow them to participate in building the nation's democracy and respect for human dignity. Freedom of expression is an important tool for journalists to nurture their creativity and unbiased programme content. This freedom of expression and editorial independency promotes the accountability of the SABC's management and employees (SABC Editorial Policy, 2016). The Constitution of the country is the foundation for the SABC's editorial values. The Constitution of the country is the primary foundation from which the ICASA's mandate is derived.

### **2.7.2 Independent Communications Authority of South Africa Act**

ICASA is a national regulatory agency in South Africa, which formulates regulations for broadcasting and telecommunication services. ICASA also oversees the broadcasters' compliance with licencing conditions to ensure that the citizens of the country have access to quality and affordable telecommunications (Broadcasting Act, 1999:9; Independent Communications Authority of South Africa, 2014).

The obligations and mandate of the SABC are encapsulated in the ICASA regulations, which determine the licence conditions for the SABC's four television channels and 18 radio stations. The obligations of the SABC include, among other things: broadcasting to all citizens throughout the country. The SABC has the obligation to inform, educate and entertain South Africans in all official languages. These obligations are laid down by ICASA and specified for each television channel and radio station in the form of licence conditions that record the quotas for programmes and broadcast coverage radius for a broadcaster (Independent Communications Authority of South Africa, 2014). The SABC is bound by both the licencing conditions and the regulations set by ICASA. In turn, the ICASA regulations are founded in, and derived from, the Broadcasting Act.

### **2.7.3 Broadcasting Act 4 of 1999**

The objective of the Broadcasting Act was to establish and lay the basis for a broadcasting policy for the South African broadcasting system. The aim of the Broadcasting Act is to encourage democracy and nation building principles in line

with the Constitution, as discussed in the previous section (Broadcasting Act, 1999). The broadcasting system in South Africa is divided into public service broadcasting, commercial broadcasting services and community broadcasting services. The Broadcasting Act stipulates that in South Africa, broadcasting services should be owned by South Africans and should reflect the diversity of the country in terms of language and the promotion of various cultures (Broadcasting Act, 1999).

The SABC is entrusted with this responsibility as a public broadcaster, to provide radio and television broadcasting services, whether by analogue or digital means. These broadcasting services should be in the form of programmes providing information, be able to educate and entertain South African communities. SABC's funding can be collected from the combination of commercial advertisements, sponsorship and licence fees to allow the broadcaster to deliver to the communities (Broadcasting Act, 1999).

The Broadcasting Act stipulates the governance structure of the SABC with the Board of Directors (Board) as the accounting officers. The non-executive directors are short-listed and interviewed by parliament, which advises the president, who has the authority to make appointments. The SABC Executive Directors are interviewed by the Board, which makes recommendations to the minister. The Broadcasting Act provides that the SABC's affairs be governed and controlled by the board of directors (Broadcasting Act, 1999). The SABC's board of directors bears overall responsibility for ensuring the sound financial management of the SABC in line with the Public Finance Management Act (About the SABC, 2016). The Public Finance Management Act regulates the management of the finance of an institution with the goal of instilling discipline and efficiency while ensuring transparency and accountability (Public Finance Management, 1999). The responsibility of the SABC's Board of Directors includes oversight and ensuring that the SABC, through the four television channels and 18 radio stations, provides an easily accessible, high quality, driven and public value-based media platform (About the SABC, 2016).

## **2.8 SABC PLATFORMS**

The SABC is a multiple-platform institution entrusted with the provision of public service broadcasting to all citizens in a language of their choice. The SABC provides

radio and television programmes that are distributed by free-to-air transmission modes and the four television channels are available on a satellite broadcast platform only (SABC Annual Report, 2015; About the SABC, 2016). The SABC services are described below and the discussion commences with the description of the television services and is followed by a discussion of the radio stations.

### **2.8.1 SABC television channels**

The SABC's three television channels are grouped and organised to cater for different South African language groups. The time allocation for a language on television is based on the language spoken in the coverage area of the channel and the popularity of the language as well the accessibility and availability of content to generate programmes (About the SABC, 2016). The television channels are described below.

- **SABC 1** – is a free-to-air channel that provides broadcasting services in English, isiNdebele, isiSwati, isiXhosa and isiZulu with terrestrial transmitter network coverage of 91.2% of the population. The channel averages a weekly viewership of 27 million (SABC Annual Report, 2016; About the SABC, 2016).
- **SABC 2** – this channel is defined by cultural customs and traditions with terrestrial transmitter network coverage of 92.5% of the population as a full spectrum free-to-air channel that broadcasts in Afrikaans, English, isiPedi, isiSotho, isiTswana, Tshivenda and Xitsonga. The channel has an average weekly viewership of 24.8 million (SABC Annual Report, 2016; About the SABC, 2016).
- **SABC 3** – broadcasts entertainment and information in English for cosmopolitan viewers, with a terrestrial transmitter network coverage of 82.1% of the population. The channel averages a weekly viewership of 20.1 million on a free-to-air spectrum (SABC Annual Report, 2016; About the SABC, 2016).

As observed from the above discussion, two of the SABC's television channels are able to reach over 92% of the population, while the third television channel has network coverage of above 82% of the population, making them the most watched television channels. As a public service broadcaster, the SABC is fulfilling the

mandate set out in the legislation, which is to broadcast nation-wide while providing programmes in all South Africa's official languages. The SABC radio stations are better positioned to serve all South Africans (young and old) from urban and rural areas that speak and understand South African indigenous languages so as to ensure fair and equal treatment of all languages. This equal treatment of languages has been catered for through the licencing of language-dedicated SABC radio stations (About the SABC, 2016).

### 2.8.2 SABC radio stations

The SABC's 18 radio stations cater to the various South African language groups. The broadcasting services of the radio stations are delivered in all 11 official languages. The level of local content being broadcast by these radio stations varies according to the licence prescribed for each radio station. The SABC radio stations are described as follows:

- **Good Hope FM** – Good Hope FM encapsulates the fun, energy and funkiness of urban Cape Town in English. It is a youthful, vibrant, lifestyle radio station for Cape Town's citizens, reflected through music, news and events with an average weekly audience of 496 000 (About the SABC, 2016).
- **Ikwewezi FM** – provides relevant information that caters for the isiNdebele-speaking community with an average weekly audience of 1.603 million (SABC Annual Report, 2016; About the SABC, 2016).
- **Lesedi FM** – broadcasts to an average weekly audience of 3.584 million of the isiSotho-speaking community (SABC Annual Report, 2016; About the SABC, 2016).
- **Ligwalagwala FM** – offers programmes that are targeted at the isiSwati-speaking community with an average weekly audience of 1.216 million (SABC Annual Report, 2016; About the SABC, 2016).
- **Lotus FM** – broadcast in English for the Indian community in South Africa. The programmes include the culture and religious needs of Hinduism, Islam and Christianity with an average weekly audience of 323 000 (SABC Annual Report, 2016; About the SABC, 2016).



- **METRO FM** – is positioned as a youthful urban adult’s station broadcasting in English. It is a commercial and music-driven radio station with an average weekly audience of 6.13 million people in metropolitan areas (SABC Annual Report, 2016; About the SABC, 2016).
- **Motsweding FM** – caters for an average weekly audience of 3.182 million people in the isiTswana-speaking communities (SABC Annual Report, 2016; About the SABC, 2016).
- **Munghana Lonene FM** – broadcasts programmes to an average weekly audience of 1.106 million. This station reflects the cultural aspirations of the isiXitsonga-speaking community (SABC Annual Report, 2016; About the SABC, 2016).
- **Phalaphala FM** –caters for the needs and tastes of the isiTshivenda-speaking community with an average weekly audience of 969 000 (SABC Annual Report, 2016; About the SABC, 2016).
- **Radio 2000** – broadcasts in English and engages in national debates. The station’s programmes include arts, sport news and live sports broadcasts, particularly soccer, cricket and rugby. The station has a diverse audience with an average weekly reach of 857 000 listeners (SABC Annual Report, 2016; About the SABC, 2016).
- **RSG** – is a totally Afrikaans station for audiences that understand and speak the language. The station has an average weekly audience of 735 000 (SABC Annual Report, 2016; About the SABC, 2016).
- **SA FM** – is a talk show station that provides detailed news coverage alongside relevant current affairs. The station also broadcasts lifestyle programmes for the English-speaking community with an average weekly audience of 516 000 (SABC Annual Report, 2016; About the SABC, 2016).
- **Thobela FM** – broadcasts to an average weekly audience of 3.119 million of the Northern Sotho-speaking people (SABC Annual Report, 2016; About the SABC, 2016).
- **Tru FM** – is a youth radio station in the Eastern Cape Province that reflects the aspirations of young people. The radio broadcasts in English and isiXhosa with an average weekly audience of 359 000 (SABC Annual Report, 2016; About the SABC, 2016).

- **Ukhozi FM** – is the nation's largest radio station broadcasting in isiZulu with an average weekly audience of 6.889 million (About the SABC, 2016).
- **Umhlobo Wenene FM** – broadcasts programmes relevant to the isiXhosa-speaking community with an average weekly audience of 4.114 million (SABC Annual Report, 2016; About the SABC, 2016).
- **X-K FM** – broadcasts to the Khoi-San people of Platfontein in the Northern Cape. The format includes talk and music programmes with an average weekly audience of 6 000 (SABC Annual Report, 2016; About the SABC, 2016).
- **5FM** – is a youthful station with an average weekly audience of 2.176 million people, offering the most popular music and entertainment (SABC Annual Report, 2016; About the SABC, 2016).

It is evident from the above discussion that the public service broadcaster, the SABC, is the cornerstone of South Africa's broadcasting diversity with its 18 radio stations; broadcasting to various communities, with different types of content in various languages. These radio stations are free-to-air radio broadcasting services that are represented in every province. The combined SABC radio stations have an average weekly audience of 37.9 million people country-wide, making them the most listened to radio stations. Although these radio broadcasting services are free-to-air, they are also available on the internet through live audio streaming technology and can be accessed via computer or cell phone. The broadcasting over the internet is referred to as webcasting (Fan, 2000:620).

## 2.9 BROADCASTING OVER THE INTERNET

Technological developments such as convergence and digital technologies are encouraging broadcasters to use the internet, not just as a work tool for content production (sourcing of information and news gathering) but also as a distribution platform. This distribution of content and broadcasting services was traditionally achieved through radio or television airwaves scheduled at a particular time, one programme per channel with pre-scheduled beginning and end times. However, with the internet, broadcasting services can be carried out through live streaming, which refers to the delivery of content through the internet in real-time, without the user having to wait for the content programme to download and to be saved onto their

machines (Cordeiro, 2012:495). This type of internet content delivery is known as webcasting, or internet broadcasting (Fan, 2000:620). The distribution of content over the internet may either be distributed live or through a delayed transmission.

The live transmission of content over the internet means that the viewer or audience member does not affect the programme being watched or listened to. For example, the internet radio streaming of audio cannot be paused or replayed by the listener, as it is a live transmission, much like a traditional radio broadcasting service over the airwaves. On the other hand, the delayed transmission of content over the internet offers the viewer or listener the ability to watch or listen to archived broadcast content whereby audiences choose the material they want in their own time. This delayed transmission of content over the internet is referred to as on-demand media (Fan, 2000:644).

On-demand media offers the viewer a level of interactivity including pausing, rewinding and fast forwarding the content. This interactivity is defined by Cordeiro (2012:496) as the communication between the user and the digital device. The digital devices compatible with accessing content include devices such as computers and cellphones. This interactivity does not change the content, but changes only how the user controls the viewing of the content. It can be concluded that on-demand media is reshaping the relationship between content providers and viewers by enabling content providers to know and match content to the needs and expectations of the viewers. This on-demand media with interactivity is termed New Media (Department of Communications, 2014:65).

In South Africa more broadcasters are adopting New Media strategies of multimedia, interactivity, on-demand content and over the internet distribution services. Over the internet content broadcasting implies that there is a greater number of broadcasting channels available to carry content and as a result, the barriers to entry for content distribution have been lowered on a global basis. That means lower costs and no need to acquire spectrum (Cordeiro, 2012:495). All SABC radio and television broadcasting services (platforms), commercial broadcasters and a number of community radio stations are streaming their services over the internet (Lloyd et al., 2010:91). Streaming enables viewers and audiences to watch and listen to these

internet broadcasts anywhere in the world, as the internet is a global communication network.

A number of the aforementioned broadcasters have launched their own “new media player” applications (mostly licenced), which allow television programmes to be offered directly through portal websites. A media player in this context refers to an application (not a consumer electronic device) that enables users to access, navigate and play content on the internet using computers and mobile devices, including cell phones. This media player application allows users to view and listen to broadcasts anywhere in the world in their own time (Banerjee & Seneviratne, 2005:131).

The fact that the internet, as a global communication network, provides broadcasting services anywhere in the world, poses both opportunities and challenges for the broadcasters and the government. On one hand, broadcasting over the internet allows South African broadcasters to distribute content (news, information and entertainment) to international audiences, which is a positive development for the users. Broadcasting over the internet allows the broadcasters to become multinational organisations. On the other hand, broadcasting over the internet poses challenges for the government due to the difficulty of regulating the content on the internet. Additionally, broadcasting over the internet poses challenges to broadcasters in obtaining rights to distribute content such as music, sports and movies (Department of Communications, 2014:53).

Broadcasting over the internet also has a negative impact on the viability of traditional broadcasting services, such as radio and television, as there is no licence requirement for content providers on the internet. Traditional broadcasting services are required to be licenced to ensure fair and equitable access to the spectrum, but new content providers that broadcast over the internet are not bound by broadcasting codes, regulations or standards (Salomon, 2008:66). With no licencing conditions being imposed on these new content providers over the internet, unfair competition is created for traditional broadcasters, including public service broadcasters. This unfair competition affects audiences, content and revenue (Department of Communications, 2014:54).

Broadcasting over the internet does not have the jurisdictional constraints that come with licencing conditions and can distribute content to target audiences from different nations while receiving revenue from these nations, bypassing the regulatory processes (Salomon, 2008:26). This unfair competition is in contrast to the Broadcasting Act, whose objective is to ensure fair competition within the broadcasting industry (Broadcasting Act, 1999:14). Salomon (2008:67) holds that if the content being broadcast over the internet is the same as the content provided by traditional broadcasting services, the same rules should be applicable, regardless of the delivery platform. An in-depth discussion on revenue matters, especially relating to the public service broadcaster, is presented in chapter 3, which focuses on financial sustainability.

## **2.10 SUMMARY AND CONCLUSION**

In this chapter the theoretical background on broadcasting services in South Africa was provided. Public service broadcasting, commercial broadcasting and community broadcasting services were elaborated upon. It was observed that the commercial and community broadcasters are targeting the same audiences as the public service broadcaster, which is mandated to offer services to these audiences. The SABC's background as a national public broadcaster in South Africa was outlined, as well as the background link to the regulator (ICASA), which monitors compliance with licence conditions.

The SABC platforms were also described and indicated fulfilment of the mandate by the SABC to broadcast for all citizens with four television channels and 18 radio stations that broadcast in 11 South African languages. Broadcasting over the internet was also discussed, indicating developments in the broadcasting industry as well as opportunities and challenges posed by new media to the traditionally licenced radio and television broadcasters.

The next chapter focuses on the public service broadcasting funding and general financial sustainability. The foundation discussion that leads to the building of the study's framework for financial sustainability is discussed in depth. Based on this theory analysis, the proposed theoretical framework regarding sustainable funding of the public broadcaster was constructed.

## **CHAPTER 3**

### **SUSTAINABLE FUNDING FOR THE PUBLIC BROADCASTER**

#### **3.1 INTRODUCTION**

In Chapter 1 the primary objective of this study was outlined as being to develop a framework for financial sustainability for the South African public service broadcaster. Chapter 2 focused on, and discussed, the background of broadcasting services and the mandate of a public broadcaster in South Africa as derived from regulatory sources such as the Constitution and Broadcasting Act. To add to the literature review relevant for this study, this chapter presents a theoretical discussion on sustainable funding for the public broadcaster. This chapter focuses on discussing the aspects related to broadcasting funding and the literature relating to financial sustainability concepts.

The first section of this chapter discusses aspects related to broadcasting funding and an explanation of the sources of funding available for the public service broadcasting system. The financial sustainability of an organisation in general and that of a public service broadcaster is discussed to set a foundation for proposing a theoretical framework. This chapter ends with a summary of the discussion and a conclusion.

#### **3.2 GENERAL BROADCASTING FUNDING**

In the broadcasting industry, funding is one of the factors that determine the extent to which and the way in which the broadcaster's responsibilities are fulfilled. Funding has the potential to assist the broadcaster to fulfil its day-to-day operations (European Broadcasting Union, 2000:4). The Parliamentary Assembly of the Council of Europe recommended possible sources of funding for broadcasters, such as licence fees paid by audiences, government grants or state subsidies, a programme fee paid by partners in the form of sponsorship or donations as well as commercial advertising and subscription fees (for pay-per-view or on-demand services). Funding for broadcasters can also include proceeds from the sale of products such as audio-visual archives, books and videos or films (Council of Europe, 2009:24).

The Parliamentary Assembly was an advisory body for the Council of Europe. The assembly brought together delegates who were elected members of parliament in their respective European countries. According to the Council of Europe (2009:23), the parliamentarians discussed and debated Europe's pressing socio-political questions and adopted recommendations and resolutions that have influenced a number of countries. Broadcasters have adopted various sources of funding for their operations in accordance with their respective nations' regulations and circumstances. Commercial broadcasting services using a terrestrial transmission mode rely almost entirely on advertising and sponsorship funding to meet their key objectives for free-to-air services, while commercial broadcasting services using satellite transmission modes rely almost entirely on subscription fees (Thomas, 2010:6). On the other hand, for public service broadcasting, a mixed source of funding using a combination of licence fees, government grants, advertising and sponsorships for funding, as described by the Parliamentary Assembly recommendations, is applicable (Council of Europe, 2009:24).

A licence fee is referred to as an obligatory form of funding used by many countries to support home-grown broadcasting industries, including the production of local content. Licence fees are levied on the television set owner and paid annually by the owner (Massey, 2005:1359). Massey (2005:1359) holds that licence fees as a source of funding helps the broadcaster to assign the costs of broadcasting directly to its consumers, namely the audiences. This source of funding creates a sense of shared responsibility between the broadcaster and the audiences, with the broadcaster delivering on a promise and audiences obligated to pay the fee. Funding from licence fees frees the broadcasters from control and influence by any external donor organisations or parties. However, licence fees may be difficult and costly to collect. In countries where the fees are not already in place, it may be difficult to introduce these fees. A number of people avoid paying license fees, resulting in a number of countries choosing to fund public service broadcasters through taxation or through other less avoidable methods, such as a co-payment with electricity (Daalmeijer, 2004:33; Mendel, 2011:18).

On the other hand, government funding or grants can provide the funds required to undertake broadcasting programmes and to upgrade broadcasting infrastructure.

However, a government-funded broadcaster might allow the ruling political party an opportunity to influence or censor that broadcaster, as granting the funding is dependent on the will of the ruling political party and budgetary priorities (Mendel, 2011:18). According to Salomon (2008:10), in a number of authoritarian countries where a broadcaster is financed through government funding, make it an offence for a broadcaster to disseminate material that criticises the government. Government funding or grants are different from a loan, in that there are no requirements or expectations that the grants be repaid by the receiving entity, although the receiving entity should conform to a wide range of restrictions and regulations imposed by the government. The government, or any other donor, would want access to the organisation's operations and financial records as a way to oversee their investment (Bray, 2010:75). Government funding is accompanied by red-tape, bureaucracy and increased accountability, which includes cumbersome reports and record-keeping (Sherman, 2004).

Advertising as a financial base has led to the success of commercial broadcasters (Rutherford, 2005:28) but funding from advertising and sponsorship can potentially influence the broadcaster's choice and content of programmes. This influence might affect the editorial independence of a broadcaster as well as the content of the programmes shown by the broadcaster (Lloyd et al., 2010:155). Gondwe and Mavindidze (2014:7) emphasise that the value of a free, vibrant media and broadcasting industry is a critical component of democracy, as it reinforces the values encompassed by freedom of expression. Mendel (2011:8) refers to freedom of expression as a right for a broadcaster to share information and ideas and a right of the citizens to have access to information about a wide variety of issues and concerns from different perspectives. Mendel (2011:7) warns against broadcasters skewing the content of their programmes to benefit the interests of the advertisers. This could lead to broadcasters undermining programmes that are designed for the poor in favour of the advertisers' needs. Bovee and Arens (1992:7) define advertising fees as the non-personal fees paid by advertisers for communication of information that is persuasive in nature and designed to draw attention to the products, services or ideas of the advertiser or sponsors published through the various media platforms. The aim of an advertisement is to reach the desired audiences. The broadcaster designs and shows attractive programmes to draw the



audiences and access to these audiences is presented and sold to advertisers and sponsors (Armstrong & Weeds, 2005:6).

In the case of sponsorships, the sponsor purchases advertising time during specific programmes or on a specific channel based on the content of the programmes that draw the audiences to the advertisement. Another source of funding for broadcasters is from subscription fees. These are mainly applicable to commercial broadcasting services that use the satellite transmission mode for broadcasting. The broadcaster charges an amount of money (paid regularly), to deliver a service to the user or audience. As discussed before, commercial broadcasting services are privately owned and have to finance themselves as profit-making entities. Collection methods for subscription fees are implemented in the form of pay-per-view (Pay-TV), on-demand services or monthly premiums (Broadcasting Act, 1999).

The mixed-funding model has been adopted in a number of countries as the preferred model for public broadcasters (Council of Europe, 2009:24; Mendel, 2011:18). Mendel (2011:7) supports the combination of funding sources by the public service broadcasters but holds that public broadcasters should still respect and promote diversity by providing quality broadcasting that educate, entertains and informs the population in its diversity.

### **3.3 PUBLIC SERVICE BROADCASTING FUNDING**

As defined before, public service broadcasting is a non-profit and a non-commercial form of broadcasting that is supported by public funding (McQuail, 2000:156). This funding should ensure the broadcasters' continuity in the delivery of the operations and in maintaining a stable workforce, as well as the introduction of new technologies (Mendel, 2011:17). Importantly, the public service broadcasting funding sources are not uniform throughout the world. Burnley (2014:11) attributes this non-uniformity of funding for public service broadcasting to the various political, economic, legal and social contexts of every country. Sources of funding for public service broadcasting can emanate directly from the public through licence fees, from government grants or subsidies that originate from taxes or corporate advertising (Juneau, 2000:14–16; Burnley, 2014:6).

Mendel (2011:18) holds that where public service broadcasters have adopted mixed funding models, it is important to ensure that they do not use this leverage to compete unfairly with commercial broadcasters, particularly in relation to advertising revenue. Advertising revenue should be used to cross-subsidise broadcasting activities that empower the nation through programmes that inform, educate and entertain. Lloyd et al. (2010:149) add that public service broadcasters should not use their public funding to subsidise their advertising operations, but should use public funding for activities and programmes of national interest (also referred to as obligatory programmes). Burnley (2014:9) adds that the public services broadcasters' operations should be run effectively and efficiently and the public funds should be well managed.

In South Africa, the SABC is the only public service broadcaster. The SABC relies predominantly on commercial revenue – about 85% of the SABC's income is from advertising and sponsorship. Licence fees contribute about 12% and government funding about 2% to the SABC's total funding, as reflected in the 2016 Annual Report (the 2017 report was not available at the time of writing). Allocations from the government are approved through a parliamentary process and include annual funding for specific projects such as elections and the migration to digital terrestrial television (DTT). DTT is an advancement of the technology used in the broadcasting process, from an analogue format to a digital format (About the SABC, 2017). The government's contribution of 2% to the public service broadcaster has been justified largely on the basis of the perceived social benefits of television, as well as the enrichment of citizens as an audience (Banerjee & Seneviratne, 2005:114; SABC Annual Report, 2016).

Mendel (2011:7) warns that where a broadcaster relies heavily on direct government funding as a primary source of revenue, there is a risk that political parties, especially the governing party, will use this reliance as leverage to gain influence over editorial policy and the broadcaster's audiences in the process. These political elements and dynamics mentioned as risks in the statement above were observed in the SABC when the Public Protector, Advocate Thuli Madonsela, released her report in 2014 on the SABC, titled "When governance and ethics fail", which, among other things, looked at the undue interference by the Minister and Department of

Communication. Subsequently, the Minister and SABC executives challenged the report in various platforms, including the courts. These political dynamics led to widespread concern from the public (South Africans), about the SABC's ability to exercise its mandate as the public broadcaster and the board of directors no longer convening quorate meetings, as several non-executive board members had been removed or had resigned. Following widespread concern from the public, the National Assembly established an ad hoc committee on the SABC Board of Inquiry, to inquire into the fitness of the SABC board to discharge its duties as prescribed in the Broadcasting Act, No 4 of 1999 and any other applicable legislation. As a result, in 2017 the ad hoc committee delivered the report and recommendations, which included dissolving the SABC board, among other things (Parliament Interim Report, 2017).

It cannot be ruled out that the above political dynamics might have had a negative impact on the SABC's revenue as well as the image of the organisation during the said period. That having been said, the SABC's financial reports reflect unstable revenue income from 2009 to 2016, which commenced after the global financial crisis. This indicates the main source for the focus of this study. This was in contrast to the earlier years 2004, 2005, 2006, 2007 and 2008, when the SABC was profitable (SABC Annual Report, 2006:38; SABC Annual Report, 2008:22). As such, the sound financial administration and reporting processes, as well as the legislative regulations addressed by this study, if applied properly, should minimise any political interference.

Licence fees generate less than 12% of the SABC's total revenue. This is low in relation to the size of the country's population of approximately 55 million people and 16 million households (Statistics South Africa, 2016). This small amount of can perhaps be attributed to inefficient collection methods (difficult and costly) and to a high rate of non-payment of licence fees by South Africans. This non-payment can be attributed, in part, to South Africa being a developing country with a large number of its citizens not fully participating in the country's economy (Masuku, 2010:99; Mendel, 2011:18).

The SABC's task is further complicated by its mandate to broadcast in, and cater for, 11 official languages and their respective cultures. This broadcasting mandate has to

be fulfilled with the same limited financial resources (Fourie, 2003:155). In terms of the Broadcasting Act, any person or organisation that has a television set is liable to pay the annual licence fees, irrespective of whether a television set is being used or not (Broadcasting Act, 1999). In other countries, the limited financial resources and revenue challenges have led to the nations replacing licence fees in an attempt to improve collection methods, with revenue being collected through taxation or as a co-payment with the electricity account to prevent payment evasion (Daalmeijer, 2004:33; Mendel, 2011:18).

A high percentage of the SABC's revenue is generated from advertising, which is risky, as it forces the SABC into a competitive position whereby the broadcaster has to compete for advertising revenue with commercial broadcasters to ensure its survival. Due to this competition, the public service broadcaster is at times forced to stray from its public service obligations in an attempt to produce the same type of programmes as private broadcasters, its competitors. Advertising as a form of revenue is mainly dependent on the behaviour of the market (Juneau, 2000:15). Lush and Urgoiti (2012:16) caution that the reliance of a public service broadcaster on a commercial source of funding such as advertising, may affect the broadcaster's ability to meet its objectives and to be sustainable. This effect was felt by the SABC during the 2009 global financial crisis (began in 2007 and peaked in 2009), when the SABC confirmed a loss of R400 million from the cancellation of advertising expenditure, causing a serious threat to the financial sustainability of the SABC (Mail & Guardian, 2010). According to Burnley (2014:9), the global economic crisis has put all public and private sector companies under financial strain and scrutiny, leading to spending cuts on non-necessities, such as advertising. In March 2017 the SABC issued a media statement claiming that "the SABC's major sources of revenue are advertising revenue and sponsorships (85%) and TV licences [fees] (12%) and we can confirm that these revenue streams are under pressure with the SABC now funding its activities from its reserves." The statement went on to state that "the depressed global and local economic market condition is having a negative impact on advertising and sponsorship revenue in South Africa generally. Advertisers have progressively reduced their advertising budgets from October 2015 to date a factor that is affecting the broadcasting and print media industry equally". The media statement concludes by claiming that the sustainability of the current SABC news

and other channels has also been jeopardised (SABC Group Communication, 2017). Evidence of this is reflected in the unstable revenue income posted in the annual financial reports of 2009 to 2016. According to Masuku (2010:103) and Mendel (2011:7), there should be clear and complete separation between public service broadcasters and a commercial broadcasters' funding system to ensure financial sustainability.

### **3.4 FINANCIAL SUSTAINABILITY**

Financial sustainability means smooth operation of the organisation with the necessary profitability and having adequate liquidity to overcome any challenges of bankruptcy (Marwa & Aziakpono, 2015:873). Liquidity is the relative ease and speed with which an asset can be converted into cash (Mishkin, 2004:47). Leon (2001:7) defines the financial sustainability of an organisation as its capacity to obtain income revenues in response to a demand; for the organisation to sustain productive processes at a steady or growing rate while obtaining surplus revenue. Bowman (2011:94) refers to financial sustainability as the ability of an organisation to maintain financial capacity over time. The financial capacity should consist of resources (financial and human) that give an organisation the ability to reallocate assets in response to opportunities and allow the organisation to react to unexpected challenges, such as a shortage of funds and threats such as debts, while maintaining general operations. Reaction to threats such as debts is important, as debt can destroy an organisation's financial capacity. For example, the effect of debt destroying an organisation can be seen when creditors hold a claim on the organisation and that claim takes precedence during financial allocation over all other claims, especially if assets were used as collateral (Bowman, 2011:40).

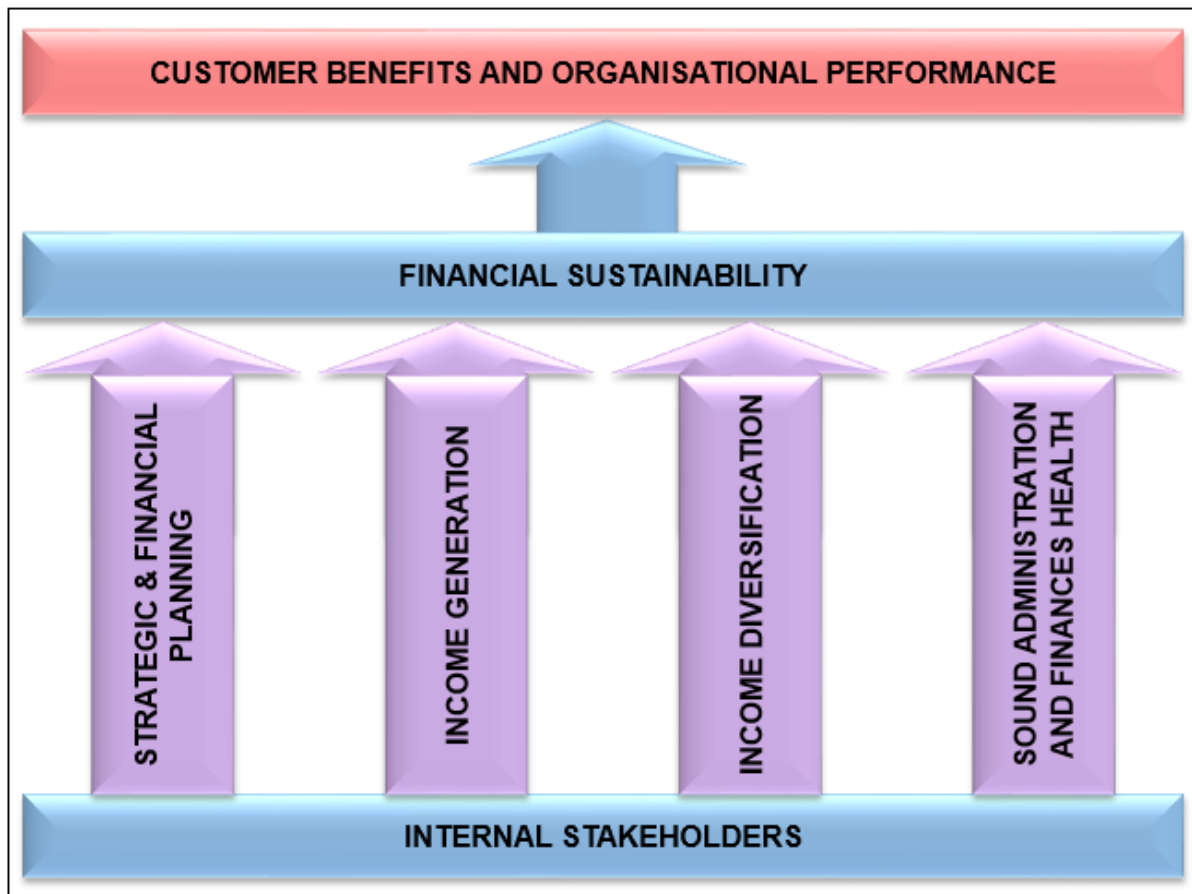
The greatest challenge facing an organisation is obtaining the critical funds to carry out the necessary activities to fulfil its mission and be financially sustainable. Financial sustainability is a challenge that most organisations must address by developing new and better approaches to building strong organisations with sustainable capacity to pursue their objectives (Leon, 2001:5). A financial sustainability challenge is exacerbated by an increasingly competitive market, a growing number of emerging organisations and a globalised economy. Financial

challenges and difficulties can even affect prominent organisations that successfully achieved their mission and objectives (Leon, 2001:9).

Bowman (2011:48) cautions that an organisation sustainable in the short-term but not in the long term, may have adequate cash, but inflation can cause the value of its assets to erode over time. Achieving financial sustainability should be an on-going process and part of an organisation's day-to-day management. Creativity alone is not enough to achieve financial sustainability and it is essential that organisations develop and install comprehensive methods, plans and efficient procedures for the management of components such as strategic and sound administration planning, as well as financial health. These aforementioned components form part of the fundamental pillars of financial sustainability of any organisation (Leon, 2001:29).

#### **3.4.1 Leon's pillars of financial sustainability**

Leon's (2001:7) view of financial sustainability is that it enables the organisation to cover their administrative costs and pay for activities so as to accomplish their mission and fulfil their objectives. Organisations that successfully achieve their objectives are those that generate their revenue through diverse income streams. Through effective leadership these successful organisations have installed efficient procedures for managing components such as sound administration and financial health, which include fiscal planning in conjunction with strategic planning (Leon, 2001:7). The key components that Leon incorporates when referring to financial sustainability of an organisation can be listed as: effective leadership that ensures organisational income generation, income diversification, sound administration and financial health, as well strategic and financial planning. Leon (2001:7) termed these above-mentioned components the fundamental pillars for the financial sustainability of an organisation, illustrated in Figure 3.1



Source: Adapted from Leon (2001)

**Figure 3.1: Leon's pillars of financial sustainability**

Leon (2001:21) emphasises that the key to achieving financial sustainability is dependent on a solid foundation of leadership and employees. This effective leadership of teams and overall teamwork can be termed as internal stakeholders. These internal stakeholders include directors with visionary leadership and competent management as well as constructive unions and committed personnel in all work areas. Committed internal stakeholders, as indicated in Figure 3.1, form a solid foundation for the other pillars with their innovative ideas that lead to the attainment of financial sustainability, which in turn creates a successful organisation. The first pillar is the strategic and financial planning pillar, where strategic planning focuses on the organisation's creation of a clear vision, mission and objectives and the means to achieve these goals (McDonald, 2007:260). Smith and Tushman (2005) explained strategic planning as the process and approach of developing and maintaining consistency between the organisation's objectives and its resources that will lead to satisfactory results, profits and growth. It is important to have a parallel

financial planning process in conjunction with strategic planning to enable the organisation to accomplish its goals (Leon, 2001:16).

The next pillars are the generation of income and the diversification of income streams as illustrated in Figure 3.1. In this context, income generation refers to the organisation's plan for raising sufficient levels of income to enable the organisation to deliver on its purpose by covering all its costs incurred. Income diversification refers not only to one source of income generation but multiple income sources that together form the main source of income (Leon, 2001:16). Arora, Ramakrishnan and Fernandez (2015:3) describe income diversification in an organisation as a state of not being excessively dependent on any single source of income. These multiple sources of income assist the organisation in not being vulnerable and heavily reliant on one source of income, which might have risky implications should that source dry up. Organisations aim to stabilise their funding base by increasing their income generation while also diversifying their funding sources to decrease reliance on one source of funding. The management of multiple income and funding streams leads to financial sustainability of an organisation (Coetzee, 2013:6). According to Leon (2001:17), knowing how to manage an organisation's resources through sound administration and financial management is essential for achieving financial sustainability.

Achieving financial sustainability is a goal that all organisations should strive for, regardless of whether an organisation is for-profit or a non-profit, as financial sustainability is central to the operations and objectives of any organisation (Leon, 2001:7; Bowman, 2011:94). These objectives can be measured in customer benefits and continuous organisational performance, which includes components such as increasing economic value, improving customer satisfaction and retention, improving productivity and efficiency (Da Costa, 2012:3; Mendel, 2013:17). Elkington loosely refers to these components as win-win strategies, which when achieved, simultaneously benefit the organisation, its customers and the environment while ensuring the sustainability of the organisation (Elkington, 2004:200-201).



### **3.5 FINANCIAL SUSTAINABILITY OF A PUBLIC BROADCASTER**

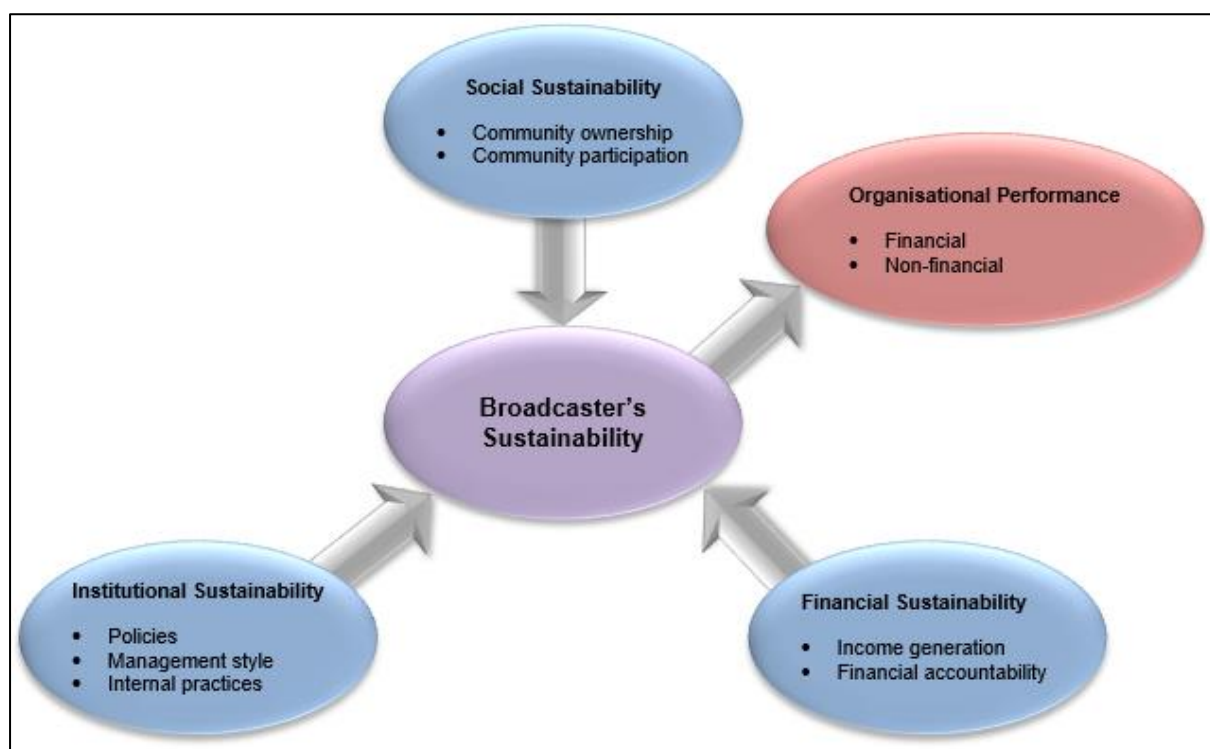
Sustainability in the broadcasting media sphere signifies a concerted, on-going effort to ensure viability and the fulfilment of its objectives. Financial viability can be indicated by the ability of the broadcaster to generate sources of revenue that meet the capital and operational expenditure, thereby achieving financial sustainability (Hussain, 2008:6). According to Mendel (2011:92), the main threat to the ability of broadcasters to fulfil their operational mandate and objectives, normally stems from financial constraints. Juneau (2000:8) add that, it is imperative that broadcasters, particularly public service broadcasters, have the necessary and stable revenue to fulfil their public service responsibilities, such as production and broadcasting of programmes of national interest, that is news, dramas and educational programmes.

#### **3.5.1 Gumucio-Dagron and Jallof's concept of a broadcaster's sustainability**

Like all industries, the broadcasting sector needs financial resources to be sustainable. As Lush and Urgoiti (2011) point out, sustainability tends to be defined in financial terms. Gumucio-Dagron (2001:4) holds that sustainability in financial terms does not guarantee that the broadcaster will fulfil the functions of service delivery to its audiences but only ensures self-financing. Therefore, sustainability touches the entire broadcasting value chain from production of content and infrastructure to transmission and distribution of broadcast content.

Gumucio-Dagron (2001:5) identified three dimensions of sustainability that determine the ability of the broadcaster to survive and grow. These dimensions are divided into three components, namely social, institutional and financial sustainability. Gumucio-Dagron (2001:50) believes that social and institutional sustainability are the foundations on which financial sustainability is built. Financial sustainability is about a broadcaster's finances, its income generating potential and how money is used and accounted for. Social sustainability refers to community ownership of the broadcasting institution as well as participation in the form of production and airing programmes at both decision-making and operational levels. Institutional sustainability refers to the ways in which the broadcaster functions and is guided by policies, internal processes and practices and management styles in relation to both the internal and external stakeholders (Gumucio-Dagron, 2001:50).

Jallov (2012:29) offers a corresponding description of sustainability components. The first component is social sustainability, which includes ownership of the institution, processes and ideas and development of local content using the relevant language to broadcast local culture. The second component is organisational sustainability, which includes adequate legislation and policies, internal practices, appropriate democratic structures, management and supervisory bodies and appropriate technologies. The last component is financial sustainability, which includes the development of realistic budgets, identifying funding opportunities and determining the desired funding mix. These dimensions of sustainability are inter-related and impact upon one another, which in turn leads to continuous organisational performance. Figure 3.2 illustrates the components of social, institutional and financial sustainability that influence the broadcaster's sustainability and organisational performance.



Source: Adapted from Gumucio-Dagron (2001:5) and Jallov (2012:29)

**Figure 3.2:** Gumucio-Dagron and Jallov's concept of a broadcaster's sustainability

The broadcaster's sustainability is indicated in a broader concept in Figure 3.2 and emphasises that social sustainability links the community to the broadcaster, whereby the broadcaster is publicly owned and funded. The broadcaster should broadcast programmes that reflect the needs of the community (McQuail, 2000:156;

Mendel, 2011:6). Lastly, the broadcaster should provide processes, systems and structures that allow community participation to promote connectedness with the communities at the formal, informal and institutional level (Arora et al., 2015:3). Institutional sustainability is the framework that facilitates all internal processes of the organisation. These internal processes are governed by the policies of the organisation, although these processes can also be influenced by the external environment, in particular, the laws and regulations of the country (Gumucio-Dagron, 2001:5).

The next component of institutional sustainability, as indicated in Figure 3.2, is management style, which refers to the characteristics and ways in which the managers make their decisions in the workplace to ensure that the organisation's objectives are achieved through subordinates. Management style refers to the art of getting employees together on a common platform and extracting the best out of them following approved internal practices (Smit and De J. Cronje, 2002:9; Salama 2011:3). Internal practices refer to the inner workings of the organisation that affect employee relationships, interactions and accomplishments. Internal practices are aligned with the organisation's culture, structure and systems, such as reports, internal communication channels and technology.

On the other hand, external practices include working with customers, suppliers and partners, which can be measured in products and services that the organisation offers (Margolis, 2017). Lastly, internal practices include establishing a system to track information about operations and communicating this information using accurate reports to improve an organisation's accountability and ability to determine profitability. This tracking assists the organisation in evaluating outcomes and the impact of services and to streamline budgeting efforts, thus ensuring a financially sustainable organisation (Bray, 2010:75).

Based on the developed concept of a broadcaster's sustainability as indicated in Figure 3.1, it can be observed that the balance of the three components of social, institutional and financial sustainability ensures continuous organisational performance. Lebars and Euske (2006:71) define organisational performance as a set of financial and non-financial indicators that compare and provide information on the status of the achievement of the organisation's goal and objectives.

Venkatraman and Ramanujam (1986:804) refer to non-financial indicators as operational performances and categorise them as market-share, the introduction of new product, marketing effectiveness, the added value offered and technological efficiency. These operational performances, when achieved, are factors that contribute to customer benefits and profitability leading to organisational success. It is evident from the discussion that the broadcaster's sustainability hinges on contributions by the communities; on following set internal practices and on the broadcaster maintaining financial security and accountability.

### **3.6 SUMMARY AND CONCLUSION**

In this chapter the theoretical discussion on broadcasting funding in a South African context was presented. The funding support ensures a broadcaster's continuity in the delivery of operations and in maintaining a stable workforce and the introduction of new technologies. It was observed that public service broadcasters can be funded from multiple and diverse revenue sources, such as licence fees paid by audiences, taxation, and government grants, commercial advertising and subscriptions. The public-funded, non-profit organisation model of public service broadcasting was adopted by the SABC. The SABC's revenue sources and split as a national broadcaster in South Africa was outlined and weaknesses of the funding split were discussed.

The second section of this chapter discussed financial sustainability of an organisation as well as that of a public service broadcaster to set a foundation for proposing a theoretical framework.

The next chapter discusses independent variables (influencing factors), as well as dependent variables resulting from a sustainably funded public broadcaster.

## **CHAPTER 4**

### **INDEPENDENT AND DEPENDENT VARIABLES**

#### **4.1 INTRODUCTION**

Aspects related to broadcasting funding and the literature relating to financial sustainability concepts were discussed in Chapter 3 in order to set a foundation for proposing a theoretical framework. This chapter presents a theoretical discussion on independent and dependent variables in order to complete the literature review relevant for this study. Specific independent variables that influence the financial sustainability of a public broadcaster, as well as dependent variables that are a result of funding sustainability of a public broadcaster were identified as part of the empirical investigation.

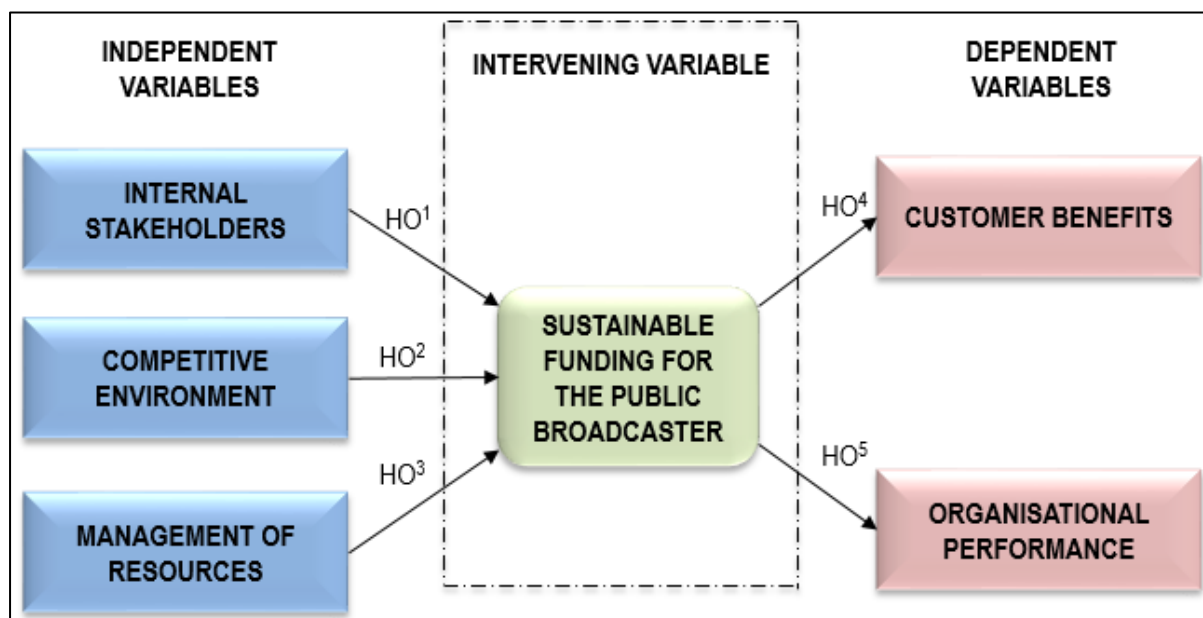
For the purpose of this study, the independent variables are categorised into internal stakeholders, competitive environment and management of resources while the dependent variables have been categorised as customer benefits and organisational performance. These variables are discussed in more detail in this chapter. At the end of this chapter a summary and conclusion is presented.

#### **4.2 INDEPENDENT VARIABLES**

An independent variable is an attribute or characteristic that influences or affects an intervening or dependent variable. An independent variable is stable and unaffected by other variables being measured by the researcher (Creswell, 2012:112). For ease of reference, Figure 1.1 that was presented in Chapter 1 will be replicated in this chapter as Figure 4.1. The theoretical framework regarding sustainable funding for the public broadcaster in South Africa in Figure 4.1 indicates the three independent variables namely, internal stakeholders, competitive environment and the management of resources, which are further divided into sub-variables.

The internal stakeholders include the board of directors, employees, freelancers, management and trade unions. The competitive environment comprises competitors, new media and internet broadcasting, broadcasting regulatory policies, sport broadcasting rights and the commissioning of local content. The management of

resources includes business practices, revenue and income generation, the funding mix, in-house production facilities and digital technologies. Based on the analysis of various secondary sources in Chapters 2 and 3, these variables and sub-variables have an influence on the financial sustainability of the public broadcaster and as such are discussed in more detail in this section.



Source: Researcher's own construction

**Figure 4.1: Theoretical framework regarding sustainable funding for the public broadcaster in South Africa**

The theoretical framework indicates that sustainable funding for the public broadcaster (intervening variable) is possibly influenced by three independent variables namely, internal stakeholders, competitive environment and the management of resources. The framework also indicates the perceived outcomes for a sustainably funded public broadcaster, which are indicated as customer benefits and organisational performance.

#### 4.2.1 Internal Stakeholders

Freeman (1984:41) refers to stakeholders as persons who are affected by an organisation either directly or indirectly and may benefit from the project or the organisation and are vital for the survival and success thereof. Similarly, Post et al. (2002:18) define stakeholders as people or groups that have an interest or concern in an organisation. Stakeholders can influence the actions, objectives and policies of

an organisation and can also be affected by the objectives of the organisation. According to Miles (2012:290) and Dhall (2014:1), stakeholders include internal and external stakeholders such as customers, communities, employees, governmental bodies, investors, management, political parties, suppliers, trade associations and unions. However, this study focuses on internal stakeholders that have an influence on sustainable funding for the public broadcaster in South Africa, as indicated in Figure 4.1. The internal stakeholders in this study are classified as the board of directors, employees, freelancers, management and trade unions. Nieman (2006:179) holds that without stakeholders' support an organisation would cease to exist.

The board of directors is the governing body of a corporation, authorised and empowered to carry out and control the business affairs of the organisation, such as appointing senior management, which is within their powers. The powers and responsibilities of a board of directors may vary depending on the nature and type of organisation (Trautmann, 1994:25). The Broadcasting Act provides that the SABC's affairs be governed and controlled by a board of directors (Broadcasting Act, 1999). The SABC's board of directors comprises the accounting officers that bear overall responsibility for ensuring the sound financial management of the SABC in line with the Public Finance Management Act (About the SABC, 2016). Although the board of directors is discussed in this chapter, as non-executives in the SABC, they will not form part of the sampling study.

Employees as internal stakeholders are people that work for another person or organisation for remuneration (Fourie, 2008:118). Employees are an important internal stakeholder group who contribute and influence the development of the organisation while expecting the correct level of remuneration and appropriate and safe work conditions (Florea & Florea, 2013:131). According to Trautmann (1994:125), what distinguishes the employee from a freelancer is that the employer has more control over employees as to what, when and how their job should be performed. A freelancer is measured mostly by the end result, often based on the written contract. A freelancer, also referred to as a freelance worker, is an independent contractor who is not fully committed to a particular employer but is self-

employed. Freelancers are mainly found in the creative industries such as radio, television and print media (Hesmondhalgh & Baker, 2010:34).

Management represents a group of individual professionals that forms an important internal stakeholder group responsible for running units and institutions on behalf of the shareholders (Mbabane, 2008:6). The management team normally has attributes that satisfy the conditions for achieving and maintaining the competitive advantage of the organisation (Mahoney, 1995:92). These individual professionals are referred to as managers and are directly involved in the strategic processes of an organisation and can influence important decisions (Florea & Florea, 2013:131; Mbabane, 2008:6). According to Collins (2012:17), managers are responsible for the work performance of employees.

Trade unions as internal stakeholders also influence the operations of an organisation. Cole (2004:398) holds that a trade union is an organisation of workers with a common goal, aiming to protect and promote the rights and interests of employees in the workplace, mainly by means of collective bargaining and consultation with employers.

Based on the discussion of internal stakeholders', it can be concluded that various stakeholders and the way in which they make decisions, might influence the funding and financial sustainability of a public broadcaster, as demonstrated in Figure 4.1.

#### **4.2.2 Competitive environment**

The environment in which organisations operate involves dynamic environmental forces that include a competitive influence, which has a direct influence on the organisation's operations and whether the organisation achieves its objectives (Gitman & McDaniel, 2005:34). Gavrea et al. (2011:292) established that the competitive environment in which an organisation operates and the uncertainty of the business environment has an influence on organisational performance. The competitive environment is an influencing variable as indicated in Figure 4.1. Based on the theoretical discussion in the previous chapters (Chapters 2 and 3), the competitive environmental factor has sub-variables such as competitors, new media,



broadcasting regulatory policies, broadcasting rights for sports and local content commissioning as the influencing factors.

Competitors are sometimes classified as external stakeholders due to their status and capacity to influence or affect the organisation (Miles, 2012:290; Dhall, 2014:1). An organisation should see its competitors as other organisations that offer similar products and services to the same customers at similar prices, thus creating a competitive environment (Kotler, 2000:1). The SABC is overwhelmingly the dominant broadcaster in South Africa in both radio and television sectors (Mendel, 2011:59). However, the multiplication of commercial broadcasting services has led to audience fragmentation and it is becoming increasingly difficult for any one broadcaster to reach a large proportion of the total audience due to the range of broadcasters from which to choose (SABC Annual Report, 2013:24). Broadcasting over the internet also poses challenges to the public service broadcasters, due to the online content distribution. Public service broadcasters are forced into a competitive position and have to compete for the same audiences and revenue to ensure their survival (Juneau, 2000:7). This online content distribution that can be accessed on-demand with interactive capability is termed New Media (Department of Communications, 2014:53).

New Media is one of the sub-variables of the competitive environment and represents the convergence of telecommunications, computing and traditional media. New Media technologies include internet websites, mobile technologies and the streaming of audio and video. These New Media technological advancements are significant not only for consumers but also for the organisation's managers during decision-making: on how to manage the organisation and achieve customer satisfaction (Santomier, 2008:17).

New Media broadcasting is broadly defined as the migration of broadcasting content to mobile and internet protocol distribution (Juneau, 2000:7). Obijiofor (2011:18) confirms that the internet is increasingly becoming an established outlet for the distribution of broadcasting services. However, broadcasting over the internet poses challenges for the government, due to the difficulty in regulating the content on the internet for fair competition with traditional broadcasters. The Department of Communication (2014:60) posits that a regulatory policy should be in place to ensure

that principles of fair competition and technology neutrality are established and adhered to. This envisaged regulatory policy should ensure that similar services are treated alike by the policy, regardless of whether they are delivered through satellite or terrestrial means or over the internet (Department of Communications, 2014:53).

The environment within which the SABC operates is not only determined by the broadcasting regulatory policies but also by the financial strength in the acquisition of sports broadcasting rights and the commissioning of local content (SABC Annual Report, 2013:38). The South African sports broadcasting industry's rights are contested by the SABC, private free-to-air E-TV and subscription Pay-TV Multichoice under its subsidiary, Supersport International. The available sports content is limited due to Multichoice's virtual monopoly of major sports events of high interest to the country. The sporting events only have premium value when they are broadcast live. Any delayed broadcasting adversely affects the ability of the broadcaster to attract viewers, which in turn leads to loss of advertising revenue (Louw, 2010:486). The exclusive contracts for premium sport content mentioned above are still relevant in the year 2017, although Lloyd et al.'s (2010:45) stance is that the Broadcasting Act provides for various prohibitions on anti-competitive conduct and restrictive practices in the media industry by financially dominant broadcasters.

Consequently, a complaint was registered by other broadcasters to the regulator on anti-competitive behaviour and for regulatory reform of the sports broadcasting rights market, which led to the regulator's process of listing events of national interest, which have to be available to all broadcasters (Louw, 2010:490). However, for the SABC to meet its mandate on delivery of sports events of national interest, it still has to enter into negotiations with various sporting federations, at a cost (SABC Annual Report, 2016:44). Louw (2010:490) points out that the various sporting federations depend on revenue from the sale of broadcasting rights and therefore, the granting of broadcasting rights is mostly given to the broadcaster that offers the highest amount. A case in point was the 2007 sports broadcasting rights cost dispute between the SABC and the premier soccer league with regard to the acquisition of the rights to broadcast South African soccer matches.

As discussed, the acquisition of broadcasting rights for sporting events does affect the revenue of the SABC, also confirmed by the Acting Chief Executive of the SABC,

James Aguma, when reporting to parliament. He claimed that the SABC incurred a loss of revenue with a number of contributing factors being unforeseen events of national interest and investment in mandated sports that yield a negative return, as well as the exorbitant cost of sports broadcasting rights (SABC Annual Financial Performance, 2016).

The final factor identified as influencing a competitive environment is the commissioning of local content. Content commissioning requires a strategic process accompanied by a brief on the development of the required content, issued by the broadcaster, such as the SABC. The commissioning brief describes the type of programme that the broadcaster is looking for and the details of the programme, such as the target audience, the proposed day of the week and time of broadcast as well as the price that the broadcaster is prepared to pay (Thomas, 2013:5). The local content regulations prescribe local content quotas for radio and TV services for the broadcasters to develop, protect and promote South African identity and culture (ICASA, 2014:8). The local content quota has led to competition for local content commissioning.

According to Fourie, Lloyd and Martinis (2014:4), both public service and commercial service broadcasters derive the majority of their advertising revenue from local content productions. ICASA (2014:39) reports that local content attracts audiences for broadcasters, which in turn generates revenue from advertising and sponsorships and as such has become a commercial imperative. Fourie et al. (2014:4) add that local content commissioning tends to be more expensive than acquiring international content. However, this local content generates high advertising revenues due to its ability to attract audiences and sources of revenue.

It is evident from this discussion that the competitive environment could possibly influence the revenue, resources and sustainability of a public service broadcaster.

#### **4.2.3 Management of resources**

Resources are factors of production or assets that are required to accomplish the desired outcome of the organisation, such as to produce goods and services that meet the customers' needs and wants (Miller & Spoolman, 2011:9; Whitehead,

1992:6). According to Trautmann (1994:215), these resources can be classified as employees (labour resources) and financial (capital resources), which include physical resources and land. The employee resources are an influential stakeholder and a key aspect of the success of the organisation through using their energy, knowledge and skills. Attracting and retaining skilled employees is a critical strategic issue for competitive advantage and organisational success (Hosmer, 2001:34). Financial resources represent the monetary resources that the organisation uses to purchase raw or natural materials that are sold or offered as services to the customers. Physical resources are also a factor of production and are the assets that the organisation uses when producing goods or services. These tangible assets are necessary for the organisation to function and they include premises, equipment, vehicles and other similar items. The land is part of the raw and natural resources (Vitez, 2017:1; Whitehead, 1992:5).

Based on the theoretical discussion in the previous chapters (Chapters 2 and 3), the management of resources is an influencing variable as indicated in Figure 4.1, with sub-variables such as effective business practices, revenue or income generation, correct funding mix, in-house production facilities and digital technologies. Managing resources are a key to the sustainable, competitive advantage of an organisation (Aaker, 1989:105). According to Leon (2001:17), efficient business practices help organisations to make the most of their resources while allowing revenue to be generated through available assets. These business practices for administration and finances are governed by a series of institutional policies. Lee (2005:32) refers to business practice as a frequently repeated act, habit or custom performed to a recognised level of skill, often resulting from human experience, improvisation and innovation. The internal practices include establishing a system to track information about operations and communicating this information using accurate reports to improve an organisation's accountability (Bray, 2010:75). This organisational accountability through sound financial administration and reporting processes, if applied properly, should minimise any political interference.

Revenue generation and financial support is crucial for a public service broadcaster to be able to successfully deliver broadcasting services and programmes to all citizens in their communities (Mendel, 2011:17; Obijiofor 2011:16). As discussed

before, income generation should be sufficient to cover all the organisation's incurred costs without being excessively dependent on any single source of funding – revenue mix (Leon, 2001:16; Arora et al., 2015:3). These revenue sources include licence fees paid by audiences or taxation, the government grant or state subsidies, a programming fee paid by a partner as a sponsorship or donations, commercial advertising and subscriptions (Council of Europe, 2009:24). The variety of revenue sources is an advantage without which public service broadcasters would collapse. According to Thomas (2010:6), revenue is key for production of content. Juneau (2000:9) concurs that the sources of finance of a public service broadcaster may enhance or diminish the broadcaster's ability to carry out its mission and fulfil its objectives.

Public service broadcasters cannot merely be programmers or distributors of content. In-house production facilities help to enrich the programmes and content generation, making the public service broadcasters more competitive (Banerjee & Seneviratne, 2005:27). This statement implies that the public service broadcaster should also become involved in audio-visual production. While public service broadcasters may buy or commission some programmes, in-house production facilities guarantee that programmes will adequately meet the purpose of the broadcaster and ensure the sharing of expertise by employees (Juneau, 2000:9). In-house production facilities also make it possible to establish the quality standards that public service broadcasters can maintain and use as a guide for any independent content generation.

Technological developments such as convergence and digital technologies are fundamentally altering the way that broadcasters operate from content production to content distribution (Cordeiro, 2012:495). The Council of Europe (2009:23) in recommendation 9, calls for public service broadcasters to be preserved in the digital environment and in recommendation 3 suggests that public service broadcasters should be flexible and take advantage of changing technological developments. According to Lloyd et al. (2010:83), digitalisation and convergence created opportunities for the creative use of new technology to develop and deliver content and in turn allow the broadcaster access to potential new revenue sources. The SABC operates in this changing environment in terms of digital technology and has

to keep pace with these changing technologies to be competitive or face losing audiences to progressive competitors. The SABC has to ensure appropriate digital technology infrastructure that will allow for the production and delivery of programmes that support revenue generation (SABC Annual Report, 2016:26).

It is evident that the management of resources potentially influences the sustainability of funding of a public service broadcaster. Juneau (2000:9) corroborates that a broadcaster's management of its resources, including skilled labour, revenue generation activities and infrastructure, could influence the broadcaster's sustainability prospects. Dependent variables are discussed in the following section.

### **4.3 DEPENDENT VARIABLES**

Figure 4.1 illustrates that the perceived outcomes of a sustainably funded public broadcaster are indicated as customer benefits and organisational performance. These dependent variables, namely customer benefits and organisational performance, are further divided into sub-variables based on the theoretical discussion in the previous chapters (Chapters 2 and 3). The customer benefits comprise customer service, customer satisfaction, customer value, broadcasting for all citizens and quality content. The organisational performance includes marketing effectiveness, market share, profitability, organisational efficiency and technological innovation. These variables and sub-variables are discussed in more detail in this section.

#### **4.3.1 Customer benefits**

Customer benefits are a dependent variable and an outcome of a sustainably funded public broadcaster with sub-variables such as customer service, customer satisfaction, customer value, broadcasting for all citizens and quality content, as mentioned previously. This section comprises a discussion of the sub-variable of customer benefits.

A service is described as an interactive process, not tied to a physical product, that leads to an outcome during the production and consumption processes (Gronroos, 2001:150). The service takes place during interaction between the customer and the

representative of the organisation (service employee or provider), therefore referred to as customer service (Hayes & Dredge, 1998:6; Kendall, 2007:4). According to Kendall (2007:3), customer service is a process that ensures the organisation's employee meets the needs and expectations of the customers during their interaction. Customer service is important in an organisation's quest to keep customers. Hayes and Dredge (1998:3) hold that excellent customer service can give an organisation a competitive edge. However, Kendall (2007:12) warned that a customer can be satisfied by the service encounter with the employee but dissatisfied with the price, selection and quality of the products overall.

A customer is an external stakeholder who receives service or a product as part of a transaction (Kendall, 2007:4). In the broadcasting industry the primary external stakeholder (a group that are directly affected, in a positive or negative way), is the audience (Hastings, 2004:302). In Florea and Florea's (2013:131) opinion, customers as external stakeholders could influence an organisation's decisions and activities. Naumann and Giel (1995:4) agree that customers have a role in helping the organisation to develop and grow as they (customers) are expecting good quality products and services at a competitive price. If a customer's expectations of the service or product's quality are exceeded, the organisation will achieve high levels of customer satisfaction and create customer delight. On the other hand, when customers' expectations are not met or are met with less than a satisfactory experience, the customer will be disappointed and will likely rate their experience as poor (Farris, Bendle, Pfeifer & Reibstein, 2010:58). Organisations have to identify and build relationships with their existing and potential customers in order to satisfy their needs (Rootman, 2006:71).

Customer satisfaction is a degree of satisfaction measured by repeat customers' request for that particular product or service (Abdul Aziz, Nishazini, Noorashikin & Azizan, 2013:114). According to Florea and Florea (2013:131), the key success factor of an organisation is to identify their customers' interests and then deliver on customers' expectations. Naumann and Giel (1995:5) add that, as the customers become more demanding and competition intensifies, achieving high customer satisfaction is essential for an organisation's survival. Customer satisfaction leads to competitive success, increased revenue and profitability.

Customer satisfaction is seen as a key element and strategic differentiator for organisations competing for customers (Gitman & McDaniel, 2005; Viliam, 2008:230). Kendall (2007:4) believes that customer satisfaction is a broader positive attitude about the organisation taking into consideration the service and also the products and comparing them to available alternatives. Customer satisfaction leads to customer loyalty, whereby customers have a preference for an organisation or brand over other acceptable alternatives. Abdul Aziz et al. (2013:114) corroborate that satisfied customers are likely to make repeat purchases of a product and often refer others. Customer satisfaction is therefore linked to customer value (Naumann & Giel, 1995:5).

Naumann and Giel (1995:5) emphasise that, although customer value consists of service and product quality, it is not evaluated on only a good-bad continuum. An organisation's image also affects the perception of the value. Therefore, the organisation's image is correlated with the service and product quality. The created value should be relevant in the life of the customer with unique aspects that differentiate the offering from others competitors (Matthews, 2013:162). According to Hastings (2004:305), in the broadcasting industry, measuring customer benefits is directly aligned with the perception of value attained from the broadcast content experience and the extent to which customers' expectations are met or exceeded by the broadcaster. Customer benefit and satisfaction is indicated by the extent to which the audience appreciates the range, balance, quality, diversity of and social values communicated by the broadcaster. Lastly, audience "reach", which is the number of viewers that are exposed to a given programme, is also used as a customer-metrics measure. A metric quantifies trends and measures the willingness of customers to recommend the brand (Farris et al., 2010:1). Therefore, audience "reach" and audience appreciation surveys complement each other in measuring customer benefits and satisfaction.

As discussed before, public service broadcasters are obligated by the constitution and national legislation to broadcast for all citizens as consumers by educating, informing and entertaining using local quality content that should benefit society as a whole (Hastings, 2004:301; Obijiofor 2011:15). The Department of Communications (2014:64) emphasises that public service broadcasters should not only meet local



content obligations but also ensure that content is of a quality that draws audiences. The SABC is expected to broadcast to all South African communities with a universal reach of high-quality content using multiple languages (Mendel, 2011:61). Public service broadcasters in general are faced with varied requirements from diverse stakeholders, such as government and independent producers but Hastings (2004:306) emphasises that it is the audience (as the consumer and financier of a public service broadcaster), who is king. In concluding, Naumann and Giel (1995:13) hold that regardless of the industry, there is a positive correlation between customer satisfaction, customer retention, customer loyalty and an organisation's profitability.

#### **4.3.2 Organisational performance**

Organisational performance refers to the ability of the organisation to meet its goals and objectives in an effective and efficient manner using allocated resources (Gutner & Thompson, 2013:58). According to Gavrea et al. (2011:287), organisational performance is an important indicator for organisational success. Organisational performance is measured against predetermined outputs that can be in the form of financial or non-financial indicators. Financial indicators of organisational performance include profitability, which is reflected by the return on investment. Non-financial indicators of organisational performance relate to the organisation's marketing effectiveness, market share, product quality and technological efficiency (Venkatraman & Ramanujam, 1986:804). Organisational performance as a dependent variable (indicated in Figure 4.1), has the following sub-variables: marketing effectiveness, market share, profitability, organisational efficiency and technological innovation that are based on the theoretical discussion in the previous chapters.

Marketing effectiveness deals with identifying things that make the organisation unique, which customers would care about and are then told to customers in creative ways within affordable resources (Shiratori, 2012). According to Kotler (2000:4), marketing is a strategy to attract and satisfy customers' needs while increasing profit and competitive advantage in delivering better value. Kotler (2000:4) holds that the aim of marketing is to understand the customers so well that a defined market position can be creating in such a way that the product or service fits the customers and sells itself. Fundamental marketing effectiveness and efficiency is based on

understanding the ideal customer, the value that the customers are getting and the customer satisfaction that leads to the organisation retaining its competitive position (Karlicek, Chytkova & Fischer, 2013:46). Solcansky and Simberova (2010:756) add that measurement of marketing effectiveness is becoming a competitive factor amongst organisations. According to Karlicek, Chytkova, Tyll, and Mohelska (2014:112), a number of organisations still measure marketing effectiveness on the basis of profit or market share.

Market share as an accounting measure is described as the organisation's sales revenue of a product from the total sales revenue available from that market (Richard, Devinney, Yip & Johnson, 2009:729). Farris et al. (2010:28) refer to market share as an important indicator and measure for gauging the organisation's performance when compared to competitors in the same market. Market competitiveness is explained as how well the organisation is performing when compared to competitors. Consequently, the loss or the decline in market share, especially below a certain level, indicates problems that require strategic organisational change. If an organisation's strategy is not adjusted, in the long-term the organisation may not be viable (Farris et al., 2010:36).

In the broadcasting industry, the measure used for market share is the audience share, which is the viewers watching/listening to a given programme as a percentage of the overall households tuned in at that time (Hastings, 2004:302). While market share is an important metric, other measurements are needed to develop a complete picture, such as revenue and profitability. Revenue and profitability should also be tracked to determine the ultimate value of the organisation's market share. It is important to note that a high market share where the organisation is losing money is not a sustainable approach. Market share and profitability are correlated and sometimes termed the market share-profitability association (Kevin, 2001:615).

Profitability as a financial indicator is described as the ability of an organisation to generate income that surpasses its liabilities. Profitability indicates profit earning capacity, which is a crucial factor contributing to the survival of an organisation (Jena, 2015:125). Kotler (2000:49) corroborates that the task of any organisation is to deliver value to the customer at a profit. The profit earning capacity of an organisation is considered to be the main factor influencing the reputation of the

organisation, as an organisation needs profit for its existence as well as for its expansion, modernisation, growth and diversification (Jena, 2015:125). According to Kotler (2000:58), successful organisations measure the profitability of their products, customer groups and segments for management to determine whether any products or services should be expanded, reduced or eliminated. Tulsian (2014:19) adds that profitability is an important measure for productivity of capital employed and to measure the operational efficiency of an organisation. Profitability is the ability of an organisation to use its resources to generate revenue in order to pay all its expenses and remain sustainable. Therefore, profitability is the supreme indicator of success or failure of management's strategic and leadership activities. On the other hand, efficiency signifies a level of performance that yields the desired results while avoiding wastage during production (Paleckova, 2014:286).

In Perrott's (2014:29) view, efficiency reflects advantages to be gained by managers when they are proactively instituting sustainability practices that lead to cost reduction and increased organisational efficiency. Organisational efficiency may involve additional expenses but can also have significant payoffs, which include generating new income directly or indirectly. According to Burnley (2014:15), public services broadcasters have the responsibility to demonstrate a high level of efficiency and effectiveness in their use of public funds.

The final non-financial indicator of organisational performance that was identified is technological innovation. According to Mishra and Srinivasan (2005:61), technological innovation refers to the use of new technology or a new combination of existing technologies to produce changes in products and services or their delivery. Technological innovation encompasses invention and innovation. Gavrea et al. (2011:286) refer to innovation as having the available effective technology to carry out the necessary activities, which can be indicated by the extent to which new products are introduced and the extent to which products and production processes are improved. Organisations that work with technologies to innovatively improve their processes and maximise efficiency within their business operations may gain superiority over competitors (Jaworski & Kohli, 1993:57). According to Santomier (2008:16), organisations worldwide are employing strategies to integrate technology at all levels of the organisation. For example, in the broadcasting industry, new

technological changes enrich diversity and allow news, information and entertainment programmes to be accessed from a range of sources and devices (Department of Communications, 2014:53).

#### **4.4 SUMMARY AND CONCLUSION**

This chapter discussed the independent variables that might influence financial sustainability, as well as dependent variables that result from a sustainably funded public broadcaster. For the purpose of this study the independent variables are, internal stakeholders, a competitive environment and the management of resources and these are further divided into sub-variables. The internal stakeholders include the board of directors, employees, freelancers, management and trade unions. The competitive environment comprises competitors, New Media and internet broadcasting, broadcasting regulatory policies, sport broadcasting rights and the commissioning of local content programmes. The management of resources includes business practices, revenue and income generation, funding mix, in-house production facilities and digital technologies.

The dependent variables for this study are customer benefits and organisational performance. These dependent variables are further divided into sub-variables with customer benefits comprising customer service, customer satisfaction, customer value, broadcasting for all citizens and quality content. The organisational performance includes marketing effectiveness, market share, profitability, organisational efficiency and technological innovation.

In order to examine the influence of these variables in practice, the next chapter (Chapter 5) presents the research methodology that encompasses the research paradigm that was chosen. The research paradigm outlines the philosophical framework that guides the way in which the research was conducted, including data collection and measuring instruments.

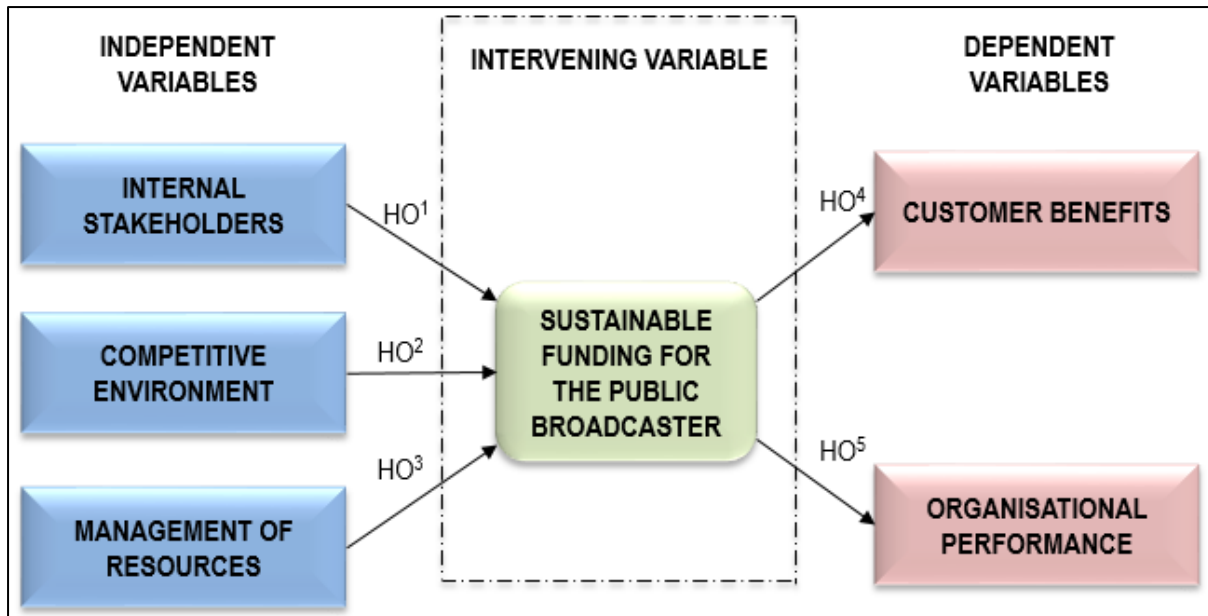
## **CHAPTER 5**

### **RESEARCH METHODOLOGY**

#### **5.1 INTRODUCTION**

In Chapter 4 a theoretical discussion of the identified independent and dependent variables was presented. The independent variables that were discussed were internal stakeholders, a competitive environment and the management of resources. These independent variables potentially have an influence on the moderating variable, which is the sustainable funding of a public broadcaster, which in turn influences the dependent variables. The dependent variables comprised customer benefits and organisational performance as indicated in Figure 4.1. Chapter 4 concluded that these variables and their possible influences should be investigated practically. For ease of reference Figure 1.1 that was presented in Chapter 1, as well as Figure 4.1 presented in Chapter 4, are reproduced as Figure 5.1 in this chapter.

Chapter 5 is a continuation of the introductory section on methodology presented in Chapter 1. This chapter explains the research methodology of the actual empirical investigation of this study, which is the overall approach to the entire research process. . This chapter begins by discussing the research paradigms, details surrounding sample designs, data collection and analysis methods as well as the measurement instruments that were used for the empirical investigation. This is followed by a summary and conclusion to end the chapter.



Source: Researcher's own construction

**Figure 5.1: Theoretical framework regarding sustainable funding for the public broadcaster in South Africa**

The theoretical framework in Figure 5.1 above indicates that the sustainable funding for the public broadcaster (intervening variable) is potentially influenced by three independent variables, namely internal stakeholders, a competitive environment and the management of resources. The framework illustrates the perceived outcomes of a sustainably funded public broadcaster, which are customer benefits and organisational performance.

## 5.2 RESEARCH PARADIGM

A research paradigm is a logical guideline on how scientific research should be conducted (Collis & Hussey, 2014:43). Within a paradigm, established and appropriate data gathering research methods are used (Burton & Bartlett, 2009:18). These methods for collecting and analysing data need to be cohesive to ensure that the research design meets the philosophical assumptions of the paradigm (Guba & Lincoln, 1994:105; Creswell, 2003:13). Collis and Hussey (2014:43) identified two of the most commonly utilised paradigms in research as interpretivism and positivism. The former, also referred to as the phenomenological paradigm, is concerned with understanding a phenomenon from an individual's perspective (Creswell, 2009:8). In terms of the interpretivism paradigms, reality is interpreted subjectively but meaningfully through observation, that is, through the eyes of each individual within

a specific situation or context. This interpretation is based on the participants' thoughts, ideas and perceptions.

An interpretivism paradigm is mostly used in research that seeks to provide interpretive understanding of the phenomenon being studied. It can also address questions about what is happening and what is likely to happen in the future. With this paradigm the researcher is a part of what is being researched and inductively develops a theory (Willis, 2007:51; Creswell, 2003:13). The interpretivism paradigm shares its basis with the qualitative method (Weaver & Olson, 2006:464).

The qualitative method is used to collect in-depth details on a particular topic through words (verbatim reports) and experiences (observable characteristics), as the basis for analysing data. The qualitative research approach seeks to provide insight into the researched matter or participants. Rather, it allows the meaning to emerge from the participants' views of the situation. This approach is used when the topic is new with no existing theories on that particular sample to be studied (Burns & Grove, 2003:357; Rahi, 2017:2).

Qualitative methods can be summarised into five types, namely ethnography, ground theory, case study, phenomenological research and narrative research. In the ethnographic approach, the researcher studies a group of people by collecting primary observational data in a natural setting over a period of time, whereas in ground theory the researcher seeks to construct a theory from emerging patterns of data. In the case study approach, the researcher explores a programme, an event, a process or an individual over a sustained period and for a specific activity. In phenomenological research, the researcher attempts to understand the experience and perceptions of the participants with regard to a phenomenon. In the fifth type of qualitative method, namely narrative research, the researcher studies the lives of individuals through stories and then the information is retold (Creswell, 2003:14).

The positivistic paradigm differs from qualitative methods in that it explains relationships by attempting to objectively identify facts or causes that influence outcomes (Creswell, 2009:7). Collis and Hussey (2014:44) hold that when following the positivism paradigm, the discovery of theories is based on empirical research or a scientific method. The positivism paradigm is associated with, and shares its

philosophical foundation with, the quantitative method of analysis based on statistical analysis.

The quantitative method focuses on the collection of fresh data in accordance with the problem. Ideas are reduced into a small discrete set of ideas to test variables that constitute hypotheses and research questions (Rahi, 2017:2). According to Creswell (2012:63), explaining or predicting relationships among variables is an important characteristic of the quantitative research approach. This approach, as part of the positivistic paradigm, is the best approach to use to test a theory. Quantitative strategies involve experiments and surveys with variables and treatments, as well as structural equation models that incorporate causal paths. The objective of an experiment is to provide insight or test the effect of an intervention in order to support or refute the influence of the intervention on the outcome. A survey extracts specific information about the sample of the population under study to present a description of the trends (Creswell, 2003:14).

Bryman (2001:106) believes that the distinction between a qualitative and quantitative research perspective is a technical matter regarding their suitability in answering particular research questions. Creswell (2003:15) adds another method to the qualitative and quantitative methods, which involves collecting and analysing both forms of data in a single study and termed it a mixed method approach, or methodical triangulation. The data can be collected simultaneously or sequentially, depending on the research problem. He further defines the mixed method approach as two general strategies, namely a sequential procedure and a concurrent procedure. In a sequential procedure, the researcher collects data using one type of data collection method and this is followed by an alternative method. In contrast, the concurrent procedure is a strategy whereby the researcher collects both qualitative and quantitative data during the same stage (Creswell, 2003:16).

This section is not aimed at justifying a superior research method, but rather choosing which method is most suitable for the study at hand. A positivism paradigm was pursued in this study in the form of a quantitative method approach based on statistical analysis.



### **5.3 SAMPLING DESIGN**

Sampling is a technique by which a group of people or elements drawn from a representative population are selected for a study in order to gain some knowledge about that specific population (Bless, Higson-Smith & Kagee, 2013:162). A population refers to a body of people or collection of items who have the same characteristics and the sample is a subgroup of the target population that the researcher plans to study and use for generalisation. Efforts should be made to ensure that the sample units are not biased and are as representative of the population as possible (Creswell, 2012:142). Leedy and Ormrod (2010:205) identify two main categories of sampling techniques, namely probability and non-probability sampling.

Probability sampling refers to a selection technique that utilises random selection method(s) when the sample units are selected from the target population. It is therefore, referred to as random sampling, which is a mathematical concept that is based on accepted statistical principles. The significant element of probability sampling is that it reduces selection bias (Wegner, 2012:154). The probability sampling technique provides an efficient method for selecting a sample while ensuring that each member of the population has an equal opportunity to be chosen and adequately reflect variations that exist within the population (Babbie, 2013:132).

Wegner (2012:155) categorised probability sampling methods into simple, systematic, stratified and cluster random sampling. A simple random sample is a random selection approach where the entire number of respondents from whom the sample is drawn has a chance of being chosen. Systematic random sampling is a selection approach used in conjunction with random sampling, whereby sampling begins by randomly selecting the first sampling units and subsequent sampling units are selected at uniform intervals from this new sample unit. Stratified random sampling ensures that the population used by the researcher is divided into adequately represented subgroups. In cluster random sampling, targeted groups of the population are identified and selected to form the overall sample (Wegner, 2012:156).

In contrast to probability sampling, a non-probability sampling technique is used when the selection of elements is based on the researcher's personal judgement and the availability of respondents (Babbie, 20013:129). Non-probability samples are likely to be unrepresentative of the target population and it is not possible to measure the sampling error from the data. Non-probability samples are used in less scientific surveys to allow the researcher to select a sample based on the interest of the study (Wegner, 2012:154).

Wegner (2012:155) categorised non-probability sampling methods into convenience, judgement, quota and snowball sampling. Convenience sampling is a sample that is drawn at the researcher's convenience, either due to accessibility or proximity to the researcher. Judgement sampling uses the researcher's judgement alone to select the best sampling units. Quota sampling is a sample chosen to proportionally represent the population under study. Snowball sampling is appropriate when the target population under study is hard to reach due to reasons of sensitivity or confidentiality.

In this study, a sample is needed that is representative of a population and is unbiased, in order to assist in making a generalised conclusion. According to Ruel et al. (2016:125), the sample is generalisable when it represents the population, meaning the research results can be extended to other cases. The sample outcome should result in a smaller sampling error, providing a greater precision estimation. The guiding sample choice and principle for the quantitative part of this research study is the probability type, which divides and stratifies the population based on the roles in the organisation that are being researched. Creswell (2012:144) and Wegner (2012:155) emphasise that stratifying the population ensures that the desired stratum is represented in proportion to the relative size of the population. The stratification sampling overcomes the problems of a population being significantly under-represented or over-represented by taking into account each identifiable strata of the population. However, larger samples are required than in any simple random sampling to ensure adequate representation of each sample group (Wegner, 2012:156; Collis & Hussey, 2014:43).

In determining the sample choice and size, Creswell (2012:609) points out four options that can be used. The first option is an educated guess as to how many

people are needed. The second option is to use as many people as possible while considering the constraint of resources. The third option is to use a statistical procedure and the last is to use sample size tables available in published texts.

This study used the sample size table, which is constructed from formulas to indicate the optimal sample size. In addition to population size, the table provides a specific margin of error and a desired confidence interval (Creswell, 2012:609). Collis and Hussey (2014:198) warn that if the sample size is too small, it may preclude a number of people and may not be fully representative.

The sampling units identified for the study were confined to the SABC, which has approximately 3902 permanent employees (also referred to as internal stakeholders), spread around the nine provinces and approximately 100 freelancers, based on an estimated daily attendance of freelancers (Broadcasting Act, 1999; SABC Employment Equity Report, 2016). Using the sample size table from Krejcie and Morgan (1970:609) in Collis and Hussey (2014:199), the targeted sample size is 351 internal stakeholders and 80 freelancers, as illustrated in Table 5.1.

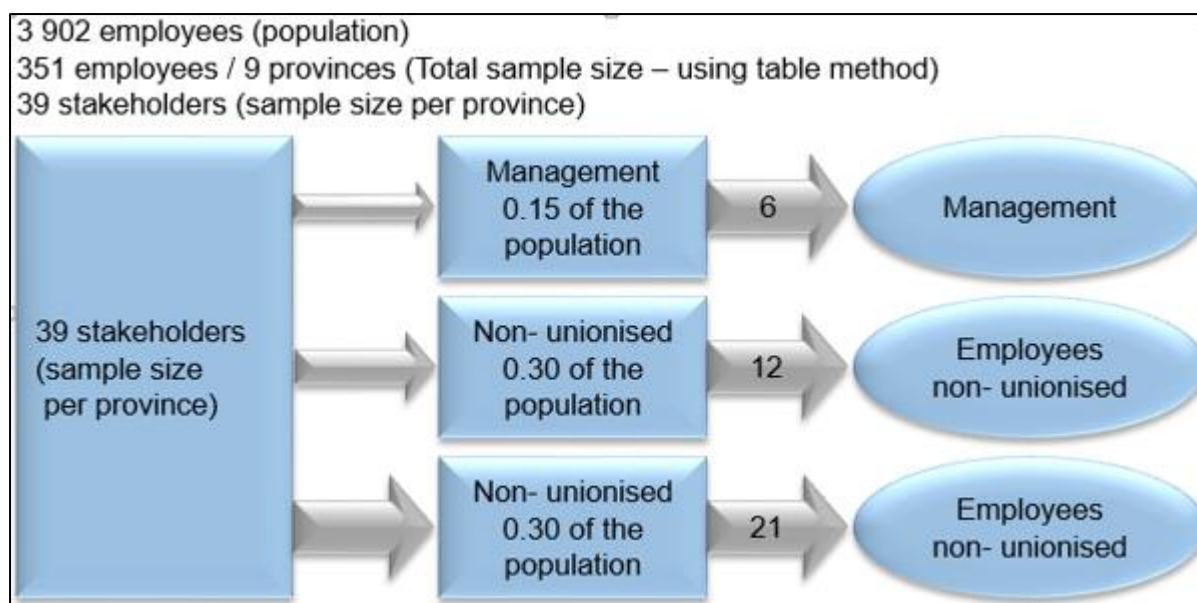
**Table 5.1: Sample size table**

POPULATION	SAMPLE SIZE
10	10
100	80
200	132
300	169
400	196
500	217
700	248
1000	278
2000	322
3000	341
4000	351
5000	357

Source: Krejcie and Morgan (1970:609) in Collis and Hussey (2014:199)

Table 5.1 is categorised into a population column and the corresponding sample size column. The sample size targeted is 351 employees across the nine provinces (as evident in the table above – approximated to a population of 4000). The sample size considered for freelancers is 80 across the nine provinces, as evident in the above table with a population of approximately 100 persons (freelancers). This representative sample translates to 39 employees and nine freelancers (sample size of 80 persons) in each of the nine SABC provincial offices. Put differently, it is  $351/9 = 39$  and  $80/9 = 8.9$  (rounded off to 9) ensuring proportionality of the sample. Furthermore, the chosen sample size provides a balance between the sample and the population being investigated due to the representativeness of the sample. The chosen size provides greater confidence in allowing the researcher to generalise the results from the sample. This study focuses on the SABC's board of directors, permanent employees (both unionised and non-unionised representatives), freelancers and management to elicit information related to this research. The recognised unions in the SABC are the Broadcasting Communication Workers Union (CWU) and the Electronic Media and Allied Workers Union (Bemawu).

To ensure balance in the roles of the respondents, stratification sampling was used to represent diverse perspectives of the sample size of 39 internal stakeholders per province. The current permanent SABC employees' profile is 3902, divided into 579 management – management outside bargaining unit (15%) and 3323 (85%) employees (SABC Employment Equity Report, 2016). The profile of non-unionised compared to unionised employees is 1193 (30%) and 2130 (55%) respectively as proportionally stratified and illustrated in Figure 5.2. below.



Source: Adapted from Creswell (2012:145)

**Figure 5.2: Proportional stratification of participants**

Figure 5.2 illustrates a proportional stratification sampling approach to select respondents for this study. As mentioned, the population size in this study is 3902 employees, which translates to a targeted sample size of 351 employees. The nine provinces are therefore represented proportionally and further stratified to allow the internal stakeholder sample sizes to be proportional between management and employees. In addition, a sample of nine freelancers per province was used in the study.

Table 5.2 below presents a breakdown of possible participants that are categorised into institution, position and the number of internal stakeholders selected. The SABC has offices in nine provinces, which are presented under the column heading 'institution'. The participants were categorised into management members, non-unionised and unionised employees and freelancers.

**Table 5.2: Possible participants**

<b>INSTITUTION</b>	<b>POSITION</b>	<b>NUMBER OF INTERNAL STAKEHOLDERS</b>
SABC Head Office (Auckland Park)	Management members	6
	Non-unionised employees	12
	Unionised employees	21
	Freelancers	9
SABC Eastern Cape	Management members	6
	Non-unionised employees	12
	Unionised employees	21
	Freelancers	9
SABC Free State & Northern Cape	Management members	6
	Non-unionised employees	12
	Unionised employees	21
	Freelancers	9
SABC Gauteng (Tshwane)	Management members	6
	Non-unionised employees	12
	Unionised employees	21
	Freelancers	9
SABC Kwazulu-Natal	Management members	6
	Non-unionised employees	12
	Unionised employees	21
	Freelancers	9
SABC Limpopo	Management members	6
	Non-unionised employees	12
	Unionised employees	21
	Freelancers	9
SABC Mpumalanga	Management members	6
	Non-unionised employees	12
	Unionised employees	21
	Freelancers	9
SABC North West	Management members	6
	Non-unionised employees	12
	Unionised employees	21
	Freelancers	9

INSTITUTION	POSITION	NUMBER OF INTERNAL STAKEHOLDERS
SABC Western Cape	Management members	6
	Non-unionised employees	12
	Unionised employees	21
	Freelancers	9
	<b>TOTAL</b>	<b>432</b>

Source: Researcher's own construction

Table 5.2 indicates a representative sample of 39 employees from each of the nine SABC provincial offices, comprising six management members, 12 non-unionised and 21 unionised employees and nine freelancers. The sample size table was used to calculate the optimal sample size and the proportional stratification sampling approach was used to select possible participants, who were categorised into institution and position within the SABC.

#### 5.4 DATA COLLECTION AND ANALYSIS METHODS

Research data is the factual recorded original source(s) of data that is collected by the researcher for the purpose of analysis and to produce research results (Wegner, 2012:9). Data can be organised in a useful way to give specific information that makes a contribution to the knowledge base. Data can be classified by source as internal or external as well as either primary or secondary. Primary data is recorded for the first time at the source and with a specific purpose in mind. Secondary data already exists in a processed format where it was previously collected for a purpose other than the problem at hand (Wegner, 2012:14).

The research data can be in a numerical format and referred to as quantitative data or in a non-numerical format, which is referred to as qualitative data (Collis & Hussey, 2014:196). The following sections discuss and elaborate on the data collection and analysis methods that were used.

#### **5.4.1 Data collection method**

Data collection is the stage where appropriate information for answering a research question is collected. This data may be grouped and categorised based on the methods of collection, such as observational, experimental, simulation and reference data. Observational data is captured in real-time whereas experimental data is reproducible in a laboratory. Simulation is data generated from test models whereas reference data is published and curated in the form of documents and records (Collis & Hussey, 2014:196).

According to Heaton (2004:37) and Creswell (2012:212), data collection can be achieved through a number of methods, which can include interviews, focus groups, surveys, field notes and recorded transcripts of social interaction that help in answering the research questions. Each of these methods can be seen to be competing with one another. The method that focuses on quantifying the research data relates to the positivistic paradigm, whereas the non-quantifying methods are suited to the interpretivism paradigm (Collis & Hussey, 2014:154).

In this study, primary data was collected through a research survey. Collis and Hussey (2014:62) hold that survey data collection is used with a view to analyse the data statistically and subsequently generalise the results to a population.

#### **5.4.2 Data analysis methods**

Data analysis is a mechanism for organising raw data and extracting useful information for the purpose of producing results that the researcher can easily interpret (Burns & Grove, 2003:479). The data should be clean, relevant and in the correct format to allow the researcher to answer the research questions (Wegner, 2012:17). As mentioned, more than one method is available for use when collecting research data and multiple methods can be utilised to analyse and present the research data. However, the collection and method of analysis should be complementary to allow for easy interpretation (Collis & Hussey, 2014:154). It is important to indicate that both qualitative and quantitative analyses need some form of data coding in order to categorise related and unrelated data.



The first step in the analysis of qualitative research data is to prepare and organise the data. The second step is the exploration of the data through the process of coding. The codes are used for data descriptions and creating themes. The third step is the presentation of the findings through narratives and visual means. The last step is the interpretation of the results in line with literature as well as validating the accuracy of the findings (Creswell, 2012:178). With qualitative methods the researcher may need to develop a specific method for data labelling or coding purposes in order to draw inferences, as this analysis method does not have a data pre-coding system. This procedure of systematically describing verbal data for purposes of determining related categories that can be linked is referred to as content analysis. The objective of content analysis is to assist the researcher to identify specific characteristics of the data in order to summarise the findings (Collis & Hussey, 2014:166).

Lincoln and Guba (1985:300) suggest that criteria such as credibility, transferability, dependability and conformability be used to assess the quality and trustworthiness of analysis for an interpretivist, qualitative study. Credibility refers to the confidence in the truth of the research findings and whether the subject of the research enquiry was correctly identified and described. Transferability means that the research findings have to be applicable in other contexts where the situation (s) is sufficiently similar, to allow generalisation. Dependability ensures that the research findings are consistent and could be repeated and whether the research process was systematic and well documented. Conformability is the degree to which the findings are produced by the collected data, without the researcher's bias. Conformability can be enhanced by establishing that the results of an inquiry could be corroborated by other researchers (Lincoln & Guba, 1985:300).

On the other hand, the analysis of positivist, quantitative research is based on collected data relating to the variables of the study. Positivist research is deductive in nature and a literature review is conducted to identify a set of theories of interrelated variables, derive hypotheses, make observations and obtain confirmation of the hypotheses. Critical interpretation is used for the analysis of frequencies of variables and differences between variables. Lastly, the empirical evidence is used to test the

hypotheses, and then based on the evidence; the hypotheses are rejected or accepted (Collis & Hussey, 2014:201).

The data are collected through questionnaire surveys that are subsequently analysed using statistics. Statistical analysis is used to summarise quantitative data into graphs or tables in descriptive patterns, relationships and connections that might otherwise go unnoticed. Statistics can only be applied to quantitative data to allow the information to be interpreted by the human mind and to help with decision-making, as well as assisting the researcher to draw inferences from the data (Collis & Hussey, 2014:226).

Statistics can be divided into descriptive or inferential statistics. Descriptive statistics summarise the data into a general nature, for instance, how certain measured characteristics appear to be on average, the skewness of the data as well as the inconsistency among the variables (Leedy & Ormrod, 2010:31). In contrast, inferential statistics uses a group of statistical methods to compare, relate and test the variables in order to assist the researcher to draw conclusions about a population. Another function of inferential statistics is to test whether a claim made about the true value of a population parameter is valid when compared to the sample evidence. The statistical process of testing the validity of a claim about the true value, whether from a survey or an experiment to see if the results are meaningful, is hypothesis testing. Based on the sample findings and results, the claimed value of the population parameter is either accepted as true or rejected as false (Wegner, 2012:187).

In this study a positivism paradigm was pursued in the form of a quantitative method approach based on statistical analysis. The interrelated steps recommended by Creswell (2012:175) were followed. The first step is to organise and prepare the data for analysis. This preparation includes assigning numeric scores or value(s) to the data. The numeric score is assigned to each question and response category on the instruments used. The following step is to assess the types of scores and statistical program (software package) to use and then the data is input into the programme database in preparation for analysis (Creswell, 2012:178).

The data is then analysed using a descriptive analysis that indicates general tendencies and variation to describe trends in the data using mean, median, standard deviation and skewness. The descriptive analysis is followed by an inferential analysis in which the data is analysed to compare and assess relationships among the variables from a sample, in an attempt to draw conclusions about the population at large. Hypothesis testing is then performed to determine the difference or relationship between the values by comparing an observed value of a sample with a population value. Finally, the discussion and interpretation of the key results are presented. A conclusion is drawn from the summarised results. The results are compared with past literature and theories, whilst also indicating the limitations of the study (Creswell, 2012:175).

## **5.5 MEASURING INSTRUMENT AND LEVELS**

A measuring instrument is a device or method (s) through which a researcher collects data from the respondents for the purpose of the study (Leedy & Ormrod, 2010:283). The major concern when selecting an instrument is that it should measure the concepts relevant to the research question. An instrument is a tool or measuring device used during data collection by the researchers for measuring, observing or documenting quantitative data. The instrument may include an assessment instrument, a questionnaire, a log, an observational checklist, survey and a tally sheet (Creswell, 2012:151). For the purposes of this study, the following section elaborates on the research survey.

### **5.5.1 Research surveys**

Survey research involves acquiring information about the study's respondents, their characteristics, opinions or previous experiences by asking the respondents predetermined questions and recording their answers (Leedy & Ormrod, 2010:283). A survey instrument is used to extract and collect data from a sample or a particular group of people using a list of questions with a view to analysing the data statistically (Collis & Hussey, 2014:205). The ultimate goal of the survey instrument is to learn about the representative surveyed participants or population at large, what they think, do or feel for the purpose of answering the research question (Ruel et al., 2016:13).

Surveys can be descriptive or analytical. The descriptive survey provides an accurate representation of the phenomena at one point in time or at various times. The analytical survey indicates whether there is a relationship between dependent variables and independent variables identified from the theoretical framework of the literature (Collis & Hussey, 2014:63). A dependent variable is the factor that is changed or influenced by the effect of associated independent variables. For example in experiments, independent variables are treatment variables, which the researcher manipulates to determine their effect on the outcome or dependent variable. Survey research differs from experimental research in that survey researchers do not experimentally manipulate the conditions. On the contrary, survey researchers often correlate variables using the correlation statistical test to describe and measure the degree of relationship or patterns between two or more variables (Creswell, 2012:376).

Survey research may be conducted face-to-face, via the internet, by mail or telephone, or by using a written questionnaire. Face-to-face surveys are the most traditional method of survey research design. They can be accurate and allow the researcher to explain questions not understood by the respondents. They also allow the researcher to be selective and target a certain section of the population. Face-to-face surveys are time consuming and it may be difficult to obtain a representative sample (Ruel et al., 2016:23). The availability of technology has offered the means to engage in survey research using internet surveys, sometimes referred to as online surveys. Online surveys offer a quick and effective way of implementing surveys with automated data collection that has created efficiency by eliminating the need to enter hand-written responses into the computer. The drawback is that not everyone has access to a computer. Another problem with the online survey method is that the researcher does not have an accurate and reliable way of determining the response rate in time, which may lead to response bias.

Surveys through the mail, such as via postal services or self-delivery, allow the respondents to answer the questions at their home or work as best as they can. A self-addressed, stamped envelope for easy return to the researcher is ideal. The drawback is that the response rates are very low with mail surveys and respondents are less likely to complete and return the forms. Telephone surveys allow greater

access to respondents and larger samples as they are administered over the telephone by an interviewer. However, the telephone interview is dependent on the line quality of the call with the respondent (Collis & Hussey, 2014:63; Ruel et al., 2016:13). Online research surveys were conducted for data collection in this study by means of a written questionnaire (Creswell, 2012:382).

### **5.5.2 Research questionnaire**

A questionnaire is a research instrument that is used as a method of collecting primary data in which a sample of respondents is asked carefully structured questions with a view to receiving prompt and reliable responses. The ultimate goal is to address the research question (Collis & Hussey, 2014:205). In quantitative research, the researcher can use a mail or online questionnaire as a research instrument (Creswell, 2012:382). Questionnaire surveys have advantages over other types of surveys in that the cost tends to be lower due to the self-administering format. Questionnaire surveys use a set of predetermined answers (using closed-ended questions) that make it simple for the respondent as they choose from a give number of answers and also for the researcher to compile and analyse the data (Ruel et al., 2016:17). Leedy and Ormrod (2010:189) caution about the low return rate of questionnaire surveys, which can skew the representativeness of the sample.

The research questions can either be in an open-ended or closed-ended format. An open-ended question allows the respondent an opportunity to use their own knowledge and words when answering the questions to provide new insight. A closed-ended question allows the respondents to select an answer from the list provided by the researcher. In designing the questionnaire one has to take into account the type of questions, their wording and the order in which they are presented. Questions should flow in a logical sequence and be grouped in relation to one another to encourage the best response rates (Collis & Hussey, 2014:207). According to Leedy and Ormrod (2010:194), well-constructed questionnaires lead to fruitful, efficient research with a maximum return rate.

In this quantitative study, a written questionnaire in an email and a web-based distribution survey tool named *SurveyMonkey* ([www.surveymonkey.com](http://www.surveymonkey.com)) was employed. The web-based distribution survey method was designed to incorporate

the questionnaire in sections A and B, as well as the covering letter that explained the purpose and the rationale of the study. Each section of the questionnaire provided instructions to the potential participants on how to respond to the questions. Section A of the questionnaire comprised 65 questions that were grouped together under specific variable that were tested. For example, all the questions relating to internal stakeholders were grouped together under the internal stakeholders section (Section A1) and the same applied to the other sections. Section B focused on soliciting biographical information from the respondents. This section consisted of seven questions gathering information regarding the participant, namely the gender, whether respondents are union affiliated, their position in the SABC, their department, their provincial office, age group and their level of education. The actual questionnaire that was imported to the *SurveyMonkey* is included in this report as Annexure A. The questionnaire items were self-developed based on the literature overview.

The study offered two Incredible Connection gift vouchers to the value of R1000 to respondents who completed the survey and submitted their email address for a random selection draw after the completion of the data collection process. The gift vouchers are regarded as an incentive for boosting online survey response rates. Incentives in the form of prizes are recognised as one of the most prevalent methods for boosting online survey response rates (Nulty, 2008:303), in addition to repeated reminder emails to non-respondents. Dommeyer, Baum, Hanna and Chapman (2004:621) also support incentives in the form of prizes to motivate respondents. The questionnaire was piloted to assist in the refinement process to ensure the validity and reliability of the instrument.

### **5.5.3 Validity**

Valid research accurately reflects the phenomena that are intended to be described by the study. For example, the researcher should measure the correct characteristics, attitudes, opinions and beliefs that are intended to be summarised and discussed as the goal of the study (Ruel et al., 2016:88). Validity is the instrument's ability to measure what it claims to measure and the results reflect the phenomena under study (Collis & Hussey, 2014:53).

The validity of the measurement instrument is assessed using face validity or construct validity. Face validity involves ensuring that the tests or the measures used by the researcher are actually measuring what they claim to measure. Construct validity represents phenomena that are not directly observable, such as motivation, satisfaction, ambition and anxiety, which are assumed to exist based on patterns detected in participants' behaviours (Leedy & Ormrod, 2010:92). Collis and Hussey (2014:53) refer to construct validity as hypothetical constructs, which are assumed to exist as factors that explain observable phenomena or attributes of the interest being measured.

One of the procedures to determine construct validity is through factor analysis. Factor analysis allows the researcher to analyse the relationships among a set of variables using statistical techniques. Factor analysis explains the correlation between pairs of outcome variables measured. The analysis identifies sets of interrelated variables that measure various aspects of an underlying factor. Lastly, factor analysis allows for interpretation of these interrelationships between large numbers of variables by collapsing them into closely linked variables (Burns & Grove, 2005; Collis & Hussey, 2014:276). Hair et al. (2010:117) recommend the following guidelines for the practical significance of the analysis, a factor loading cut-off point of 0,3 as minimal cut-off point, 0,4 as an acceptable significant cut-off point and values greater than 0,5 are considered most practically significant value. These guidelines are applicable when the sample size is greater than 100 respondents. In this study a cut-off point of 0,4 is chosen as an acceptable significant cut-off point (Hair et al., 2010:117).

Research errors such as faulty procedure, poor samples and misleading measurements can undermine validity. It is important to pre-test the instrument to ensure that it works as intended. Pre-testing allows the researcher to pinpoint any problem areas, reduce measurement errors and ensure that the respondents are interpreting the questions correctly. It is also important to cross-validate the multilingual and multicultural survey instruments, meaning the words and concepts in the survey should be culturally and linguistically comparable so as not to lose precision and validity (Ruel et al., 2016:97).

Validation as a process involves gathering and evaluating data to assess the accuracy of an instrument. This validation test of the instrument can be achieved through the use of statistical tests and pilot testing. Pilot testing is the dress rehearsal of survey administration and procedure prior to the actual survey. A pilot test of a questionnaire survey allows the researcher to make changes to an instrument based on the feedback received from the preliminary selected participants who have evaluated the instrument (Creswell, 2012:390).

The preliminary test was conducted among 65 respondents to test the ease of understanding the questionnaire items, the ease of using the online survey tool and to allow the researcher to identify areas needing improvements based on the feedback. The feedback received from the pilot study respondents was used to make minor changes to the questionnaire. The suggestions from respondents included advice to the researcher on minor changes to be made on the biographical information as well as a need for questions pertaining to the intervening variables so that the exploratory factor analysis (EFA) can have factors and allow the researcher to test the hypotheses. EFA is referred to as a technique within factor analysis that assists in identifying the underlying relationships between measured variables (Creswell, 2012:347; Collis & Hussey, 2014:276). The respondents acknowledged that the statements on the questionnaire were easy to understand.

The format of the questions has consequences for the validity and reliability of the measurement. There is greater validity when asking open-ended questions, as the respondents are free to express exactly what they have in mind. The drawback of open-ended questions is that they need extensive coding and are tedious to analyse. On the other hand, closed-ended questions suggest responses to participants, thus providing greater reliability as respondents align their thoughts with the predefined answer choices. Validity and reliability are considered in tandem for accurate and meaningful research. Without validity, the results have no meaning and without reliability, the answers are inconsistent and undependable (Ruel et al., 2016:97).

#### **5.5.4 Reliability**

Reliability refers to the accuracy and precision of the measurement with results that are dependable and consistent over time if the research were repeated under a



similar methodology (Leedy & Ormrod, 2010:29; Creswell, 2012:159). According to Creswell (2012:159), researchers can examine an instrument's reliability through test-retest, internal consistency and observer reliability. Once reliability has been confirmed, researchers can assume the instrument's scores are dependable and consistent and can be generalised to other samples of behaviours. If inconsistent, then the error problems should be addressed before adopting the results.

In this study, assessment of instrument reliability was achieved through test-retest and internal consistency. Test-retest measures the stability and reliability of the instrument by giving the same test to the same respondents on two occasions, and the results are expected to be consistent. The researcher can then use a correlation test of the two results to determine if the instrument is reliably measuring that concept. The correlation test is performed by using Cronbach's Alpha, which computes correlation coefficient values for all the questions and the closer the value is to one, the higher the reliability estimate of the instrument (Ruel et al., 2016:84). Internal consistency gauges how well the items on the test measure the same idea. According to Collis and Hussey (2014:52), reliability of the test instrument produces useful data and indicates the credibility of the results. The reliable, consistent data and results should reflect the correct and valid data of the study. In addition to the concepts of validity and reliability, knowledge of various levels of measurement is important for statistical analysis (Ruel et al., 2016:97).

#### **5.5.5 Measurement levels**

Measurement can be thought of as objects, such as rulers, scales, gauges and thermometers. In research, measurement refers to the methods used by researchers to evaluate different variables statistically to allow these variables or data to be interpreted (Leedy & Ormrod, 2010:29). According to Collis and Hussey (2014:201), the level of measurement or scale of measure describes the relationships among the variables in order to allow the researcher to select a fitting statistical analysis for the study. The level at which a variable is measured has implications for the choice of statistical methods and analyses that are appropriate for processing the data.

The data can be classified in terms of its scale of measurement and the scale also determines which statistical methods are appropriate to use on that specific data for

interpretation of the results (Wegner, 2012:17). The measurement scale is categorised into four levels of measurement, namely nominal, ordinal, interval and ratio. In a nominal scale, objects are measured by assigning specific names to the objects, thereby restricting each object to its name so that the objects can be differentiated from one another. The assigned names or numerical values become short codes representing the longer names. Using the object names, the most frequently occurring object within the data set can be identified as well as the percentage within the total data set. In an ordinal measurement scale the assigned names or numerical codes identify the rank-order of the data. The ordinal scale measures data in order of greatness. This allows the researcher to see whether one observation is ranked higher than the other observations. An ordinal scale allows identification of the relative position of any item in a group, as well as the extent of the relationship between two characteristics (Collis & Hussey, 2014:201).

An interval scale of measurement allows the measurement of statistical analyses that are not possible with a nominal or ordinal scale, such as evaluating effectiveness. An interval scale reflects equal distances among adjacent points and helps in statistics that are calculated using additions or subtractions. The interval level of measurement is a numerical scale indicating the order and the exact difference between interval values, for example the Likert scale (strongly agree to strongly disagree). When an object is so many times as big or bright or tall or heavy as another, a ratio scale is used. In the ratio level of measurement, the intervals between points on the scale are equal with a fixed zero point and the rankings assigned to the items on the scale are based on size.

Lastly, the ratio scale is distinguishable from the other three scales, as the ratio scale can express values in terms of multiples and fractional parts (Leedy & Ormrod, 2010:25; Creswell, 2012:167; Collis & Hussey, 2014:52). This study used a combination of interval and nominal measuring scales. The items in Section A of the questionnaire were structured according to an ordinal scale, using the Likert scale ranging from 'strongly disagree to strongly agree' to allow inferential statistical analysis. The items in Section B of the questionnaires were structured according to a nominal scale, for example, the item identifying the gender of the respondents.

These scales assist the researcher to assess and determine the appropriate statistics to use for the data analysis (Creswell, 2012:165).

## **5.6 DETAILED RESEARCH PROCESS FOR THIS STUDY'S DATA COLLECTION AND DATA ANALYSIS**

In this study, a survey research strategy was adopted with an online questionnaire method as a data gathering instrument. The data was collected with a focus on the variables that influence the sustainable funding for the public broadcaster in South Africa. These variables have a significant influence on funding sustainability and are based on various secondary sources of literature. These identified variables were categorised as independent, intervening and dependent variables.

The hypotheses were framed based on the theoretical framework as a starting point for further investigation with each hypothesis indicating a relationship between the variables. Null hypotheses were used and state that the two variables are independent of each other – meaning there is no relationship. The variables identified for this study, as illustrated in Figure 5.1, were the internal stakeholders, competitive environment and management of resources, as well as customer benefits and organisational performance. These variables were derived from the concepts and pillars of financial sustainability from Gumucio-Dagron (2001), Leon (2001) and general literature on financial sustainability. Using inferential statistics to draw conclusions, the hypotheses were tested against the empirical data to indicate evidence in favour of the alternative hypotheses and against the null hypotheses (Collis & Hussy, 2014:227).

To measure the variables of this study, the constructed online questionnaire was used and completed by the respondents. The questionnaire items were self-developed based on the literature overview discussed in chapter two, three and four. It is important to highlight that the questionnaire was first tested on a small but similar group as the sample. A covering letter was attached explaining the purpose of this so that the respondents understand the context in which the questions were being posed. The questionnaire comprised Sections A and B. Section A included the questionnaire items that tested the hypotheses using the Likert scale (strongly agree to strongly disagree) in a 5 point scale. The scale consists of positive and negative

responses on a symmetrical scale with 1 the lowest and 5 the highest point. The scale captures opposite extremes of the opinion (strongly agree to strongly disagree), with a neutral point in the middle. The scale continuum range meant that 1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree and 5 = strongly agree. The questionnaire items in Section A measured the independent, intervening and dependent variables indicated in Figure 5.1, which were defined and discussed in Chapter 4. Section B solicited the biographical information of the respondents i.e. position in the organisation, province of work and whether unionised or not.

Annexure A represents the actual questionnaire, which was imported into the web-based distribution survey method. The mentioned variables and number of questionnaire items that relate to these variables are summarised in Table 5.3 below.

**Table 5.3: Variables and number of questionnaire items**

VARIABLES	NUMBER OF QUESTIONNAIRE ITEMS
Internal Stakeholders (Section A1)	10
Competitive Environment (Section A2)	10
Management of resources (Section A3)	10
Sustainable Funding (Section A4)	13
Customer benefits (Section A5)	10
Organisational performance (Section A6)	12
Total	65

Source: Researcher's own construction

Table 5.3 indicates the list of variables and the second column represented the number of questionnaire items in each category of variables.

During the administering process, the web-based distribution survey method was used. The participants were randomly selected from each provincial SABC office from the database of managers, unionised and non-unionised employees, as well as the database of freelancers. Their email addresses were retrieved from the SABC email distribution list and manually loaded onto the web-based distribution survey

tool named *SurveyMonkey*, for the purpose of this empirical study. A total of 432 participants were included and sent the questionnaire. The data collection was captured by the same web-based survey tool, which offered the capability of monitoring the response rate, categorising the response data and importing the data into an excel spread sheet. The response rate is indicated in Table 5.4 below.

**Table 5.4: Response rate**

QUESTIONNAIRE ITEMS	RESPONDENTS
Questionnaires administered	432
Completed responses received	175
Partially completed responses	7
Non-responses	257
Response rate	41%

Source: Researcher's own construction

Table 5.4 indicates the number of web-based survey questionnaires administered, the completed responses received from respondents as well as the partially completed responses, in order to calculate the survey response rate. The survey response rate is the number of respondents who answered the survey divided by the number of people to whom the survey was sent (the sample), and then multiplied by 100 in order to express the response rate in the form of a percentage. In this case it is  $175/432 = 0,405$ , which is then multiplied by 100 to get to 41% (when rounded off). The survey's response rate is viewed as an important indicator of survey quality. However, there is no agreed-upon norm as to how high the response rate for a given study needs to be in order to be acceptable and/or reasonable (Baruch, 1999:422). When exploring data (141 papers) for the survey response rates from five of the leading journals in management and behavioural science across three volumes published in the years 1975, 1985 and 1995, Baruch (1999:434) concluded that the average and also reasonable and therefore acceptable response rate is approximately 60%, although this can vary downwards or upwards by as much as 20%. This implies that a response rate below 40% is not reasonably acceptable and would raise validity issues. Baruch and Holtom (2008:1147) conducted another study on the survey response rates for two volumes in the years 2000 and 2005

respectively on 463 papers. The average response rate across these two years was about 53% at the individual level and 37% at the organisational level (Baruch & Holtom, 2008:1153). The individual-level research sought information from individuals to better understand their attitudes and behaviours, while the organisational-level research examined organisational phenomena (Baruch & Holtom, 2008:1147).

The response rate for this study was 41% and seems to be adequate when compared to those studies that were mentioned and other web or online-based studies. The response rate of 41% in this study is also supported by Nulty (2008:302) in his study regarding the adequacy of response rates to online and paper-based surveys. Nulty (2008:302) compared eight online-based survey studies, which showed an average of a 33% response rate as opposed to 56% for paper-based studies. Watt, Simpson, McKillop and Nunn (2002:333) also support this claim with their own research that has the overall response rate for online-based surveys of about 33%. A study by Dommeyer et al. (2004:618) found that the response rates to online-based surveys were lower than for paper surveys in 14 cases out of the 16 that were compared, with online-based survey achieving a 43% average response rate while paper achieved 75% on average. Cook, Heath and Thompson (2000:824) and Dommeyer et al. (2004:611) hold that online surveys' response rates are always appreciably lower than those obtained when using paper surveys. This being said, Cook et al. (2000:826) caution that smaller response rates to studies may lead to the studies not being published once submitted.

According to Nulty (2008:307), it is reasonable to expect that any survey sampling a population will incur sampling error and possibly sample bias, both of which can be reduced in principle by increasing the sample size and/or response rate. However, Dillman (2000:206) cautions that neither of these methods guarantees a reduction in either the error or bias. Given the discussion above, especially the conclusion drawn by Baruch (1999:434), the response rate of 41% was deemed accepted and adequate to continue with the statistical data analysis of this study.

Statistical data analysis was performed. The descriptive statistics such as frequency distribution, which indicates the central position of the data, was used to summarise

and interpret the biographic data of the respondents into percentages and averages using mean, median and mode. These measures of frequency distribution's central position describe the data with a single statistic. For example, the mean indicates the arithmetic average of the data when all data values are added together and divided by the number of values. The median indicates the mid-value when the data values have been rearranged and listed in an orderly way. The mode indicates the value that appears most repeatedly in the data (Collis & Hussey, 2014:244). Descriptive statistics were used to indicate the spread of data using standard deviation (Collis & Hussey, 2014:226). The inferential statistics was used to compare, relate and test the variables in order to assist the researcher to test the hypotheses (Creswell, 2012:347; Collis & Hussey, 2014:227).

In a typical inferential statistical analysis, bivariate and multivariate analyses are used to explore the differences and to test for relationships between variables, as well as measuring the strength of the relationships (Collis & Hussey, 2014:262). The inferential statistical analysis begins with data cleaning, which also addresses any missing data. In correcting the missing data, the first step was to assess if the missing data can be ignored. In the case of substantial missing data, the questionnaire items were deleted. The imputation process is an option and can be used to estimate the missing data values as a remedy (Hair, Black, Babin and Anderson, 2010:45). Data cleaning is followed by six stages that included Harman's single factor test, a validity test, a reliability test, descriptive analysis, a correlation, and regression analysis.

Paulhus (1991:17) refers to CMB as a systematic tendency by participants to respond to some survey questionnaire items on the basis of social desirability by giving answers that paint a positive picture about them as respondents. Podsakoff, MacKenzie, Lee and Podsakoff (2003:882) refer to social desirability as the tendency by participants to respond to questionnaire items with answers that are acceptable by society rather than selecting responses that they deem to be true based on their feelings or the situation at hand. One of the popularly used methods for testing the presence of CMB is Harman's single factor test (Jakobsen & Jensen, 2015:30). In order to perform the Harman's single factor test, the variables are loaded into an exploratory factor analysis to assess the unrotated principal components factor

solution. This allows the researcher to determine if the majority of the factors' variance can be explained by a single factor and the threshold is 50% ( $\text{Prp.Totl}=0,500$ ). If the test explains more than 50% of the variance or 0,500 of proportion, then the test suggests that a common method bias is present (Podsakoff et al., 2003:889).

The validity test indicates the ability of the empirical results to reflect the phenomena under study (Collis & Hussey, 2014:53). One of the procedures to determine validity is factor analysis, which allows the researcher to analyse the relationships among a set of variables using statistical techniques. Factor analysis explains the correlation between pairs of questionnaire items and the measured outcome variables. Factor analysis allows for the interpretation of these interrelationships between large numbers of variables by collapsing them into closely linked variables (Burns & Grove, 2005; Collis & Hussey, 2014:276).

Hair et al. (2010:940) hold that factor analysis can be achieved through a confirmatory or exploratory perspective. The confirmatory factor analysis (CFA) tests if the data fits the hypothesised model. The CFA test uses the Structural Equation Modelling (SEM) approach to test the goodness-of-fit of data. The SEM approach uses various types of statistical techniques that depict and test complex relationships between independent, intervening and dependent variables (Hox & Bechger, 1998:354; Schumacker & Lomax, 2010:2). According to Hooper, Coughlan and Muller, 2008:53, the primary purpose of SEM is to identify model fit, which best represents the data's underlying theory. Various goodness-of-fit indices are used for estimation, model fit and statistical assumptions (Hox & Bechger, 1998:355). The goodness-of-fit test compares the observed values to the predicted values using indicators such as the Chi-squared test, the Root mean square error approximation (RMSEA), the Goodness-of-fit index (GFI), which includes Normed fit index (NFI) and the Comparative fit index and Parsimony goodness-of-fit index (PGFI). Each of these indices has limitations in their use, however, their complement each other (Hooper et al., 2008:53).

In this study, factor analysis is used for determining construct validity using the exploratory factor analysis (EFA). The EFA helps the researcher with data summation and reduction from the original variables to a smaller set of summarised



variables. The EFA allow the researcher to determine the possible underlying relationships between the measured variables and the questionnaire items. In addition, the EFA technique explains the variation among questionnaire items using the newly created and condensed items (Suhr, 2006:2). Hair et al., (2010:101) caution that researchers should not factor analyse a sample of fewer than 50 observations and should strive for at least 5 observations per variable. Furthermore, the preferable sample size should be 100 or larger. Furthermore, the EFA is dependent on the input data, which is calculated through a correlation test among the variables or from a correlation test between the respondents, sometimes referred to as R-type factor analysis. A detailed discussion on R-type factor analysis is presented in Chapter 6. In this study the EFA allowed the researcher to reduce the number of questionnaire items measured so that the remaining questionnaire items clearly explained the idea being investigated. The reflected valid data should also be reliable and consistent (Collis & Hussey, 2014:52),

The reliability test assesses the consistency between multiple measured variables. In this study, the researcher used Cronbach's Alpha as a reliable coefficient test that computes correlation coefficient values for all the questions. The closer the computed correlation coefficient value is to one, the higher the reliability estimate (Ruel et al., 2016:84). The aim is to gauge how well the questionnaire items in the survey measure the same idea. A detailed discussion on the acceptable values of Cronbach's Alpha coefficient is presented in Chapter 6.

The correlation coefficient ( $r$ ) is a technique used to measures the association between variables. The correlation coefficient ( $r$ ) indicates the strength and direction of the relationship between two variables. Positive correlation indicates that the variables vary together and that a high value on one item corresponds with a high value on the other. On the contrary, negative correlation is when a high value on one item is associated with low value on the other. In this study, the correlation coefficient ( $r$ ) test used was the Pearson Product Moment Correlation (PPMC) (Collis & Hussey, 2014:275; Hair et al., 2010:156). The PPMC test was followed by hypothesis testing.

Hypothesis testing allows the researcher to test the validity of a claim about the true value from a survey to see if the results are meaningful. Based on the sample

results, the value is either accepted as true or rejected as false (Wegner, 2012:187). Finally, multiple regression analysis was used in this study to assess and evaluate the relationships between a dependent variable and several independent variables (Hair et al., 2010:161). Chapter 6 elaborates on the hypothesis testing results.

The abbreviations indicated in Table 5.5 below are used for ease of reference when presenting the independent, intervening and dependent variables in the data analysis section.

**Table 5.5: Abbreviation of variables**

VARIABLES	ABBREVIATION
<b>Independent Variables</b>	
Internal Stakeholders	ISTA
Competitive Environment	COMP
Management of resources	MOR
<b>Intervening Variable</b>	
Sustainable Funding	SF
<b>Dependent Variables</b>	
Customer benefits	CB
Organisational performance	OP

Source: Researcher's own construction

The independent variables comprise internal stakeholders, the competitive environment and management of resources as indicated in Figure 5.5, which are abbreviated as ISTA, COMP and MOR respectively. The intervening variable is sustainable funding and abbreviated to SF. The independent variables may affect the financial sustainability of a public broadcaster and have an influence on the dependent variables. The identified dependent variables are customer benefits and organisational performance, abbreviated to CB and OP respectively.

## 5.7 SUMMARY AND CONCLUSION

The research methodology was presented in this chapter. A discussion surrounding the research paradigms, sample designs, data collection and analysis methods as

well as the measuring instruments was presented in detail. The two research paradigms, interpretivism and positivism, were discussed in detail. The interpretivism paradigm shares its basis with the qualitative method and the positivism paradigm is associated and shares its philosophical foundation with the quantitative method of analysis based on statistical analysis. Accordingly, a positivism paradigm was pursued in this study in the form of a quantitative method approach.

The sampling units identified for the study were confined to the SABC and the optimal sample size was determined through the use of a sample size table. The primary data of this study was collected through a research survey that used the web-based distribution survey method. The survey data collected was analysed statistically to test the hypotheses, after which a detailed research and administering process, applicable to this study, was discussed. The next chapter presents a discussion of the research results.

## **CHAPTER 6**

### **EMPIRICAL RESULTS**

#### **6.1 INTRODUCTION**

In Chapter 5 the research methodology and the overall approach to the entire process of research followed for this study was presented. This process highlighted several statistical techniques that were adopted in the empirical investigation. This chapter presents the report of the results that were obtained in the assessments explained in Chapter 5. This chapter commences with the summary of the empirical investigation's objectives and the theoretical framework that was tested. Thereafter, the results with regards to the validity and reliability of the measuring instruments are discussed. Based on these results, a revised theoretical framework is presented and hypotheses are restated.

In order to test the hypotheses in this study, data analysis was performed. Firstly, the common method bias test was conducted, followed by factor analyses to determine construct validity, as well as the calculation of the Cronbach's alpha values to test the instrument and data reliability. Then the correlation analyses were conducted to test the hypothesised relationships of the study using multiple regressions. Lastly, the various descriptive statistics were performed to summarise and interpret the biographical data of the respondents and to present the demographic information of the respondents.

#### **6.2 SUMMARY OF EMPIRICAL INVESTIGATION OBJECTIVES**

The primary objective of this study was to propose a sustainable funding framework for the public broadcaster in South Africa. The following variables were identified as having the potential to influence the sustainable funding of the public broadcaster. These variables are internal stakeholders, a competitive environment and the management of resources. Likewise, the perceived outcomes of a sustainably funded public broadcaster are indicated as customer benefits and organisational performance. These identified variables were used to formulate the hypotheses of this study. These are presented again in this section for ease of reference.

**Null hypothesis one [H0<sub>1</sub>]:** *Internal stakeholders do not influence sustainable funding of the SABC.*

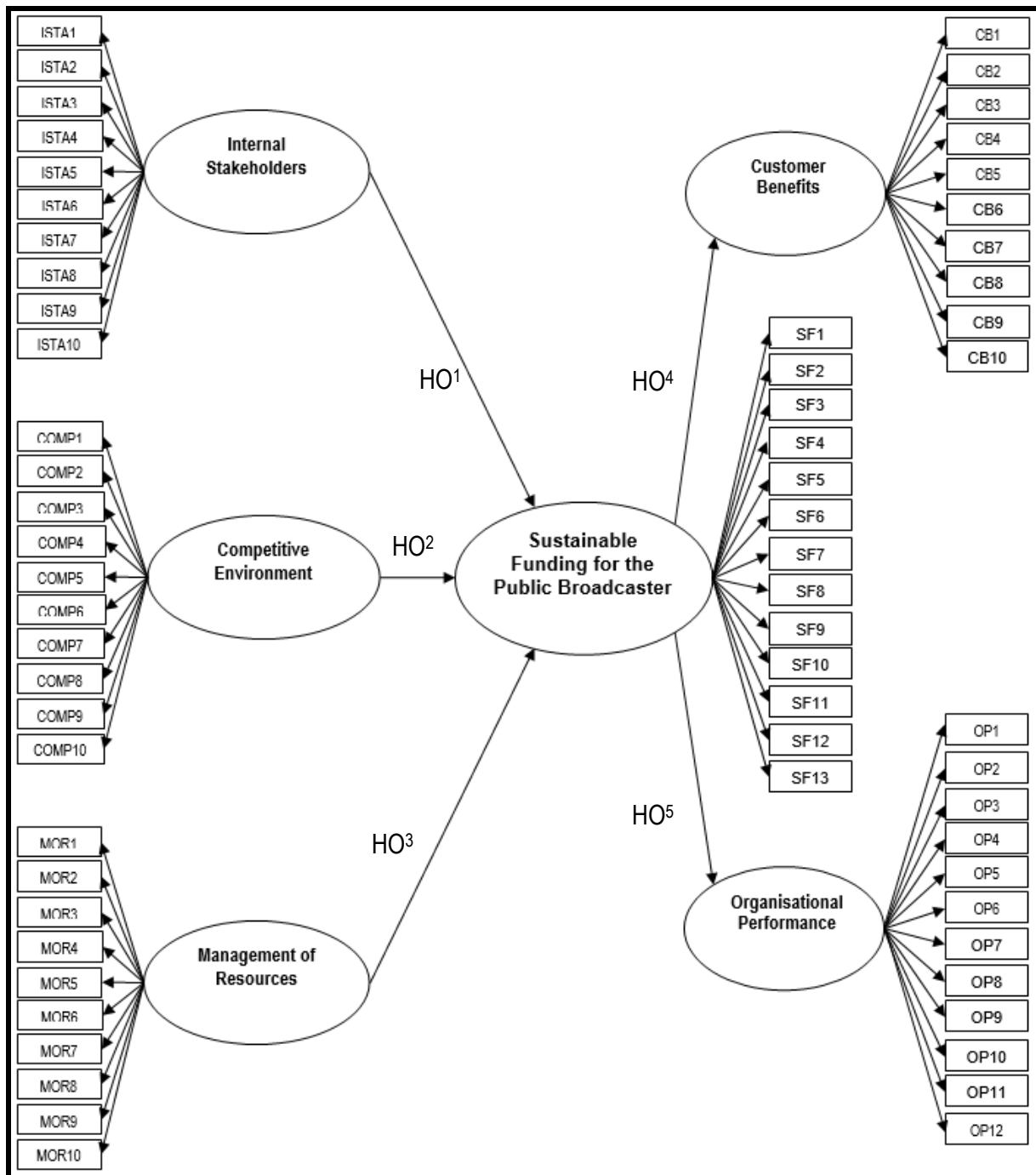
**Null hypothesis two [H0<sub>2</sub>]:** *A competitive environment does not influence sustainable funding of the SABC.*

**Null hypothesis three [H0<sub>3</sub>]:** *The management of resources does not influence sustainable funding of the SABC.*

**Null hypothesis four [H0<sub>4</sub>]:** *A sustainably funded SABC does not yield improved customer benefits.*

**Null hypothesis five [H0<sub>5</sub>]:** *A sustainably funded SABC does not improve organisational performance.*

Figure 6.1 below indicate the theoretical framework for ease of reference. Also indicated in Figure 6.1 are the operationalised variables that were empirically tested through specific questionnaire items in Chapter 5. The results will be presented in the next section.



**Figure 6.1: Theoretical framework regarding sustainable funding for the public broadcaster in South Africa**

### 6.3 DATA ANALYSIS RESULTS

The web-based survey tool (*SurveyMonkey*) was used for data collection as described in Chapter 5. This web-based tool offered the capability to categorise the response data and import the data into an excel spreadsheet. In this section, the collected data is processed using statistical analysis. The statistical analysis begins with data cleaning, which also address the missing data.

The first step was to assess if the missing data could be ignored. For questionnaires with less than 10% missing data for an individual questionnaire item, Hair et al.'s (2010:47) first rule of thumb was used. This rule holds that 10% missing data of in an individual case or observation can be ignored. The researcher made use of the mean-substitution approach as a remedy for the missing data. For substantial amounts of missing data on an individual case, the respondent's data were deleted (Hair et al., 2010:45).

The data analysis was performed through the use of the computer programme STATISTICA 13 and the empirical results are presented in the following manner:

- In the first stage, the common method bias was performed using Harman's single factor test.
- In the second stage, the validity of the measuring instrument was evaluated through the assessment of its construct validity. One of the procedures used to determine construct validity is through factor analysis. The factor analysis was examined through the EFA (Collis & Hussey, 2014:276; Creswell, 2012:347).
- The third stage of analysis evaluates the internal reliability of the instrument and data using the calculation of the Cronbach's alpha values and correlation coefficients.
- In the fourth stage various descriptive statistics were performed, such as mean and frequency distribution to summarise and interpret the data of the respondents into percentages and averages.
- The fifth stage was concerned with testing the hypothesised relationships of the study using multiple regressions.
- The final stage presented the demographic information of the respondents.

However, a detailed discussion of the results and how they tie together will be presented in section five of chapter seven. For ease of reference, the abbreviations of the independent, intervening and dependent variables as shown in Table 5.6 in Chapter 5 are replicated below as Table 6.1.

**Table 6.1: Abbreviation of variables**

VARIABLES	ABBREVIATION
<b>Independent Variables</b>	
Internal Stakeholders	ISTA
Competitive Environment	COMP
Management of resources	MOR
<b>Intervening Variable</b>	
Sustainable Funding	SF
<b>Dependent Variables</b>	
Customer benefits	CB
Organisational performance	OP

Section A included the questionnaire items that measured the variables using the Likert scale (strongly agree to strongly disagree) in a 5 point scale. Section A of the questionnaire had 65 questions were grouped together according to the specific variables that were being measured. For example, all the questions relating to internal stakeholders were grouped together under the internal stakeholders section named Section A1. The questions relating to competitive environment and management of resources were grouped together under Section A2 and Section A3 respectively. The questions relating to sustainable funding were grouped together under Section A4. Lastly, the questions relating to customer benefits and organisational performance were grouped together under Section A5 and Section A6 respectively. Section B focused on soliciting the biographical information of the respondents, namely gender, whether respondents were union affiliated, their position in the SABC, their department, their provincial office, age group and their level of education. The empirical results from each of the above-mentioned data analyses are now discussed.

### **6.3.1 Common method bias test**

Paulhus (1991:17) refers to Common method bias (CMB) as a systematic tendency by participants to respond to some questionnaire items on the basis of social desirability by giving answers that paint a positive picture about them as respondents. Podsakoff, MacKenzie, Lee and Podsakoff (2003:882) refer to social



desirability as the tendency by participants to respond to questionnaire items with answers that are acceptable by society rather than selecting responses that they deem to be true based on their feelings or the situation at hand. One of the popularly used methods for testing the presence of CMB is Harman's single factor test (Jakobsen & Jensen, 2015:30). Table 6.2 below indicates the results of this study's Harman's single factor test.

**Table 6.2: Harman's single factor test results**

Variable	Factor Loadings (Unrotated) Extraction: Principal components (Marked loadings are >0,700000)	
	Factor	Questionnaire items
ISTA1	-0,30207	SABC employees contribute to the decision-making processes that are associated with SABC's financial sustainability.
ISTA2	-0,28503	I contribute to the SABC values that promote financial sustainability of the organisation
ISTA3	-0,31657	The board of directors' ensures sound financial management that influences the financial sustainability of the SABC, positively.
ISTA4	-0,37077	SABC Executive directors inform the employees as to why certain strategies are being implemented to make the organisation financially sustainable.
ISTA5	-0,31277	Management at all levels is directly involved in the design of strategic processes to make the SABC financially sustainable.
ISTA6	-0,29540	Management at all levels participates in implementing strategies to make the SABC financially sustainable.
ISTA7	-0,25453	There are shared common goals among managers of different divisions/departments to make the SABC financially sustainable.
ISTA8	-0,19496	Trade unions participate actively in the approval of strategies to make the SABC financially sustainable.
ISTA9	-0,25698	The buy-in from trade unions assists the SABC to be financially sustainable.
ISTA10	-0,22588	Freelancers support the financial sustainability of the SABC.
COMP1	-0,47140	Financial sustainability of the SABC promotes competition by putting the SABC in a competitive advantage with competitors/ other organisations.
COMP2	-0,15794	The increase in commercial broadcasters and additional channels improves the financial sustainability of the SABC.
COMP3	-0,15726	The advent of online internet broadcasting platforms improves the financial sustainability of the SABC.
COMP4	-0,37776	Financial sustainability of the SABC allows the organisation to compete for sport broadcast rights.
COMP5	-0,20401	Investment by the SABC to the mandated sports broadcasting such as

Variable	Factor Loadings (Unrotated) Extraction: Principal components (Marked loadings are >0,700000)	
	Factor	Questionnaire items
		development sport, improves the financial sustainability of the organisation.
<b>COMP6</b>	-0,13383	The SABC mandate from the legislative regulations such as the Constitution of the Republic of South Africa, ICASA and the Broadcasting Act improves the financial sustainability of the SABC.
<b>COMP7</b>	-0,08764	The Broadcasting charter and licensing framework of the SABC improve the financial sustainability of the organisation.
<b>COMP8</b>	-0,13317	The regulatory policy by ICASA ensures the principle of fair competition amongst broadcasters both from the public service and commercial service.
<b>COMP9</b>	-0,31479	The acquisition of premium cost local content improves the financial sustainability of the SABC.
<b>COMP10</b>	-0,30509	The local content regulation and quotas prescribed for the public service broadcaster improve the financial sustainability of the SABC.
<b>MOR1</b>	-0,59380	The adherence to proper business practices by SABC employees allows the organisation to be financially sustainable.
<b>MOR2</b>	-0,26447	SABC has well defined policies and regulations for financial sustainability of the organisation.
<b>MOR3</b>	-0,40956	Financial sustainability of the SABC is crucial for the public service broadcaster to be able to successfully deliver on the broadcasting services and mandate.
<b>MOR4</b>	-0,09473	The current SABC revenue generation is sufficient to cover all the organisation's costs to ensure financial sustainability.
<b>MOR5</b>	-0,18563	The SABC revenue streams are well defined to ensure financial sustainability of the organisation.
<b>MOR6</b>	-0,26711	Current advertising income improves the financial sustainability of the SABC.
<b>MOR7</b>	-0,17748	Current government subsidy improves the financial sustainability of the SABC.
<b>MOR8</b>	-0,32129	Current TV licence revenue collection improves the financial sustainability of the SABC.
<b>MOR9</b>	-0,36569	Current SABC in-house production facilities create an environment that ensures financial sustainability of the organisation.
<b>MOR10</b>	-0,35073	Current SABC infrastructure and digital technologies improves the financial sustainability of the organisation.
<b>SF1</b>	-0,61784	Financial sustainability of the SABC allows the organisation to yield improved audience (customer) benefits.
<b>SF2</b>	-0,66024	Sustainable funding of the SABC allows the SABC to achieve its strategic organisational performance objectives.
<b>SF3</b>	-0,63557	Sustainable funding of the SABC ensures a stable revenue income for the

Variable	Factor Loadings (Unrotated) Extraction: Principal components (Marked loadings are >0,700000)	
	Factor	Questionnaire items
		organisation.
SF4	-0,65281	Financial sustainability of the SABC allows the organisation to fulfil its mission.
SF5	-0,57698	Sustainable funding of the SABC ensures that the organisation is viable.
SF6	-0,38433	The SABC is regularly involved in financial and strategic planning towards the objective of financial sustainability.
SF7	-0,37471	To ensure financial sustainability, the SABC's income sources are diversified.
SF8	-0,40188	The SABC has sound financial administration and reporting processes.
SF9	-0,19072	The SABC has its "own" income generation streams.
SF10	-0,26742	The SABC's board effectively contributes to the organisation's financial sustainability objective.
SF11	-0,31530	The SABC's available cash flows contribute to the organisation's financial sustainability objective.
SF12	-0,18098	The SABC has sufficient long term finances available to continue existing.
SF13	-0,25422	The SABC has financial sustainability.
CB1	-0,55363	Financial sustainability of the SABC creates an environment which meets the expectations of the customers as audience.
CB2	-0,52556	Financial sustainability of the SABC is the driving force behind audience satisfaction.
CB3	-0,66514	The financial sustainability of the SABC improves the organisation's image.
CB4	-0,73929	Financial sustainability of the SABC provides opportunities for communities to make use of the services provided by the organisation.
CB5	-0,79715	The financial sustainability of the SABC allows the organisation to provide universal reach – broadcasting for all citizens.
CB6	-0,70553	Financial sustainability of the SABC allows the organisation to contribute in corporate social investment programmes.
CB7	-0,67984	Financial sustainability of the SABC allows the organisation to offer its broadcasting services at an affordable price.
CB8	-0,74021	Financial sustainability of the SABC allows the organisation to broadcast content of national importance.
CB9	-0,73487	Financial sustainability of the SABC allows the organisation to broadcast diverse content.
CB10	-0,77201	Financial sustainability of the SABC assists in the acquisition of quality content that draws audiences.
OP1	-0,70377	Financial sustainability of the SABC is a major contributor to the objectives

Variable	Factor Loadings (Unrotated) Extraction: Principal components (Marked loadings are >0,700000)	
	Factor	Questionnaire items
		of the organisation.
OP2	-0,77157	Financial sustainability of the SABC assists in creating a marketable organisation.
OP3	-0,72763	Financial sustainability of the SABC allows for adequate and effective marketing.
OP4	-0,72623	A financially sustainable SABC allows the organisation to be involved in outreach programmes, contributing to communities.
OP5	-0,72223	Financial sustainability of the SABC ensures profitability of the organisation by generating income which surpasses its liabilities.
OP6	-0,69165	Financial sustainability of the SABC positions the organisation to be a broadcasting leader in South Africa.
OP7	-0,67651	Financial sustainability of the SABC improves the organisation's efficiency in their use of public funds.
OP8	-0,68783	Financial sustainability of the SABC increases the share of the audience of the organisation.
OP9	-0,77883	Financial sustainability of the SABC allows the organisation to fulfil its licence conditions.
OP10	-0,73557	Financial sustainability of the SABC promotes business innovation such as inventions and innovations in the broadcasting environment.
OP11	-0,66688	The financial sustainability of the SABC allows for effective migration to digital technology.
OP12	-0,65084	The financial sustainability of the SABC allows for infrastructure expansion such as the creation of new bureaus or offices.
Expl.Var	16,28355	
Prp.Totl	0,25052	25%

As can be seen, Table 6.2 indicates the results of this study's Harman's single factor test. Column one indicates the abbreviated variables, column two indicates the results factor as indicated by the STATISTICA programme and column three indicates the questionnaire items presented in the survey. In order to perform the Harman's single factor test, the variables were loaded into an exploratory factor analysis to assess the unrotated principal components factor solution. This allows the researcher to determine if the majority of the factors' variance can be explained by a single factor and the threshold is 50% (Prp.Totl=0,500). If the test explains more than 50% of the variance or 0,500 of proportion, then the test suggests that a

common method bias is present (Podsakoff et al., 2003:889). The results of this analysis indicated a 25% (Prp.Totl=0, 2502) of the total variance, which implies that there is no CMB problem in this study, therefore the researcher will continue with further analyses. Furthermore, the results indicate that the additional measures used to reduce CMB, such as the survey covering letter which affirmed the participant's anonymity and confirmed to the respondents that there are no right or wrong answers, were seemingly effective.

### **6.3.2 Results of the validity analysis**

As discussed in Chapter 5, validity is the instrument's ability to measure what it claims to measure and that the results reflect the phenomena under study (Collis & Hussey, 2014:53). One of the procedures to determine construct validity is through factor analysis. Factor analysis allows the researcher to analyse the relationships among a set of variables using statistical techniques. Factor analysis explains the correlations between pairs of questionnaire items and outcome variables measured (Burns & Grove, 2005; Collis & Hussey, 2014:276). Hair et al. (2010:100) hold that factor analysis provides an understanding of which variables may act in concert, as well as the number of variables that may be expected to have an impact in the analysis. Factor analysis may be achieved through a confirmatory or exploratory perspective. In this study, factor analysis was used for determining construct validity using the EFA assessment. Two separate sets of exploratory factor analyses were conducted, one for independent variables and one for both intervening and dependent variables.

Hair et al. (2010:117) recommend the following guidelines for the practical significance of the analysis, a factor loading cut-off point of 0,3 as minimal cut-off point, 0,4 as an acceptable significant cut-off point and values greater than 0,5 are considered most practically significant value. These guidelines are applicable when the sample size is greater than 100 respondents. The factors should have an eigenvalue of greater than 1,0. In this study a cut-off point of 0,4 was chosen as an acceptable significant cut-off point and used for all factor loadings (Hair et al., 2010:117). Factor loadings are designed to explain the relationship of each variable as well as the correlations between observed variables. Loading also indicates the

degree of correspondence between variables and each factor (Hair et al., 2010:112). Table 6.3 indicates the results of the validity analysis of the independent variables.

Table 6.3: Results of validity analysis of independent variables

Variable	Factor Loadings (Varimax raw) Extraction: Principal components (Marked loadings are >0,400000)			
	Factor1	Factor2	Factor3	Questionnaire items
ISTA1	0,693274	0,116650	0,075219	SABC employees contribute to the decision-making processes that are associated with SABC's financial sustainability.
ISTA2	0,505267	-0,128550	0,207163	I contribute to the SABC values that promote financial sustainability of the organisation
ISTA3	0,713975	0,080642	0,130826	The board of directors' ensures sound financial management that influences the financial sustainability of the SABC, positively.
ISTA4	0,697690	0,112605	0,198306	SABC Executive directors inform the employees as to why certain strategies are being implemented to make the organisation financially sustainable.
ISTA5	0,770045	0,312660	-0,001764	Management at all levels is directly involved in the design of strategic processes to make the SABC financially sustainable.
ISTA6	0,772118	0,118973	0,056933	Management at all levels participates in implementing strategies to make the SABC financially sustainable.
ISTA7	0,592330	0,240555	0,175513	There are shared common goals among managers of different divisions/departments to make the SABC financially sustainable.
ISTA9	0,530774	0,141316	0,141304	The buy-in from trade unions assists the SABC to be financially sustainable.
ISTA10	0,450774	-0,122419	0,202266	Freelancers support the financial sustainability of the SABC.
COMP2	0,271196	0,572104	0,144899	The increase in commercial broadcasters and additional channels improves the financial sustainability of the SABC.
COMP3	0,282472	0,487320	0,061913	The advent of online internet broadcasting platforms improves the financial sustainability of the SABC.
COMP5	0,136467	0,688000	0,114191	Investment by the SABC to the mandated sports broadcasting such as development sport, improves the financial sustainability of the organisation.
COMP6	0,111780	0,793542	0,121689	The SABC mandate from the legislative regulations such as the Constitution of the Republic of South Africa, ICASA and the

Variable	Factor Loadings (Varimax raw)			
	Extraction: Principal components (Marked loadings are >0,400000)			
	Factor1	Factor2	Factor3	Questionnaire items
				Broadcasting Act improves the financial sustainability of the SABC.
<b>COMP7</b>	0,151124	0,773022	0,124573	The Broadcasting charter and licensing framework of the SABC improve the financial sustainability of the organisation.
<b>COMP8</b>	0,023179	0,670352	0,138548	The regulatory policy by ICASA ensures the principle of fair competition amongst broadcasters both from the public service and commercial service.
<b>COMP10</b>	0,191804	0,570198	0,084810	The local content regulation and quotas prescribed for the public service broadcaster improve the financial sustainability of the SABC.
<b>MOR5</b>	0,210551	0,258242	0,456674	The SABC revenue streams are well defined to ensure financial sustainability of the organisation.
<b>MOR6</b>	0,022076	-0,002971	0,756292	Current advertising income improves the financial sustainability of the SABC.
<b>MOR8</b>	-0,006912	0,232613	0,714725	Current TV licence revenue collection improves the financial sustainability of the SABC.
<b>MOR9</b>	0,215305	0,162690	0,681828	Current SABC in-house production facilities create an environment that ensures financial sustainability of the organisation.
<b>MOR10</b>	0,288271	0,190432	0,654301	Current SABC infrastructure and digital technologies improves the financial sustainability of the organisation.
<b>Expl.Var</b>	4,176306	3,477486	2,478886	Eigen values
<b>Prp.Totl</b>	0,198872	0,165595	0,118042	48% Total variance explained

Table 6.3 presents the results of the factor analysis used to establish the validity of the independent variables: internal stakeholders (ISTA), competitive environment (COMP) and management of resources (MOR). The following eight items ISTA8, COMP1, COMP4, COMP9, MOR1, MOR2, MOR3 and MOR4 of the original 30 items measuring the independent variables were cross-loaded. This means that these eight variables items have either loaded on more than two factors or had an insignificant factor loading. Therefore, these eight items were not used in subsequent analyses and omitted from Table 6.3. Hair et al. (2010:119) recommend that items



that persist to cross-load should be deleted in order to make each item associate with only one factor. A minimum of three variable items loading into a single factor were considered to be acceptable and significant. Suhr (2006:2) also recommends at least three items with a significant loading of greater than 0,3. Hair et al. (2010:111) recommends that eigenvalues should be greater than 1,0 for factors to be retained.

The results of Factor 1 comprised items ISTA1, ISTA2, ISTA3, ISTA4, ISTA5, ISTA6, ISTA7, ISTA9 and ISTA10 with a total variance explained of 19.8%. The second factor identified consisted of COMP2, COMP3, COMP5, COMP6, COMP7, COMP8 and COMP10 and accounted for a 16.5% of the total variance. The last factor extracted consisted of MOR5, MOR6, MOR8, MOR9 and MOR10 which were all kept for further analyses. The last factor accounted for 11.8% total variance. Therefore, the total variance explained by these variable items is 48%. Following the validity test of independent variables, the next step was to conduct a similar analysis for the intervening and dependent variables. Table 6.4 indicates the results of the validity analysis of intervening and dependent variables.

**Table 6.4: Results of validity analysis of intervening and dependent variables**

Variable	Factor Loadings (Varimax raw) Extraction: Principal components(Marked loadings are >0,400000)			
	Factor1	Factor2	Factor3	Questionnaire items
OP2	0,844660	0,091225	0,157570	Financial sustainability of the SABC assists in creating a marketable organisation.
OP5	0,818495	-0,024021	0,196122	Financial sustainability of the SABC ensures profitability of the organisation by generating income which surpasses its liabilities.
OP3	0,807188	0,082070	0,166137	Financial sustainability of the SABC allows for adequate and effective marketing.
OP4	0,800928	0,055653	0,133512	A financially sustainable SABC allows the organisation to be involved in outreach programmes, contributing to communities.
OP10	0,788282	0,025697	0,263270	Financial sustainability of the SABC promotes business innovation such as inventions and innovations in the broadcasting environment.
CB10	0,785920	-0,010138	0,250784	Financial sustainability of the SABC assists in the acquisition of quality content that draws audiences.
OP6	0,781647	0,026594	0,164644	Financial sustainability of the SABC positions the organisation to be a broadcasting leader in



Variable	Factor Loadings (Varimax raw) Extraction: Principal components(Marked loadings are >0,400000)			
	Factor1	Factor2	Factor3	Questionnaire items
				South Africa.
OP8	0,781389	0,038732	0,179714	Financial sustainability of the SABC increases the share of the audience of the organisation.
OP9	0,748593	0,165738	0,290343	Financial sustainability of the SABC allows the organisation to fulfil its licence conditions.
OP1	0,732233	0,006879	0,260627	Financial sustainability of the SABC is a major contributor to the objectives of the organisation.
CB9	0,731639	0,009965	0,253509	Financial sustainability of the SABC allows the organisation to broadcast diverse content.
OP7	0,694460	0,147575	0,268954	Financial sustainability of the SABC improves the organisation's efficiency in their use of public funds.
CB8	0,693726	0,045671	0,266635	Financial sustainability of the SABC allows the organisation to broadcast content of national importance.
OP11	0,673459	-0,027924	0,309385	The financial sustainability of the SABC allows for effective migration to digital technology.
CB7	0,669084	0,017731	0,238741	Financial sustainability of the SABC allows the organisation to offer its broadcasting services at an affordable price.
SF12	-0,014620	0,728561	-0,065768	The SABC has sufficient long term finances available to continue existing.
SF13	0,046158	0,714696	-0,074232	The SABC has financial sustainability.
SF10	-0,048527	0,689770	0,172653	The SABC's board effectively contributes to the organisation's financial sustainability objective.
SF6	0,150739	0,670527	0,147682	The SABC is regularly involved in financial and strategic planning towards the objective of financial sustainability.
SF8	0,132962	0,667211	0,149880	The SABC has sound financial administration and reporting processes.
SF7	0,167113	0,598481	0,070723	To ensure financial sustainability, the SABC's income sources are diversified.
SF11	0,031966	0,546084	0,272409	The SABC's available cash flows contribute to the organisation's financial sustainability objective.
SF9	-0,047989	0,473297	0,099592	The SABC has its "own" income generation streams.
SF4	0,303313	0,033325	0,822129	Financial sustainability of the SABC allows the organisation to fulfil its mission.

Variable	Factor Loadings (Varimax raw)			
	Extraction: Principal components(Marked loadings are >0,400000)			
	Factor1	Factor2	Factor3	Questionnaire items
SF5	0,226218	0,103456	0,816386	Sustainable funding of the SABC ensures that the organisation is viable.
SF2	0,353126	-0,049425	0,787069	Sustainable funding of the SABC allows the SABC to achieve its strategic organisational performance objectives.
SF3	0,314877	0,197164	0,764808	Sustainable funding of the SABC ensures a stable revenue income for the organisation.
SF1	0,344536	0,076743	0,671925	Financial sustainability of the SABC allows the organisation to yield improved audience (customer) benefits.
Expl.Var	9,195701	3,425844	3,984288	Eigen values
Prp.Totl	0,328418	0,122352	0,142296	59% Total variance explained

Table 6.4 presents the results of the factor analysis used to establish the validity of the intervening and dependent variables: sustainable funding (SF), customer benefits (CB) and organisational performance (OP). The following seven items CB1, CB2, CB3, CB4, CB5, CB6 and OP12 of the original 35 items measuring the intervening and dependent variables cross-loaded. This means that these seven variables items have either loaded highly on more than two factors or had an insignificant factor loading. Therefore, these items were not used in further analysis and were omitted from Table 6.4.

The above factors of the intervening and dependent variables have a total variance explained of 59%. The results of Factor 1 consisted of items OP2, OP5, OP3, OP4, OP10, CB10, OP6, OP8, OP9, OP1, CB9, OP7, CB8, OP11 and CB7 with a total variance explained of 32.8%. It is noted that the dependent variables, customer benefits and organisational performance with all their items, are loading on Factor 1. Therefore, it is concluded that the customer benefits and organisational performance can be considered as a single construct. Owing to these above-mentioned variable items loading into a single factor, customer benefits and organisational performance is renamed organisational outcomes (still representing customer benefits and performance).

The second factor identified consisted of SF12, SF13, SF10, SF6, SF8, SF7, SF11 and SF9 and accounted for 12.2% of the total variance. The last factor extracted comprised SF4, SF5, SF2, SF3 and SF1 and accounted for 14.2% total variance. It is noted that the intervening variable, sustainable funding, has loaded on the second factor and other items are loaded on the third factor. Therefore, sustainable funding has formed two separate intervening variables. Consequently, sustainable funding can be classified as sustainable funding 1, consisting of SF4, SF5, SF2, SF3 and SF1, as well as sustainable funding 2, consisting of SF12, SF13, SF10, SF6, SF8, SF7, SF11 and SF9. It is further noted that the questionnaire items SF4, SF5, SF2, SF3 and SF1 relate to sustainable funding as an enabler for the organisation, whereas the questionnaire items SF12, SF13, SF10, SF6, SF8, SF7, SF11 and SF9 relate to sustainable funding as a management control tool.

Put differently, sustainable funding 1 consisting of SF4, SF5, SF2, SF3 and SF1 all of which have a common key word of either “allows” or “ensures”, which put simply, relates to enabling. Therefore, for ease of reference, sustainable funding 1 is renamed sustainable funding enabler. On the other hand, the questionnaire items SF12, SF13, SF10, SF6, SF8, SF7, SF11 and SF9 all have a common theme or idea that is centred on SABC management controls, for example “has sufficient”, “has sound” and “has its own”, which put simply, relates to management controls. Therefore, for ease of reference, sustainable funding 2 is renamed sustainable funding as part of management control. Due to sustainable funding forming two separate intervening variables, renaming these variables following this logic makes them more memorable and easy to distinguish. As a final point on validity analysis, all the retained variable items are to be used for further analyses.

### **6.3.3 Results of the reliability analysis**

The reliability test assessed the consistency between multiple measured variables using Cronbach's alpha as a reliable coefficient test, which computed correlation coefficient values for all the questions. The coefficients are deemed significant if they are above 0,5 and the closer the computed correlation coefficient value is to one, the higher the reliability estimate (Ruel et al., 2016:84). The aim was to gauge how well the questionnaire items in the survey measured the same idea.

Table 6.5 presents the results of the reliability analysis using Cronbach's alpha coefficient test for the independent variable: internal stakeholders (ISTA).

**Table 6.5: Cronbach's alpha coefficient – Internal Stakeholders**

Variable	Summary for scale: Mean=26.2848 Std. Dev.=7.07708 Valid N:151 <b>Cronbach alpha: 0,846779</b> Standardized alpha: 0,846683 Average inter-item corr.: 0,387968				
	Mean	Var.	StDv.	Itm-Totl	Alpha
<b>ISTA1</b>	24,00662	38,65558	6,217361	0,605994	0,826130
<b>ISTA2</b>	22,66225	42,26341	6,501031	0,401276	0,847287
<b>ISTA3</b>	23,43046	38,16569	6,177839	0,626741	0,823746
<b>ISTA4</b>	23,43709	38,65664	6,217446	0,643204	0,822062
<b>ISTA5</b>	23,49669	38,56787	6,210303	0,691558	0,817344
<b>ISTA6</b>	23,20530	39,27573	6,267035	0,676060	0,819709
<b>ISTA7</b>	23,43046	40,29815	6,348082	0,577956	0,829363
<b>ISTA9</b>	23,24503	42,19824	6,496017	0,463150	0,840424
<b>ISTA10</b>	23,36424	42,49647	6,518931	0,393872	0,847762

As can be seen from Table 6.5 above, the Cronbach's alpha coefficient for internal stakeholders' independent variable is 0,846779. Therefore, the Cronbach's alpha coefficient displayed sufficient reliability.

Table 6.6 below presents the results of the reliability analysis using Cronbach's alpha coefficient test for the independent variable: competitive environment (COMP).

**Table 6.6: Cronbach's alpha coefficient – Competitive Environment**

Variable	Summary for scale: Mean=21.9565 Std. Dev.=5.16883 Valid N:161 <b>Cronbach alpha: 0,812530</b> Standardized alpha: 0,815431 Average inter-item corr.: 0,395683				
	Mean	Var.	StDv.	Itm-Totl	Alpha
<b>COMP2</b>	18,95652	19,44531	4,409684	0,538557	0,790801
<b>COMP3</b>	18,86957	21,14448	4,598312	0,443286	0,805630
<b>COMP5</b>	18,85093	19,65480	4,433373	0,590774	0,780450
<b>COMP6</b>	18,89441	19,17519	4,378948	0,693067	0,763028
<b>COMP7</b>	18,72671	19,92531	4,463778	0,659314	0,770919
<b>COMP8</b>	18,36646	20,76633	4,557009	0,494497	0,797071
<b>COMP10</b>	19,07453	20,70252	4,550002	0,456325	0,804402

From Table 6.6 above, the Cronbach's alpha coefficient for competitive environment variable is 0,812530. Therefore, the Cronbach's alpha coefficient indicates sufficient reliability.

Table 6.7 below presents the results of the reliability analysis using Cronbach's alpha coefficient test for the independent variable: management of resources (MOR).

**Table 6.7: Cronbach's alpha coefficient – Management of Resources**

Variable	Summary for scale: Mean=15.2934 Std. Dev.=3.94741 Valid N:167 <b>Cronbach alpha: 0,736042</b> Standardized alpha: 0,736122 Average inter-item corr.: 0,361767				
	Mean	Var.	StDv.	Itm-Totl	Alpha
<b>MOR5</b>	12,61078	11,55509	3,399278	0,374418	0,734033
<b>MOR6</b>	12,08383	10,55585	3,248976	0,501056	0,689013
<b>MOR8</b>	12,22754	9,93625	3,152181	0,518036	0,683074
<b>MOR9</b>	12,06587	10,51662	3,242934	0,542042	0,674227
<b>MOR10</b>	12,18563	10,27093	3,204829	0,559550	0,666783

As can be seen from Table 6.7 above, Cronbach's alpha coefficient for management of resources is 0,736042. This means that Cronbach's alpha coefficient displayed sufficient reliability.

Table 6.8 below presents the results of the reliability analysis using Cronbach's alpha coefficient test for the intervening variable, sustainable funding enabler. As stated before, sustainable funding formed two separate intervening variables. These two intervening variables, one consisting of SF4, SF5, SF2, SF3 and SF1 was renamed sustainable funding enabler. The other intervening variable consisting of SF12, SF13, SF10, SF6, SF8, SF7, SF11 and SF9 was renamed sustainable funding as part of management control.

**Table 6.8: Cronbach's alpha coefficient – Sustainable Funding Enabler**

Variable	Summary for scale: Mean=20.3434 Std. Dev.=3.59075 Valid N:166 Cronbach's alpha: 0,894414 Standardized alpha: 0,895783 Average inter-item corr.: 0,637712				
	Mean	Var.	StDv.	Itm-Totl	Alpha
SF4	16,15060	8,188162	2,861496	0,794180	0,859189
SF5	16,16265	8,726557	2,954075	0,728181	0,874402
SF2	16,29518	8,328530	2,885919	0,796407	0,859256
SF3	16,31928	8,301677	2,881263	0,748364	0,869612
SF1	16,44578	8,548265	2,923742	0,647086	0,893659

From Table 6.8 above, it can be seen that the Cronbach's alpha coefficient for sustainable funding enabler is 0,736042. Therefore, the Cronbach's alpha coefficient indicates sufficient reliability.

Table 6.9 below presents the results of the reliability analysis using Cronbach's alpha coefficient test for the second intervening variable: sustainable funding as part of management control.

**Table 6.9: Cronbach's alpha coefficient – Sustainable Funding Management Control**

Variable	Summary for scale: Mean=22.9759 Std. Dev.=5.07155 Valid N:166 Cronbach alpha: 0,801947 Standardized alpha: 0,801970 Average inter-item corr.: 0,341573				
	Mean	Var.	StDv.	Itm-Totl	Alpha
<b>SF12</b>	20,78313	19,88068	4,458776	0,554292	0,773520
<b>SF13</b>	20,92169	19,97580	4,469429	0,550210	0,774224
<b>SF10</b>	19,97590	19,13195	4,374008	0,578202	0,769217
<b>SF6</b>	19,66265	20,13921	4,487673	0,567933	0,772243
<b>SF8</b>	20,43373	18,99260	4,358050	0,566849	0,771187
<b>SF7</b>	19,69880	21,05386	4,588448	0,476678	0,785220
<b>SF11</b>	19,89759	20,05578	4,478368	0,451962	0,790322
<b>SF9</b>	19,45783	21,79039	4,668018	0,363343	0,800110

As can be seen from Table 6.9 above, Cronbach's alpha coefficient for sustainable funding management control is 0,801947. Therefore, Cronbach's alpha coefficient displayed sufficient reliability.

Table 6.10 below presents the results of the reliability analyses using Cronbach's alpha coefficient test for the dependent variable: organisational outcomes. As stated before, the dependent variables, customer benefits and organisational performance with all their items, loaded on a single factor and were renamed organisational outcomes.

**Table 6.10: Cronbach's alpha coefficient – Organisational Outcomes**

Variable	Summary for scale: Mean=60.4720 Std. Dev.=10.6999 Valid N:161 <b>Cronbach alpha: 0,957032</b> Standardized alpha: 0,958183 Average inter-item corr.: 0,611374				
	Mean	Var.	Stdv.	Itm-Totl	Alpha
OP2	56,36646	99,4620	9,97306	0,821887	0,952870
OP5	56,46584	97,2178	9,85991	0,806094	0,953019
OP3	56,36025	99,9448	9,99724	0,780107	0,953655
OP4	56,21739	101,3875	10,06914	0,764728	0,954127
OP10	56,46584	98,5842	9,92896	0,823943	0,952701
CB10	56,34783	99,3324	9,96657	0,783403	0,953537
OP6	56,36646	98,3440	9,91685	0,759764	0,954044
OP8	56,63354	97,9092	9,89491	0,776697	0,953676
OP9	56,48447	98,2249	9,91085	0,794432	0,953267
OP1	56,36646	100,6048	10,03020	0,756232	0,954146
CB9	56,34783	101,7424	10,08674	0,736342	0,954619
OP7	56,70186	97,4763	9,87301	0,716955	0,955372
CB8	56,39130	100,9587	10,04782	0,702651	0,955156
OP11	56,47205	98,7088	9,93523	0,700567	0,955501
CB7	56,62112	101,3533	10,06744	0,670501	0,955793

From Table 6.10 above, it can be seen that Cronbach's alpha coefficient for organisational outcomes is 0,957032. Therefore, Cronbach's alpha coefficient displayed sufficient reliability.

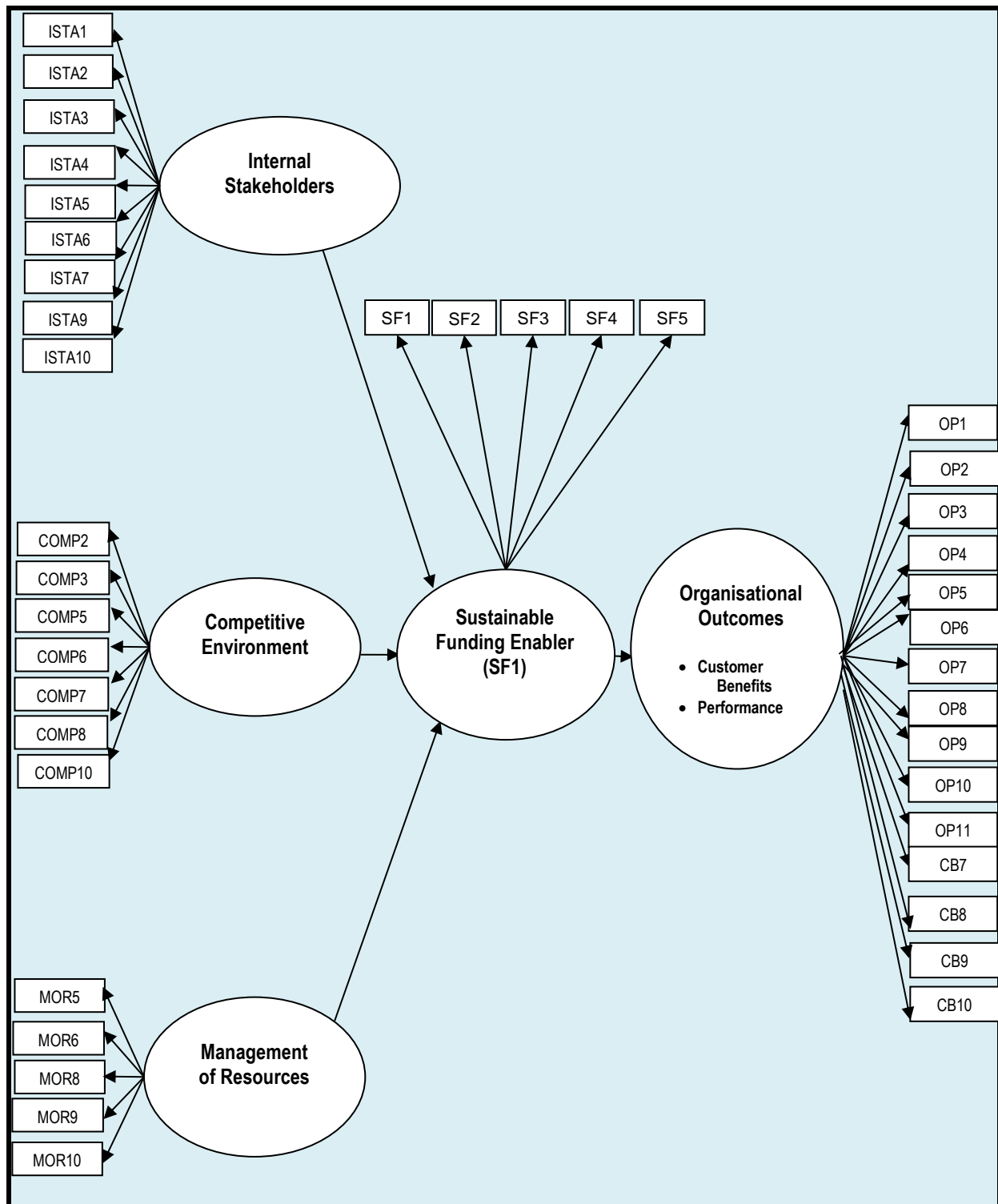
In conclusion, Cronbach's alpha values obtained in this study were all above 0,5, as a result, these variable items were all considered for further analyses.

#### **6.3.4 Revised theoretical framework and hypotheses**

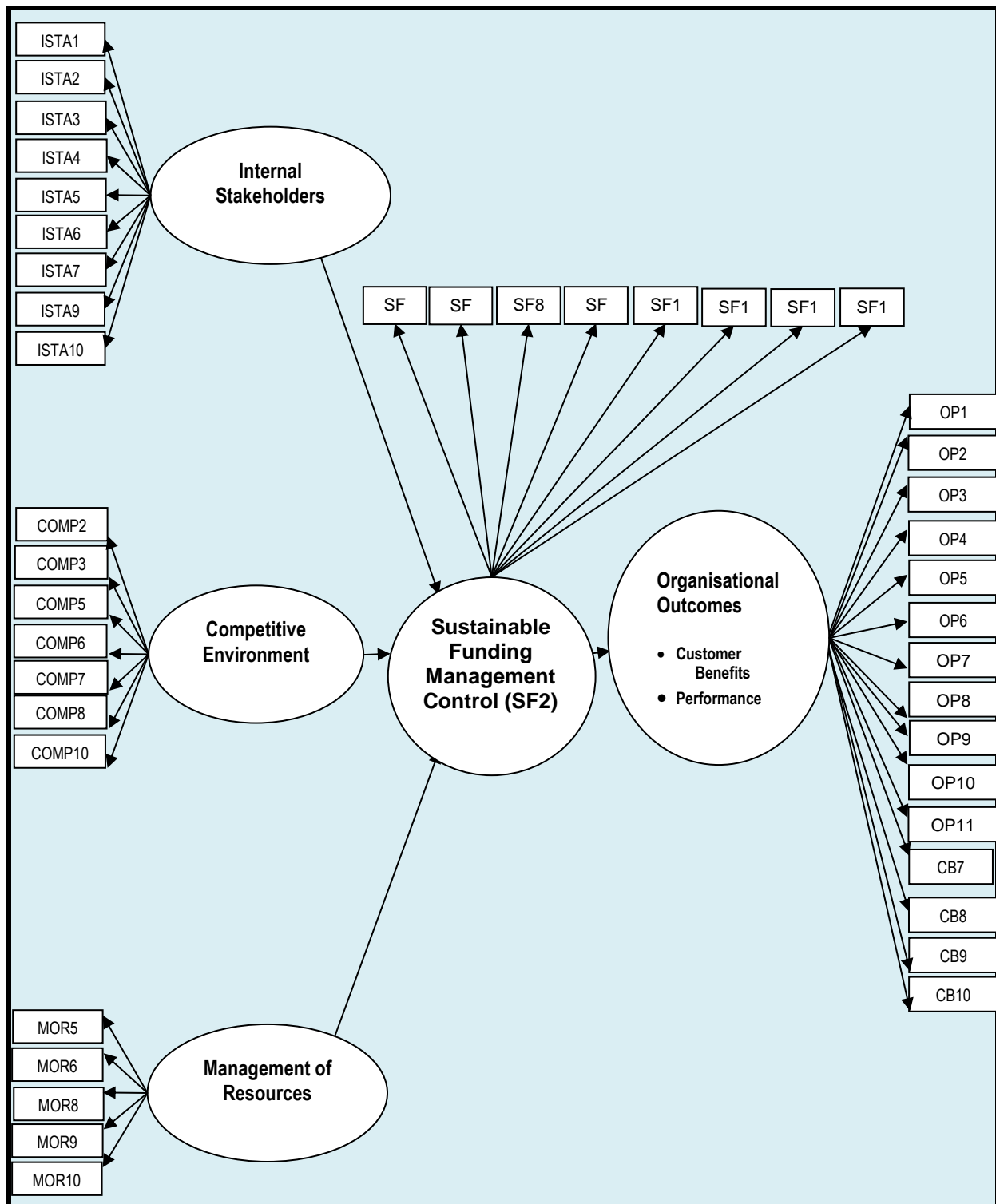
As a result of the validity and reliability analyses, several items were deleted and new adapted variables had to be formulated as well as the hypotheses. Adjustments



were made to the original theoretical framework of the study as illustrated in Figure 6.2a and Figure 6.2b.



**Figure 6.2a: Adapted theoretical framework regarding sustainable funding enabler for the public broadcaster in South Africa**



**Figure 6.2b: Adapted theoretical framework regarding sustainable funding as part of management control of the public broadcaster in South Africa**

Given the adjustments to the above theoretical frameworks of this study, the original hypotheses changed as follows. Firstly, in Figure 6.3a:

**Null hypothesis one [H0<sub>1.1</sub>]:** *Internal stakeholders do not influence sustainable funding enabler of the SABC.*

**Null hypothesis two [H0<sub>2.1</sub>]:** *A competitive environment does not influence sustainable funding enabler of the SABC.*

**Null hypothesis three [H0<sub>3.1</sub>]:** *The management of resources does not influence sustainable funding enabler of the SABC.*

**Original Null hypothesis four [H0<sub>4</sub>]:** *A sustainably funded SABC does not yield improved customer benefits.*

**And original Null hypothesis five [H0<sub>5</sub>]:** *A sustainably funded SABC does not improve the organisational performance.*

Are modified based on the tests results: [H0<sub>4</sub>.] to be [H0<sub>4.1</sub>] and [H0<sub>5</sub>.] to be [H0<sub>8.1</sub>]

**Null hypothesis four [H0<sub>4.1</sub>]:** *Sustainable funding as an enabler to the SABC does not yield improved organisational outcomes.*

In **Figure 6.3b**:

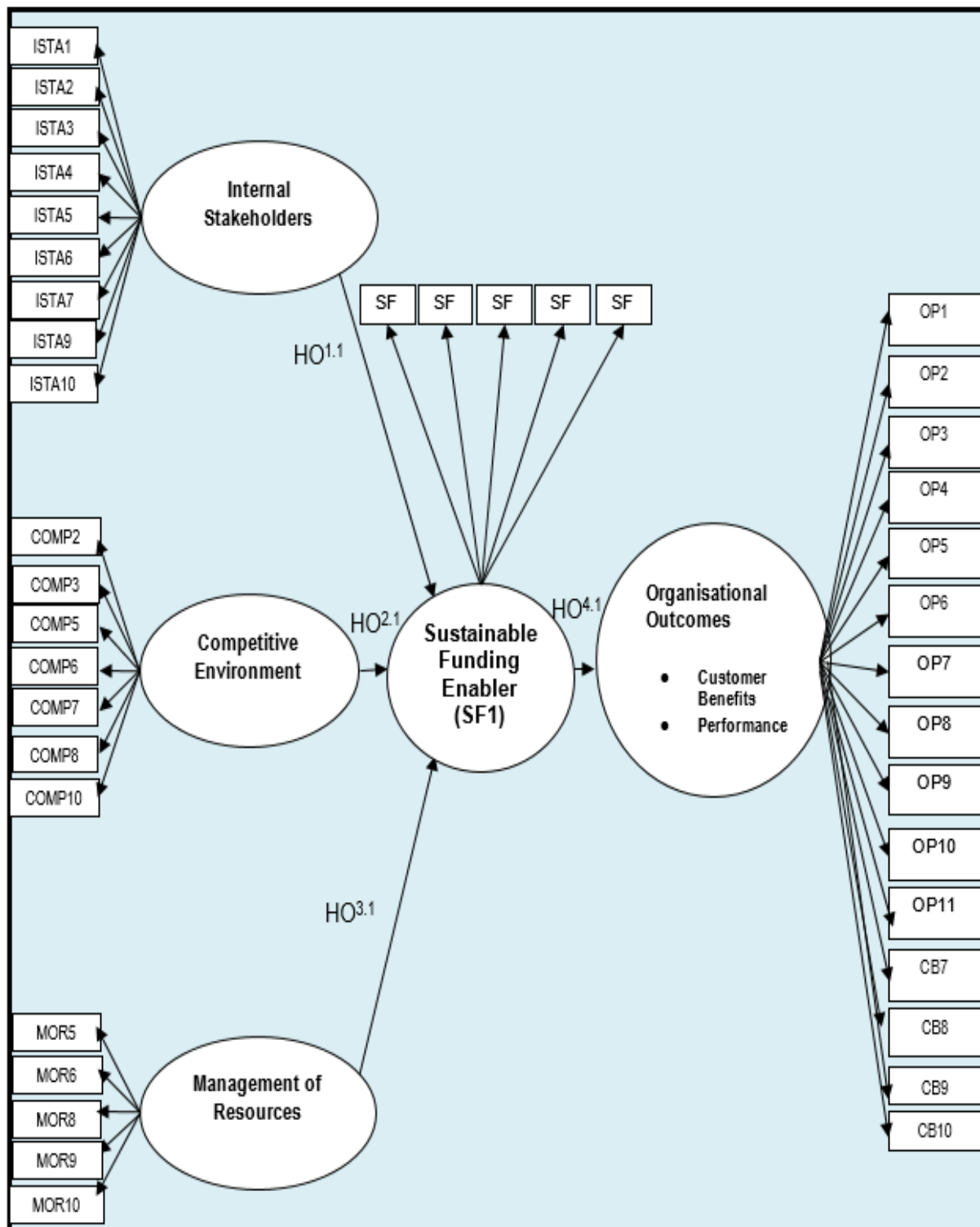
**Null hypothesis one [H0<sub>5.1</sub>]:** *Internal stakeholders do not influence sustainable funding as part of management control of the SABC.*

**Null hypothesis two [H0<sub>6.1</sub>]:** *A competitive environment does not influence sustainable funding as part of management control of the SABC.*

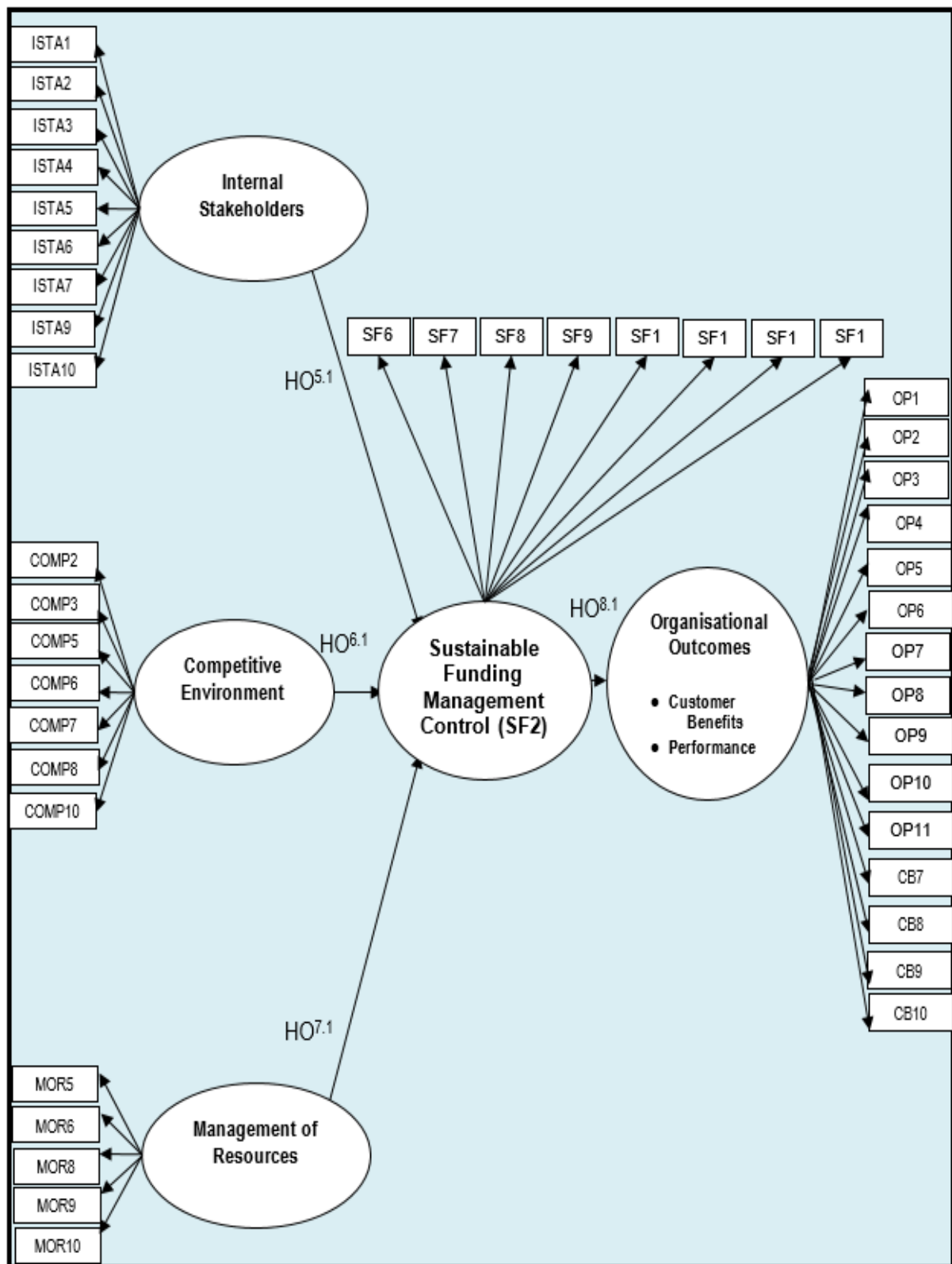
**Null hypothesis three [H0<sub>7.1</sub>]:** *The management of resources does not influence sustainable funding as part of management of the SABC.*

**Null hypothesis four [H0<sub>8.1</sub>]:** *Sustainable funding as part of management control of the SABC does not yield improved organisational outcomes.*

Therefore, Figures 6.3a and 6.3b show an adapted hypothesised framework made from the original theoretical framework of the study.



**Figure 6.3a: Adapted hypothesised framework regarding sustainable funding enabler to the public broadcaster in South Africa**



**Figure 6.3b: Adapted hypothesised framework regarding sustainable funding as part of management control of the public broadcaster in South Africa**

### 6.3.5 Descriptive statistics

Descriptive statistics such as frequency distribution, which indicate the central position of the data, was used to summarise the sample data of the respondents into percentages and averages using mean, median and mode. Descriptive statistics were used to indicate the spread of data using standard deviation (Collis & Hussey, 2014:226). The descriptive statistics results are presented in Table 6.11.

**Table 6.11: Descriptive statistics results**

Variable	<b>Correlations</b> <b>Marked correlations are significant at <math>p &lt; 0,05000</math></b> <b>N=168 (Case wise deletion of missing data)</b>	
	<b>Means</b>	<b>Std. Dev.</b>
<b>ISTA</b>	2,915923	0,778406
<b>COMP</b>	3,116468	0,739029
<b>MOR</b>	3,058333	0,787128
<b>SF1</b>	2,862883	0,637058
<b>SF2</b>	4,051488	0,734101
<b>CB/OP</b>	4,027640	0,704930

Table 6.11 above provides descriptive statistics results of the variables of the study. The questionnaire used for data collection comprised Section A and Section B. Section A included the questionnaire items that tested the hypotheses using the Likert scale (strongly agree to strongly disagree) in a 5 point scale. The scale consists of positive and negative responses on a symmetrical scale with 1 the lowest and 5 the highest point. The scale continuum range meant that 1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree; and 5 = strongly agree. The questionnaire items in Section A measured the independent, intervening and dependent variable. Section B solicited the demographical information of the respondents and is discussed separately.

Table 6.11 above indicates the mean and standard deviation for the variable items under investigation in this study. As can be seen, the factors with the lowest mean scores are ISTA and SF1 with means scores of 2,91 and 2,86 respectively. The

mean scores of 4,05 and 4,02 for SF2 and CB/OP respectively suggest that the respondents agreed with those variable items. Other factors, such as COMP and MOR with mean scores of 3,11 and 3,05 respectively, indicate the neutrality of the respondents in relation to those variable items. Low means indicate that the respondents disagree with the variable items, while high means indicate that the respondents agree with the variable items used to measure that factor.

A clear breakdown of the respondents' frequency tables of each variable is presented below. Table 6.12 is a frequency table for internal stakeholder (ISTA) results.

**Table 6.12: Frequency table for ISTA results**

From	To	Frequency table: ISTA	
		Count	Percent
1	$\leq x < 2.4$	36	21,42857
2.4	$\leq x < 3.7$	104	61,90476
3.7	$\leq x < 5.0$	28	16,66667
Missing		0	0,00000

As indicated in Table 6.12 above, most of the respondents (61.9%) at the time of the survey indicated neutrality in their responses in relation to the variable items measuring internal stakeholders' factor. However, 21.4% of the respondents disagreed and 16.7% of the respondents agreed with the variable items measuring internal stakeholders' influence on sustainable funding of the public broadcaster.

Another independent variable that was analysed is a competitive environment (COMP), which is indicated by the frequency table results below, Table 6.13.

**Table 6.13: Frequency table for COMP results**

From	To	Frequency table: COMP	
		Count	Percent
1<=x<2.4		35	20,83333
2.4<=x<3.7		104	61,90476
3.7<=x<5.0		29	17,26190
Missing		0	0,00000

Once again, a high number of respondents (61.9%) at the time of the survey indicated neutrality in their responses in relation to the variable items measuring competitive environment. However, 20.8% of the respondents disagreed and 17.3% of the respondents agreed with the variable items measuring competitive environment's influence on sustainable funding of the public broadcaster, as indicated in Table 6.13 above.

The third independent variable, management of resources (MOR), was also analysed and is indicated by the frequency table results below, Table 6.14.

**Table 6.14: Frequency table for MOR results**

From	To	Frequency table: MOR	
		Count	Percent
1<=x<2.4		29	17,26190
2.4<=x<3.7		84	50,00000
3.7<=x<5.0		55	32,73810
Missing		0	0,00000

As seen in Table 6.14 above, the majority of the respondents (50%) indicated neutrality in their responses in relation to the variable items measuring management of resources. On the other hand, 17.3% of the respondents disagreed and 32.7% agreed with the variable items measuring management of resources' influence on sustainable funding of the public broadcaster.



The next variable that was analysed was the intervening variable, sustainable funding enabler (SF1), indicated by the frequency table results below, Table 6.15.

**Table 6.15: Frequency table for SF1 results**

From	To	Frequency table: SF1	
		Count	Percent
1<=x<2.4		32	19,04762
2.4<=x<3.7		120	71,42857
3.7<=x<5.0		16	9,52381
Missing		0	0,00000

From Table 6.15 above, it can be seen that a high number of respondents (71.4%) at the time of the survey indicated neutrality in their responses in relation to the variable items measuring sustainable funding enabler to the organisational outcomes of the public broadcaster. However, 19.0% of the respondents disagreed and 9.5% of the respondents agreed with the variable items measuring the influence of sustainable funding enabler to the organisational outcomes of the public broadcaster.

The second intervening variable that was analysed was the sustainable funding as part of management control (SF2), indicated by the frequency table results below, Table 6.16.

**Table 6.16: Frequency table for SF2 results**

From	To	Frequency table: SF2	
		Count	Percent
1<=x<2.4		6	3,57143
2.4<=x<3.7		26	15,47619
3.7<=x<5.0		136	80,95238
Missing		0	0,00000

As seen in Table 6.16 above, the majority of the respondents (81%) agreed in their responses in relation to the variable items measuring sustainable funding as a part of management control and its influence to the organisational outcomes of the public

broadcaster. Approximately 3.6% of the respondents disagreed and 15.5% of the respondents indicated neutrality in their responses in relation to the variable items measuring sustainable funding as a part of management control and its influence to the organisational outcomes of the public broadcaster.

The next variable that was analysed was the dependent variable, organisational outcomes, indicated by frequency table results below, Table 6.17.

**Table 6.17: Frequency table for organisational outcomes results**

From	To	Frequency table: Organisational Outcomes	
		Count	Percent
1<=x<2.4		4	2,38095
2.4<=x<3.7		28	16,66667
3.7<=x<5.0		136	80,95238
Missing		0	0,00000

Once again, it can be seen from Table 6.17 above that a high number of respondents (81%) at the time of the survey agreed with the variable items measuring organisational outcomes, indicating that customer benefits and organisational performance are possible outcomes of a sustainably funded public broadcaster. However, 2.4% of the respondents disagreed and 16.7% of the respondents indicated neutrality in their responses in relation to the variable items measuring organisational outcomes.

### **6.3.6 Results of the correlation analysis**

The correlation coefficient (r) analysis measures the association between variables as well as the strength and direction of the relationship between two variables using the Pearson Product Moment Correlation (PPMC). Correlation between sets of data indicates how well they are related and shows the linear relationship between two sets of data. The quantity r-value, referred to as the linear correlation coefficient, measures the strength and the direction of a linear relationship between two variables. The positive and negative signs indicate positive and negative linear correlations respectively. The r-value of closer to a positive one indicates a perfect positive fit and an r-value of closer to a negative one indicates a perfect negative fit,

The zero r-value indicates that there is a weak linear correlation or no association between the variables (Collis & Hussey, 2014:275; Hair et al., 2010:156). The PPMC test results are indicated in Table 6.18.

**Table 6.18: Correlation analysis results**

Variable	<b>Correlations</b> <b>Marked correlations are significant at <math>p &lt; 0,05000</math></b> <b>N=168 (Case wise deletion of missing data)</b>							
	Means	Std. Dev.	ISTA	COMP	MOR	SF1	SF2	OP/CB
<b>ISTA</b>	2,915923	0,778406	1,000000	0,401407	0,407582	0,649764	0,165010	0,174390
<b>COMP</b>	3,116468	0,739029	0,401407	1,000000	0,418591	0,509064	0,002756	0,040742
<b>MOR</b>	3,058333	0,787128	0,407582	0,418591	1,000000	0,586936	0,251771	0,210392
<b>SF1</b>	2,862883	0,637058	0,649764	0,509064	0,586936	1,000000	0,244357	0,174354
<b>SF2</b>	4,051488	0,734101	0,165010	0,002756	0,251771	0,244357	1,000000	0,614345
<b>CB/OP</b>	4,027640	0,704930	0,174390	0,040742	0,210392	0,174354	0,614345	1,000000

To establish whether the variables of the study were associated with one another, Table 6.18 above provides the correlation coefficient results of these variables. As indicated, correlations are significant at p-value of  $<0,05000$ . A low p-value ( $<0,05000$ ) is likely to be meaningful and indicate that the null hypothesis can be rejected. A correlation coefficient (r-value) greater than 0,8 is generally described as strong, whereas a correlation of less than 0,5 is generally described as weak.

An inspection of the r-values indicates a positive but weak correlation that exists between the independent variables in the study as follows:

- Internal Stakeholders (ISTA) and Competitive Environment (COMP) with  $r = 0,401$
- Internal Stakeholders (ISTA) and Management of Resources (MOR) with  $r = 0,408$

On the other hand, the r-value of the first intervening variable (SF1), sustainable funding enabler, indicated a positive but moderate relationship with all independent variables as seen between:

- Sustainable Funding Enabler (SF1) and Internal Stakeholders (ISTA) with  $r = 0,649$
- Sustainable Funding Enabler (SF1) and Competitive Environment (COMP) with  $r = 0,509$
- Sustainable Funding Enabler (SF1) and Management of Resources (MOR) with  $r = 0,587$

Whereas the r-value of the sustainable funding enabler (SF1) indicated that a weak relationship, exists between sustainable funding enabler (SF1) and the dependent variable as seen between:

- Sustainable Funding Enabler (SF1) and Organisational Outcomes (CB/OP) with  $r = 0,174$

Also, the r-value of the second intervening variable (SF2), sustainable funding as part of management control, indicated that a weak, or no relationship, exists between sustainable funding as part of management control (SF2) and independent variables as seen between:

- Sustainable Funding Management Control (SF2) and Internal Stakeholders (ISTA) with  $r = 0,165$
- Sustainable Funding Management Control (SF2) and Competitive Environment (COMP) with  $r = 0,000$
- Sustainable Funding Management Control (SF2) and Management of Resources (MOR) with  $r = 0,251$ .

However, the r-value of the sustainable funding as part of management control (SF2) indicated a positive but moderate relationship with the dependent variable as seen between:

- Sustainable Funding Management Control (SF2) and Organisational Outcomes (CB/OP) with  $r = 0,614$

### **6.3.7 Results of the multiple regression analyses**

Multiple regression analysis was used in this study. The objective of multiple regression analysis was to assess the relationships between several independent, and a dependent variable, how changes in the independent variables are associated with changes in the dependent variable. Also changes in the intervening variables and their association with the dependent variable. Multiple regression analysis further assists the researcher when predicting the dependent variable from the independent variables as well as explaining the statistical significance using the regression coefficient. The regression coefficients indicate the value of the changes and p-values show whether the coefficients are significantly different from zero. A positive regression coefficient indicates that, for example, as the value of the independent variable increases, the mean of the dependent variable also tends to increase. A negative coefficient implies that as the independent variable increases, the dependent variable tends to decrease (Collis & Hussey, 2014:282; Hair et al., 2010:169).

In this study, four separate regression tests were performed. The first test performed was to test whether significant relationships exist between the independent variables on the sustainable funding enabler intervening variable. The second test performed was to test whether significant relationships exist between the sustainable funding enabler intervening variable on the dependent variable. The third test performed was to test whether significant relationships exist between the independent variables on the sustainable funding as part of management control intervening variable. The last test performed was to test whether significant relationships exist between the sustainable funding as part of management control intervening variable on the dependent variable.

To determine the predictive accuracy for the regression model, the R-squared is used. The higher the R-squared value, the better the prediction. R-squared is always between 0% (no prediction) and 100% (perfect prediction). To determine whether the association between the variables is significant, the p-value is used to measure the significance level to assess the null hypothesis. If the p-value is less than, or equal to, the significance level ( $p = 0,000$ ), it can be concluded that there is a statistically significant association between the variables. The beta coefficients are standardised

estimates of the strength of the relationship between the independent variables and dependent variables (Hair et al., 2010:165). Table 6.19 presents the results of the regression analysis to test the influence of independent variables on the sustainable funding enabler intervening variable.

**Table 6.19: Regression analysis – Independent variables on Sustainable Funding Enabler (SF1)**

N=168	Regression Summary for Dependent Variable: SF1 R= 0,75900232 R <sup>2</sup> = 0,57608452 Adjusted R <sup>2</sup> = 0,56832997 F(3,164)=74.290 p<0,0000 Std. Error of estimate: 0,41856					
	b*	Std. Err.	b	Std. Err.	t(164)	p-value
Intercept			0,482102	0,168028	2,869183	0,004657
ISTA	0,437855	0,057966	0,358346	0,047440	7,553678	0,000000
COMP	0,196806	0,058285	0,169651	0,050242	3,376644	0,000916
MOR	0,326093	0,058459	0,263921	0,047313	5,578162	0,000000

As can be seen from Table 6.18 above, internal stakeholders (ISTA) ( $b^* = 0,438$ ;  $p = 0,000$ ), competitive environment (COMP) ( $b^* = 0,197$ ;  $p = 0,001$ ), and management of resources (MOR) ( $b^* = 0,326$ ;  $p = 0,000$ ) have a significant positive influence on the sustainable funding enabler intervening variable.

From the standardised beta coefficient in the table, it is clear that the internal stakeholders (ISTA) have the largest influence on sustainable funding enabler, whereas the competitive environment (COMP) has the smallest influence. In the determining the predictive accuracy of the model represented in Table 6.19, it can be seen from the R-squared value that the internal stakeholders, competitive environment and management of resources account for 57.6% of the variance of the sustainable funding enabler intervening variable.

Given the results, sufficient evidence exists to reject the following null hypotheses:

**Null hypothesis one [H0<sub>1.1</sub>]:** Internal stakeholders do not influence sustainable funding enabler of the SABC.

**Null hypothesis two [H0<sub>2.1</sub>]:** A competitive environment does not influence sustainable funding enabler of the SABC.

**Null hypothesis three [H0<sub>3.1</sub>]:** The management of resources does not influence sustainable funding enabler of the SABC.

Therefore, the internal stakeholders, competitive environment and management of resources, do influence sustainable funding enabler of the SABC.

Table 6.20 presents the results of the regression analysis test of the influence of the sustainable funding enabler intervening variable on the dependent variable.

**Table 6.20: Regression analysis – Sustainable Funding Enabler (SF1) on dependent variable**

N=168	Regression Summary for Dependent Variable: Organisational Outcomes					
	R= 0,17435358 <b>R<sup>2</sup>= 0,03039917</b> Adjusted R <sup>2</sup> = 0,02455820 F(1,166)=5.2045 p<0,02380 Std. Error of estimate: 0,69622					
	b*	Std. Err.	b	Std. Err.	t(166)	p-value
Intercept			3,475307	0,247997	14,01350	0,000000
SF1	0,174354	0,076426	0,192929	0,084569	2,28133	0,023800

As seen from Table 6.20 above, sustainable funding enabler (SF1) ( $b^* = 0,174$ ;  $p = 0,024$ ) has a significant and positive influence on organisational outcomes. In the determining the predictive accuracy of the model represented in the Table 6.19, it can be seen that sustainable funding enabler explains 3% of the variance of organisational outcomes.

Given the results in Table 6.20, sufficient evidence exists to reject the following null hypothesis:

**Null hypothesis four [H0<sub>4.1</sub>]:** Sustainable funding as an enabler to the SABC does not yield improved organisational outcomes.

Therefore, the sustainable funding as an enabler to the SABC does yield improved organisational outcomes.

Table 6.21 presents the results of the regression analysis to test the influence of the independent variables on sustainable funding as part of management control intervening variable.

**Table 6.21: Regression analysis – Independent variables on Sustainable Funding Management Control (SF2)**

N=168	Regression Summary for Dependent Variable: SF2 R= 0,29487500 <b>R<sup>2</sup>= 0,08695126</b> Adjusted R <sup>2</sup> = 0,07024915 F(3,164)=5.2060 p<0,00185 Std. Error of estimate: 0,70785					
	b*	Std. Err.	B	Std. Err.	t(164)	p-value
<b>Intercept</b>			3,445027	0,284162	12,12348	0,000000
<b>ISTA</b>	0,118437	0,085070	0,111696	0,080229	1,39222	0,165742
<b>COMP</b>	-0,157579	0,085538	-0,156528	0,084968	-1,84220	0,067251
<b>MOR</b>	0,269460	0,085794	0,251307	0,080014	3,14077	0,001999

From Table 6.21 above, it is evident that only the management of resources (MOR) has a significant positive influence ( $b^* = 0,269$ ;  $p = 0,002$ ) on the sustainable funding as part of management control (SF2) intervening variable. Both internal stakeholders (ISTA) and competitive environment (COMP) do not significantly influence the sustainable funding as part of management control intervening variable. The R-squared value in Table 6.21 indicates that the management of resources (MOR), internal stakeholders (ISTA) and competitive environment (COMP) account for 8.7% of the variance of the sustainable funding as part of management control (SF2) intervening variable.

Given the results in Table 6.21, sufficient evidence exists to reject the following null hypothesis:

**Null hypothesis three [H0<sub>7.1</sub>]:** The management of resources does not influence sustainable funding as part of management control of the SABC.

However, the following null hypotheses are accepted:

**Null hypothesis one [H0<sub>5.1</sub>]:** Internal stakeholders do not influence sustainable funding as part of management control of the SABC.



**Null hypothesis two [H0<sub>6.1</sub>]:** A competitive environment does not influence sustainable funding as part of management control of the SABC.

Therefore, management of resources does influence sustainable funding as part of management control of the SABC.

Table 6.22 presents the results of the regression analysis to test the influence of sustainable funding as part of management control (SF2) intervening variable on the dependent variable.

**Table 6.22: Regression analysis – Sustainable Funding Management Control (SF2) on dependent variable**

N=168	Regression Summary for Dependent Variable: Organisational Outcomes					
	R= 0,61434455 <b>R<sup>2</sup>= 0,37741923</b> Adjusted R <sup>2</sup> = 0,37366874 F(1,166)=100.63 p<0,00000 Std. Error of estimate: 0,55789					
	b*	Std. Err.	b	Std. Err.	t(166)	p-value
<b>Intercept</b>			1,637539	0,242115	6,76348	0,000000
<b>SF2</b>	0,614345	0,061241	0,589932	0,058808	10,03155	0,000000

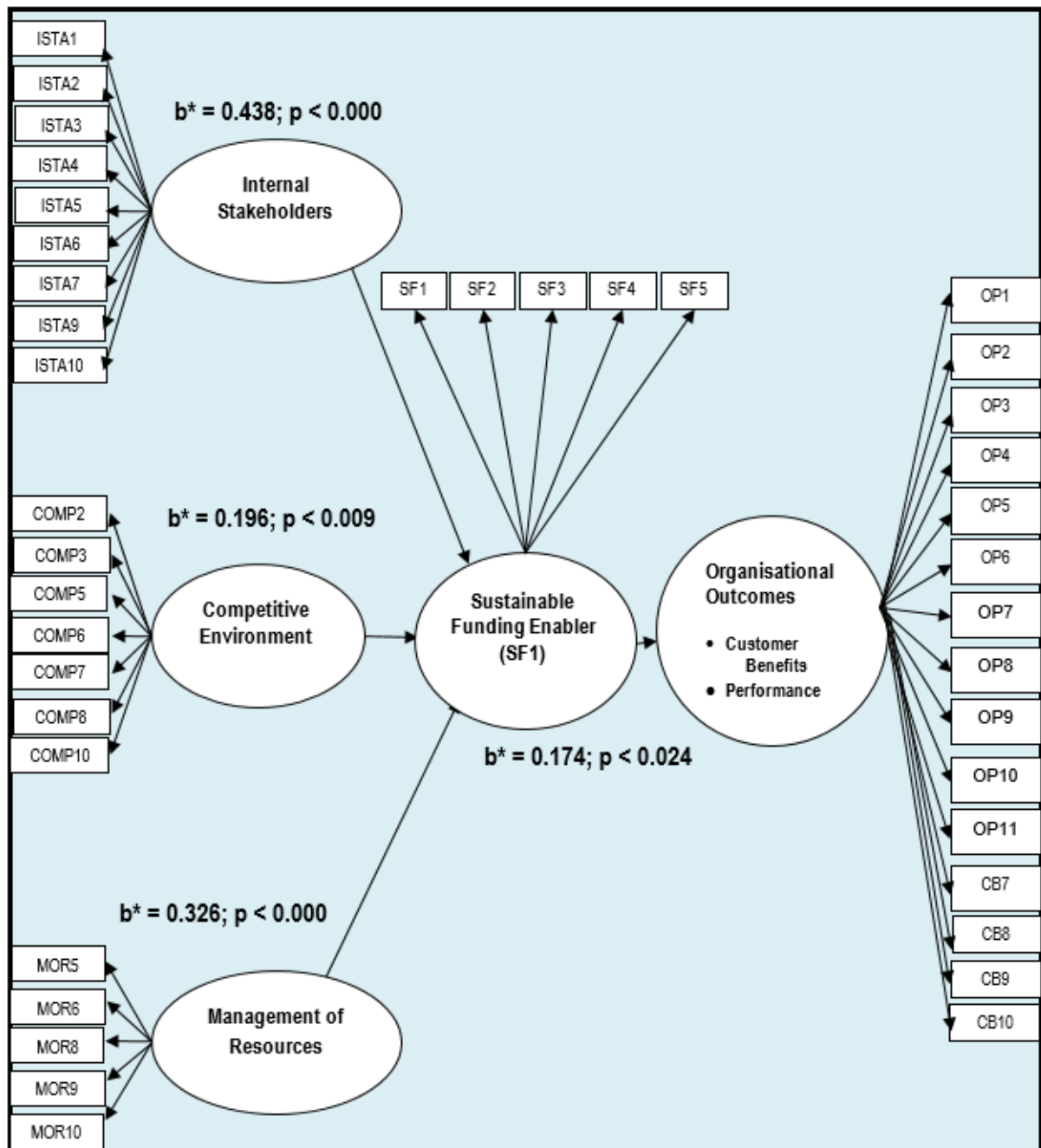
As seen from Table 6.22 above, it is evident that sustainable funding as part of management control ( $b^* = 0,614$ ;  $p = 0,000$ ) has a significant, positive influence on organisational outcomes. In the determining the predictive accuracy of the model represented in Table 6.22, it can be seen that the sustainable funding as part of management control intervening variable accounts for 37.7% of the variance of organisational outcomes.

Given the results in Table 6.22, sufficient evidence exists to reject the following null hypothesis:

**Null hypothesis four [H0<sub>8.1</sub>]:** Sustainable funding as part of management control of the SABC does not yield improved organisational outcomes.

Therefore, the sustainable funding as part of management control of the SABC does yield improved organisational outcomes.

The regression analyses results are summarised in Figures 6.4a and 6.4b.



**Figure 6.4a: Regression analyses regarding sustainable funding enabler to the public broadcaster in South Africa**

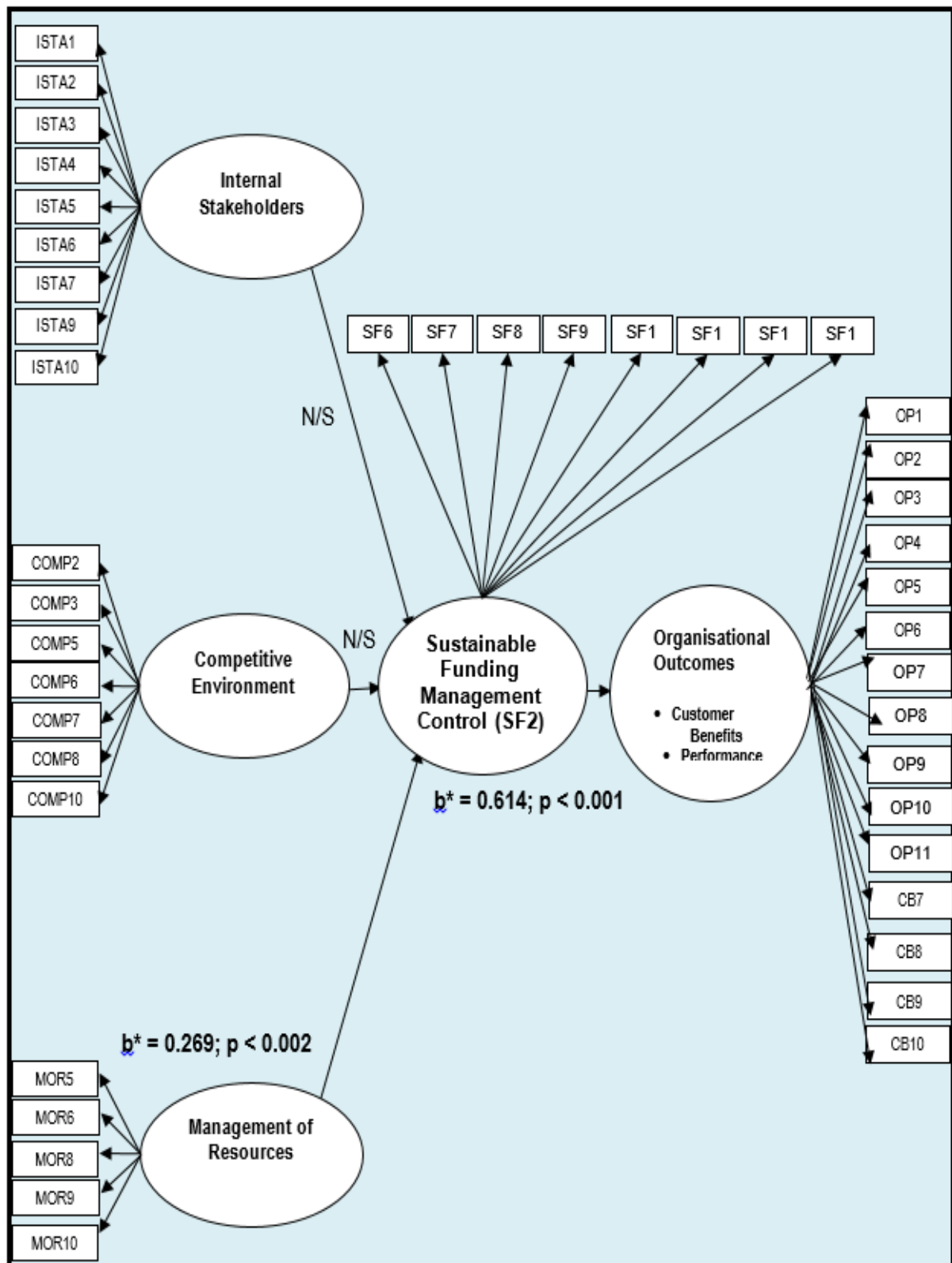


Figure 6.4b: Regression analyses regarding sustainable funding as part of management control of the public broadcaster in South Africa

### 6.3.8 Demographic information

Section B of the questionnaire focused on soliciting the biographical information of the respondents. This section consisted of seven questions gathering information regarding the participant, namely gender, whether or not the respondents are union affiliated, their position in the SABC, their department, their provincial office, age group and their level of education. The sampling units identified for the study were confined to the SABC.

The SABC has 3902 permanent employees (also referred to as internal stakeholders), spread around the nine provinces and 12 non-executive Directors as well as approximately 100 freelancers (Broadcasting Act, 1999; SABC Employment Equity Report, 2016). Using the sample size table from Krejcie and Morgan (1970:609) in Collis and Hussey (2014:199), in the targeted sample size was 351 internal stakeholders for this study and 80 freelancers. This representative sample translates to 39 employees and nine freelancers (sample size of 80 persons) from each of the nine SABC provincial offices. In total, 432 respondents were targeted and only 175 respondents responded, approximately 41%. However, during data cleaning, respondents with missing data above 10% were discarded. Therefore, only 168 respondents could be used for analyses. The demographic information pertaining to the respondents is summarised in Table 6.23 below.

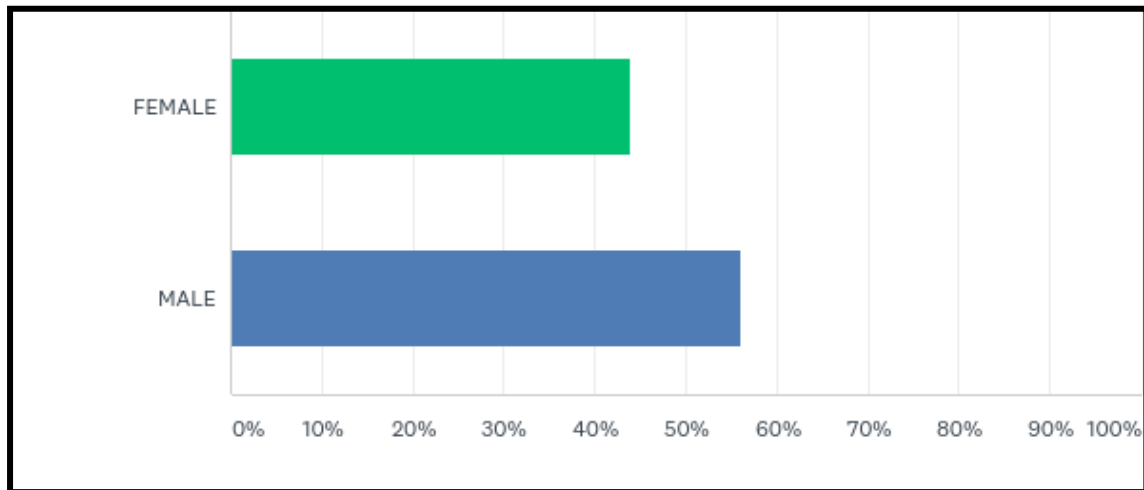
**Table 6.23: Demographic information pertaining to respondents**

VARIABLE CATEGORY	OVERALL SAMPLE	
GENDER	COUNT	PERCENT
Female	73	43%
Male	95	57%
Missing Data	0	0.0%
Total	168	100%
UNION BODY AFFILIATION	COUNT	PERCENT
Non-unionised	49	29%
Unionised	116	69%
Missing Data	3	2%

VARIABLE CATEGORY	OVERALL SAMPLE	
Total	168	100%
UNION BODY AFFILIATION	COUNT	PERCENT
Freelancer	5	3%
Middle Management	46	27%
Senior Management	8	5%
Others	107	64%
Missing Data	2	1
Total	168	100%
DEPARTMENT	COUNT	PERCENT
Auditing Services	0	0
Content Services	13	8%
Corporate Affairs	8	5%
Finance Department	11	7%
Human Capital Services	7	4%
Learning & Development	1	1%
Media Technology Infrastructure	36	21%
News	36	21%
Platforms (Radio & TV)	17	10%
SABC Sport	4	2%
Sales & Marketing	20	12%
Others	13	8%
Missing Data	2	1%
Total	168	100%
PROVINCE	COUNT	PERCENT
SABC Auckland Park (Head Office)	24	14%
SABC Eastern Cape	37	22%

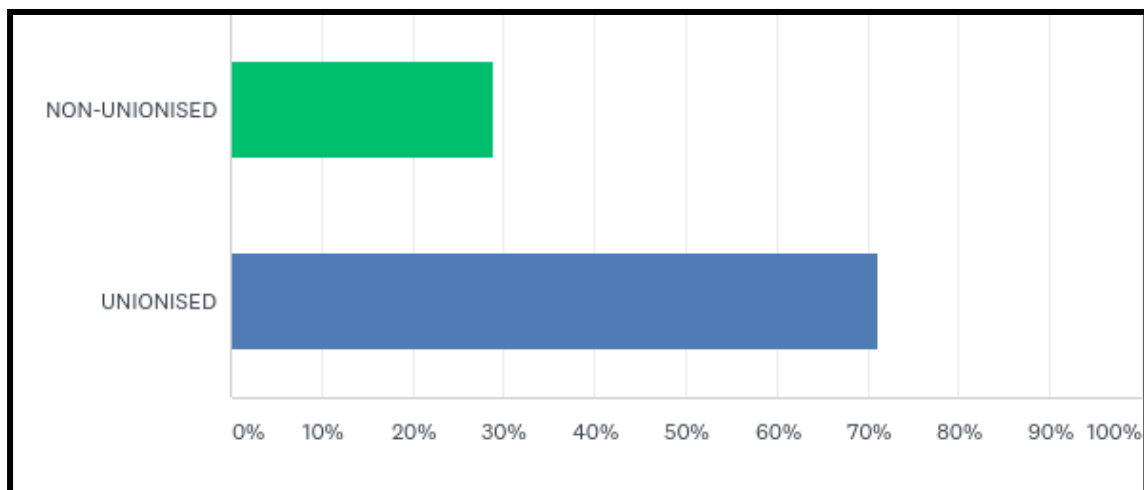
VARIABLE CATEGORY	OVERALL SAMPLE	
SABC Free State & Northern Cape	15	9%
SABC Gauteng (Tshwane)	15	9%
SABC Kwazulu-Natal	19	11%
SABC Limpopo	13	8%
SABC Mpumalanga	12	7%
SABC North West	13	8%
SABC Western Cape	17	10%
Missing Data	3	2%
Total	168	100%
AGE	COUNT	PERCENT
21-30	17	10
31-40	47	28
41-50	53	32
51-60	40	24
61-65	9	5
Missing Data	2	1
Total	168	100%
EDUCATIONAL QUALIFICATION	COUNT	PERCENT
Matric	19	11%
Certificate/Diploma	66	39%
Bachelor's Degree	30	18%
Post graduate diploma/degree	46	27%
Other	5	3%
Missing Data	2	1%
Total	168	100%

As can be seen from the Table 6.23 above, data from a total of 168 (usable data) respondents was used in this study for analysis following data clean-up. The information provided in Table 6.23 is depicted graphically in Figures 6.5 – 6.11.



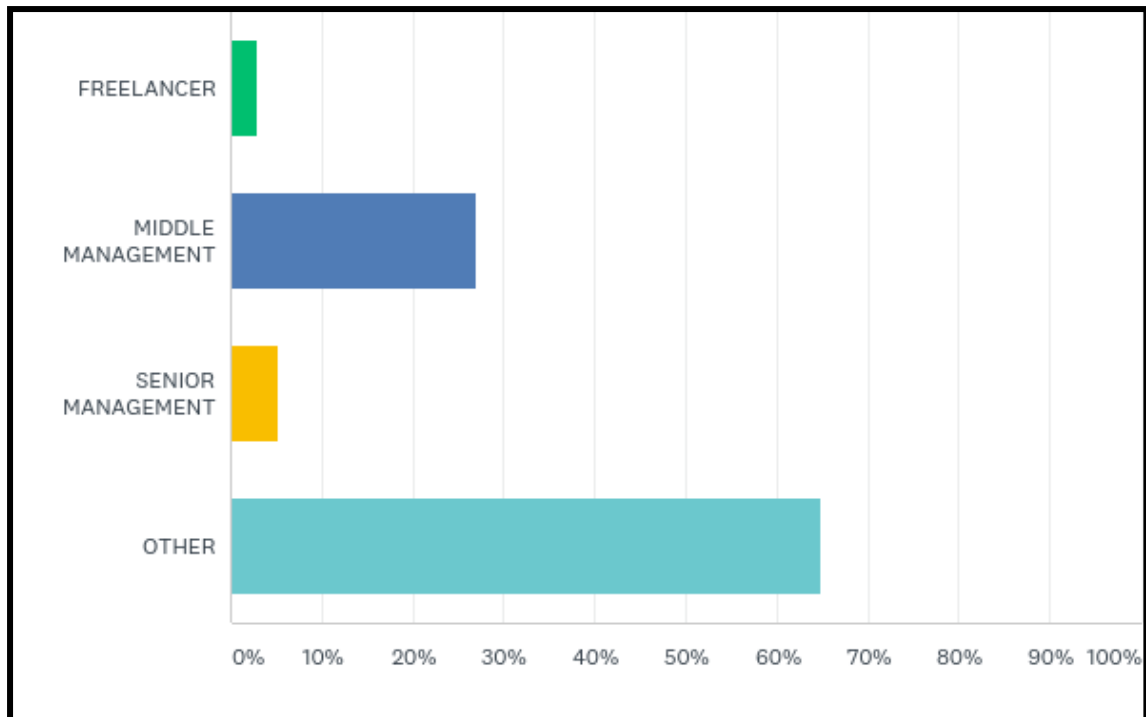
**Figure 6.5: Gender classification of respondents**

Gender was measured and scored on a two-point scale. As shown above in Figure 6.5, it is clear that the majority of the respondents were males with 57% and 43% females. Figure 6.6 indicates the respondents' affiliation with a union body in the SABC.



**Figure 6.6: Unionised vs. non-unionised respondents**

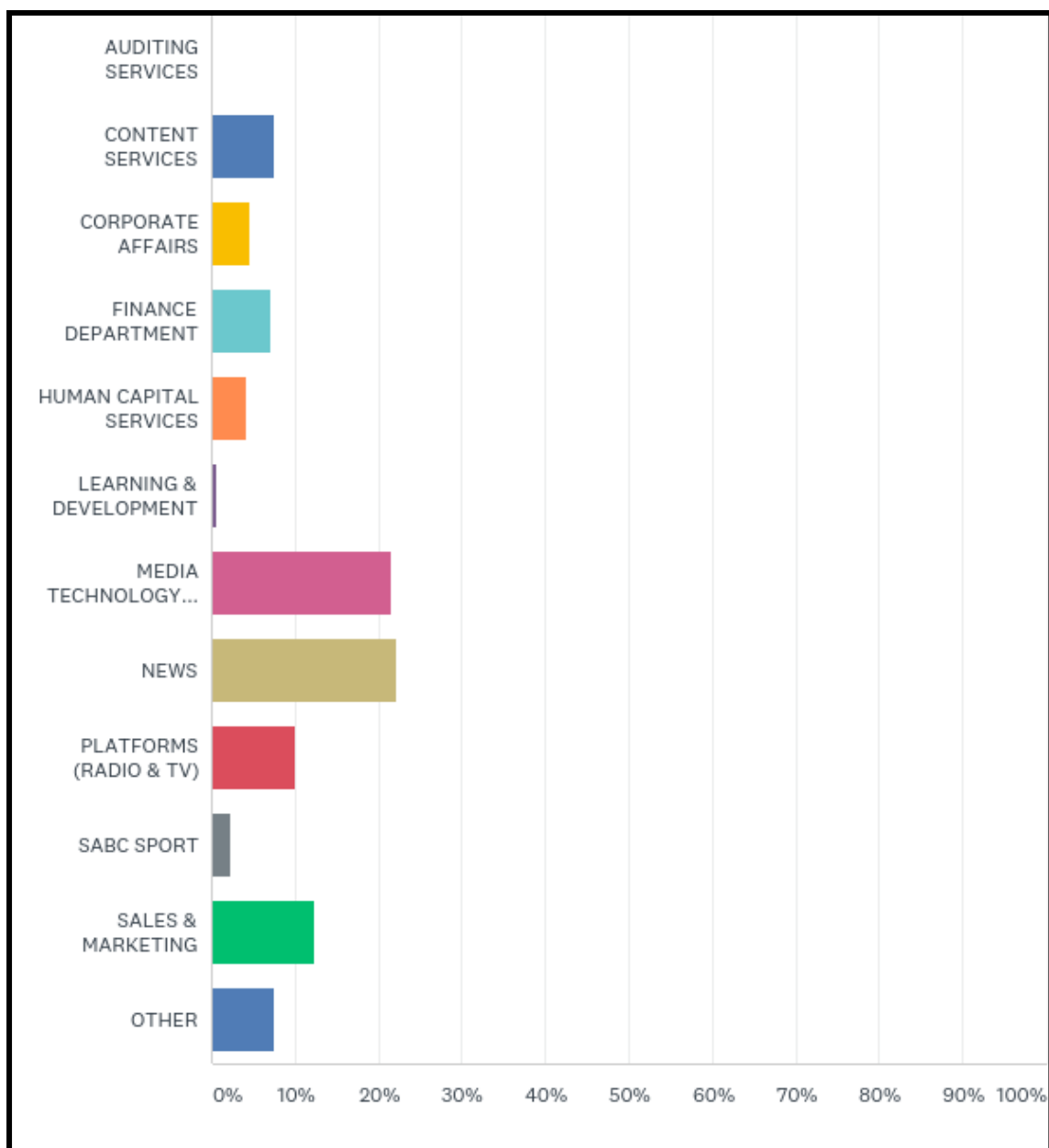
The respondents' affiliation with a union body was also measured and scored on a two-point scale. As can be seen in Figure 6.6 above, it is clear that the majority of the respondents are unionised (69%) and 29% are non-unionised. Figure 6.7 depicts the respondents' positions within the SABC.



**Figure 6.7: Respondents' positions (Internal Stakeholders)**

The internal stakeholders' positions and classification were scored on a four-point scale. As can be seen in Figure 6.7 above, the majority of the respondents are general employees (64%), with middle management respondents at 27%. The senior management and freelancer respondents were 5% and 3% respectively. Figure 6.8 depicts the respondents' positions within the SABC.

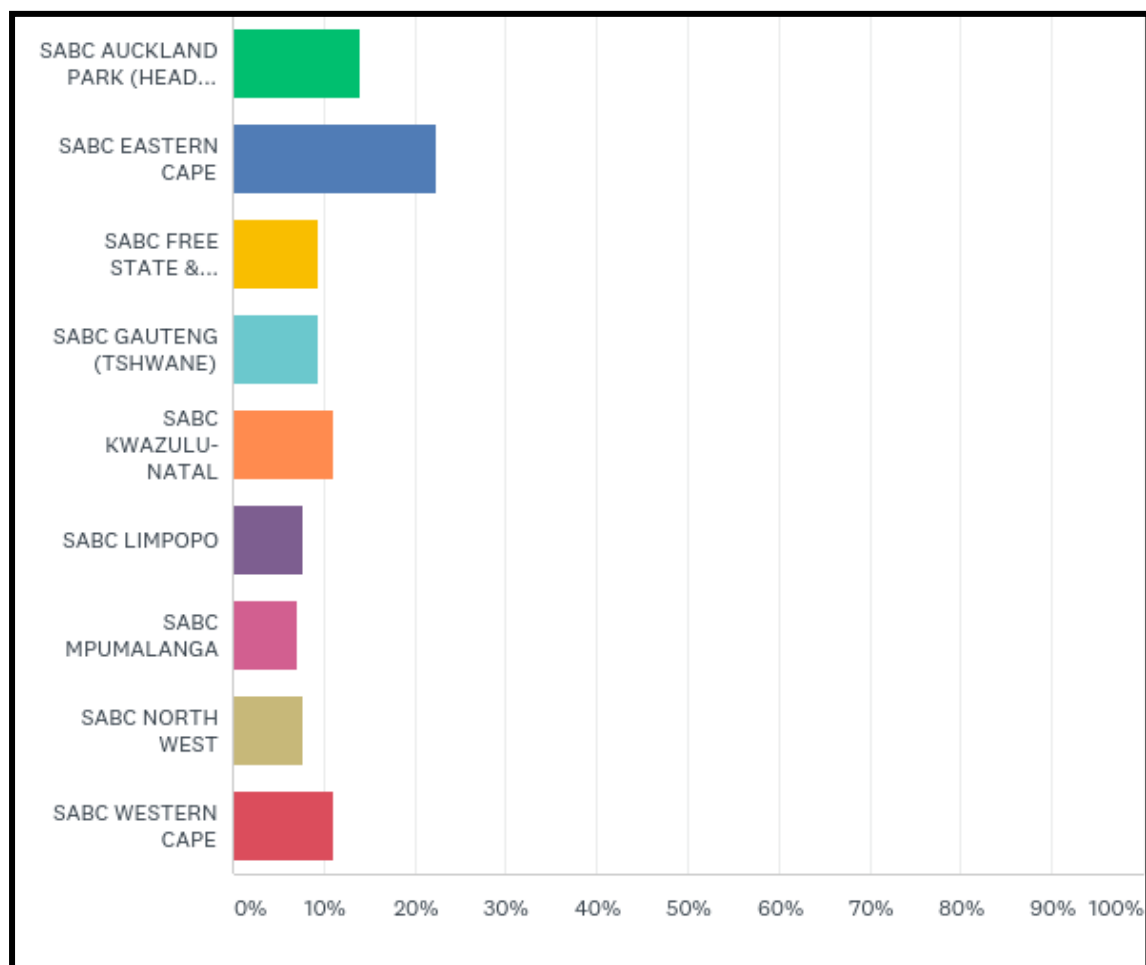




**Figure 6.8: Respondents' departments**

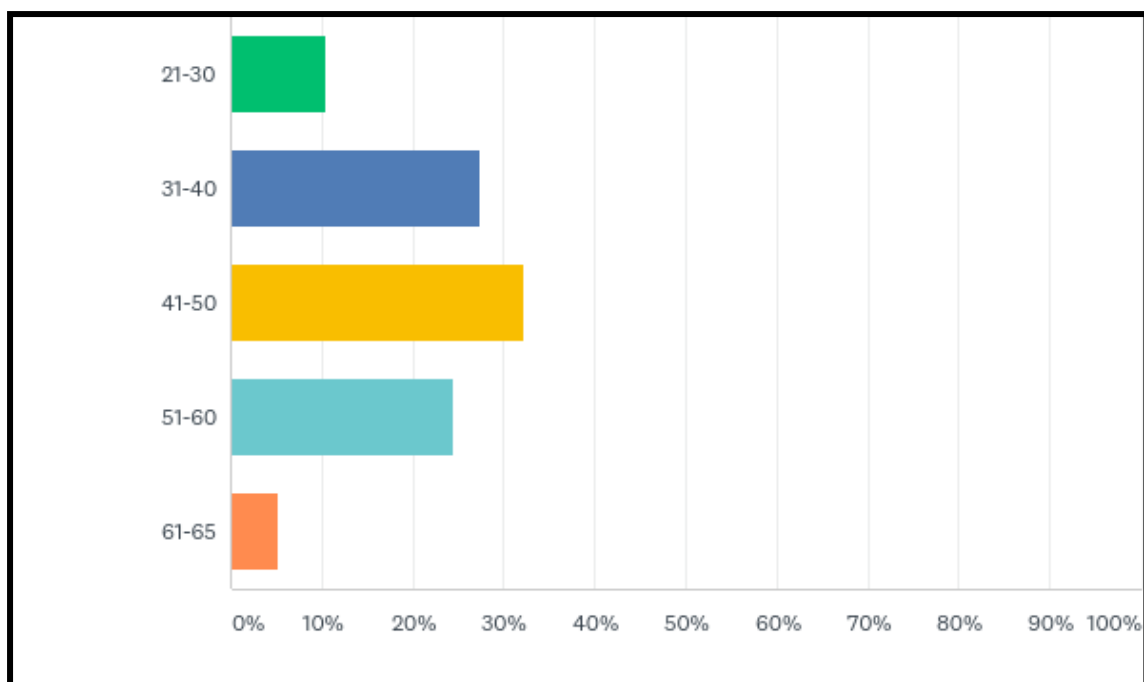
The respondents' departments were measured and scored on a twelve-point scale. As can be seen in Figure 6.8 above, only the auditing services department was unrepresented. The majority of the respondents were from the Media Technology Infrastructure (21%) and News Department (21%). The third most respondents were from the Sales & Marketing Department with 12% of the respondents. The respondents from platforms, which are radio and TV, were at 10%. The respondents from Content Services (8%), Corporate Affairs (5%), Finance Department (7%), Human Capital Services (4%), Learning & Development (1%), SABC Sport (2%) and

from other departments (8%) accounted for an additional 35%. Figure 6.9 depicts the respondents' provincial office of the SABC.



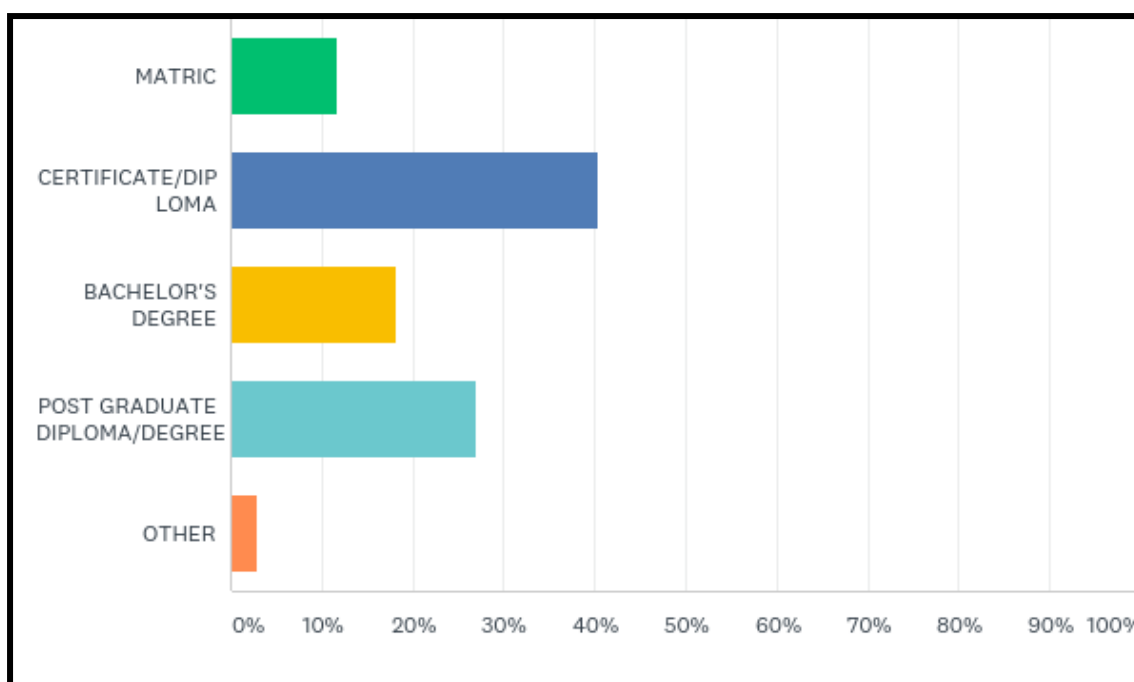
**Figure 6.9: Respondents' provincial offices**

The respondents' provincial offices were measured and scored on a nine-point scale. As shown in Figure 6.9 above, the majority of the respondents were from the SABC Eastern Cape Province (22%), followed by SABC Auckland Park with 14% of the respondents. The other provinces accounted for a combined 62% with respondents from SABC Free State & Northern Cape (8%), SABC Tshwane (9%), SABC KwaZulu-Natal (11%), SABC Limpopo (8%), SABC Mpumalanga (7%), SABC Northern Cape (8%) and SABC Western Cape (10%). Figure 6.10 depicts the respondents' age groups.



**Figure 6.10: Respondents' age groups**

The age of the respondents was measured and scored on a five-point scale. As can be seen in Figure 6.10 above, the majority of the respondents are between the ages of 41 and 50 (32%), followed by those between 31 and 40 (28%) and then those between 51 and 60 years of age (24%). The age group between 21 and 30 years and 61 and 65 years of age were the least represented with 10% and 5% respectively. Figure 6.11 presents a graphical depiction of the educational qualification of the respondents.



**Figure 6.11: Respondents' educational qualifications**

The educational qualification information was measured and scored on a five-point scale. As can be seen in Figure 6.14 above, the majority of the respondents had at least obtained a Certificate/Diploma as their highest qualification (39%). The respondents with Post Graduate Diploma/Degree (27%), Bachelor's Degree (18%), Matric (11%) and other qualifications (3%) accounted for a combined 59%.

#### **6.4 SUMMARY AND CONCLUSION**

This chapter presented the results of the empirical investigation undertaken in this study. However, a detailed discussion of the results and how they tie together will be presented in section five of chapter seven. Data analysis stages were discussed in this chapter, beginning with the common method bias test that was performed using Harman's single factor test. The validity and reliability of the measuring instrument used in this study was also discussed. A series of analyses were used, such as EFA to test for validity, while the internal reliability of the instrument and data were evaluated using Cronbach's alpha coefficients. As a result of the validity and reliability tests, the theoretical framework was adjusted and hypotheses were restated.

The descriptive statistics were performed, such as mean and frequency distribution, to summarise and interpret the data of the respondents into percentages and averages for all factors extracted in the factor analyses, and also presented. The majority of the respondents agreed in their responses in relation to the variable items measuring sustainable funding as a part of management control and its influence to the organisational outcomes of the public broadcaster. On the other hand, a high number of respondents indicated neutrality in their responses in relation to the variable items measuring internal stakeholders, competitive environment and management of resources factors. The correlation and regression analyses were also performed to test the hypotheses in this study. The correlation coefficient test was performed to measure the association between variables as well as the strength and direction of the relationship between two variables using the PPMC. To determine the predictive accuracy for the regression model, the R-squared value was used. The p-value was used to determine whether the association between the variables was significant in order to assess the null hypotheses.

The inspection of the r-values indicated a positive but weak correlation between the independent variables in the study. On the other hand, the r-value of the intervening variable, sustainable funding enabler indicated a positive but moderate relationship with all independent variables. Although the r-value of the sustainable funding as part of management control indicated that a weak relationship exists between the sustainable funding as part of management control intervening variable and the independent variables. However, the r-value of the sustainable funding as part of management control intervening variable, indicated a positive but moderate relationship with the dependent variable of the study.

Given the results from the regression analysis, the standardised beta coefficient and p-values indicated that the internal stakeholders, competitive environment and management of resources have a significant positive influence on sustainable funding enabler intervening variable. Internal stakeholders had the largest influence on the sustainable funding enabler, whereas the competitive environment had the smallest influence. In turn, sustainable funding enabler had a significant positive influence on the organisational outcomes (customer benefits and performance).

Therefore, internal stakeholders, competitive environment and management of resources, do influence sustainable funding enabler of the SABC.

On the other hand, only the management of resources had a positive influence on the sustainable funding as part of management control intervening variable. Both internal stakeholders and competitive environment did not significantly influence the sustainable funding as part of management control intervening variable. Therefore, the null hypotheses were accepted for these two independent variables and it was concluded that these two variables did not influence sustainable funding as part of management control. However, the sustainable funding as part of management control intervening variable still had a significant positive influence on the organisational outcomes.

The last stage of this chapter presented the demographical information of the respondents. The demographical information concerned the respondents' gender, whether the respondents were union affiliated, their position in the SABC, their department, their provincial office, their age group and their level of education. The sampling units identified for the study were confined to the SABC. The next chapter presents the conclusion and recommendations of the study.

## **CHAPTER 7**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **7.1 INTRODUCTION**

In Chapter 6, the results of the empirical investigation were presented. This chapter provides a summary, conclusion and recommendations as reported in Chapter 6. It also provides an overview and summarises all chapters that were discussed in this study. The most important results are presented. Thereafter, recommendations are proposed and the contribution of the study is outlined.

The limitations of this study are highlighted and suggestions are made for future research. Finally, this chapter provides a conclusion drawn from the results of this study.

#### **7.2 OVERVIEW OF THE RESEARCH**

Chapter 1 provided an introduction and background to the study and the problem statement and the research objectives were presented. The objective of this study was to identify factors that influence the financial sustainability of the public broadcaster in South Africa and then, based on these factors, develop a framework for financial sustainability for the South African public service broadcaster. This sustainable framework had to be arrived at through a consultative process with internal stakeholders and by conducting an extensive literature review. The research questions and hypotheses to be answered by the study, as well as the significance of the study, were formulated in this chapter. The significance of the research was discussed with clear delimitations. A brief discussion on the research methodology that was used to carry out the study was also offered in this chapter. The scope of the study was presented and, finally, ethical considerations were discussed.

A comprehensive literature review relevant to this study was carried out and outlined in Chapters 2, 3 and 4.

Chapter 2 offered an analysis of broadcasting services in South Africa. Broadcasting as a form of electronic communication was defined and thereafter the types of available broadcasting services were described. These services included public

service, commercial and community broadcasting services. Chapter 2 also discussed the platforms of the SABC in South Africa, the in line with this study. The SABC platforms that were discussed included radio and television services. Broadcasting over the internet was also discussed.

To add to the literature review of this study, Chapter 3 presented a theoretical discussion on broadcasting funding and financial sustainability in order to set a foundation for proposing a theoretical framework. This chapter focused on discussing the aspects related to broadcasting funding and the literature relating to financial sustainability concepts. Chapter 3 went into detail in explaining funding sources available for public service broadcasting. As a result, the funding support ensures a broadcaster's continuity in the delivery of operations and in maintaining a stable workforce, as well as the introduction of new technologies. It was observed that public service broadcasters can be funded from multiple and diverse revenue sources, such as licence fees paid by audiences or taxation, government grants, commercial advertising and subscriptions. The SABC's revenue sources and split as a national broadcaster in South Africa were outlined and weakness in the funding split were discussed.

To complete the literature review relevant for this study, in Chapter 4, a theoretical discussion on the independent variables that possibly influence the intervening variable, sustainable funding for the public broadcaster, as well as the dependent variables, took place. Specific independent variables that influence the financial sustainability of a public broadcaster, as well as dependent variables that are a result of funding sustainability of a public broadcaster, were identified for the empirical investigation. The independent variables were categorised into internal stakeholders, competitive environment and management of resources while the dependent variables were categorised as customer benefits and organisational performance. Chapter 4 concluded that these variables and their possible influences were to be investigated practically.

In order to examine the influence of these variables practically, Chapter 5 presented the research methodology, which encompasses the research paradigm that was chosen. Chapter 5 explained the research methodology of the actual empirical investigation of this study, which is the overall approach to the research process. .



This entire process of research highlighted several statistical techniques that were adopted and used in the empirical investigation. In addition, this chapter discussed the research paradigms, details surrounding sample designs, data collection and analysis methods, as well as the measurement instruments used for the empirical investigation. Two research paradigms, interpretivism and the positivism paradigm, were discussed in detail. The interpretivism paradigm shares its basis with the qualitative method and the positivism paradigm is associated with and shares its philosophical foundation with the quantitative method of analysis, based on the statistical analysis. Consequently, a positivism paradigm was pursued in this study in the form of a quantitative method approach.

The sampling units identified for the study were confined to the SABC and the optimal sample size was determined through the use of a sample size table. The primary data of this study was collected through a research survey, which used the web-based distribution method. The survey data collected was analysed statistically in order to test the hypotheses. Then a detailed research and administering process was discussed.

Chapter 6 presented the results of the empirical investigation undertaken in this study. A series of statistical analyses were used, EFA was used to test for validity, while the internal reliability of the instrument and data was evaluated using Cronbach's alpha coefficient. As a result of the validity and reliability tests, the theoretical framework was adjusted and the hypotheses were restated. In order to test the hypotheses of this study, data analysis was performed. Firstly, the common method bias test was performed using Harman's single factor test. Then the correlation analyses were conducted to test the hypothesised relationships of the study using multiple regressions. The correlation coefficient (r-value) test was performed to measure the association between variables as well as the strength and direction of the relationship between two variables using the Pearson Product Moment Correlation (PPMC). To determine the predictive accuracy for the regression model, the R-squared value was used. The p-value was used to determine whether the association between the variables was significant in order to assess the null hypotheses.

The inspection of the r-values indicated a positive but weak correlation between the independent variables in the study. On the other hand, the r-value of the intervening variable, sustainable funding enabler indicated a positive but moderate relationship with all independent variables. Although the r-value of the sustainable funding as part of management control indicated that a weak relationship exists between the sustainable funding as part of management control intervening variable and the independent variables. However, the r-value of the sustainable funding as part of management control intervening variable, indicated a positive but moderate relationship with the dependent variable of the study.

Given the results from the regression analysis, the standardised beta coefficient and p-values indicated that the internal stakeholders, competitive environment and management of resources have a significant positive influence on sustainable funding enabler intervening variable. Internal stakeholders had the largest influence on the sustainable funding enabler, whereas the competitive environment had the smallest influence. In turn, Sustainable funding enabler had a significant positive influence on the organisational outcomes (customer benefits and performance). Therefore, internal stakeholders, competitive environment and management of resources, do influence sustainable funding enabler of the SABC.

On the other hand, only the management of resources had a positive influence on the sustainable funding as part of management control intervening variable. Both internal stakeholders and competitive environment did not significantly influence the sustainable funding as part of management control intervening variable. Therefore, the null hypotheses were accepted for these two independent variables and it was concluded that these two variables did not influence sustainable funding as part of management control. However, the sustainable funding (SF2) as part of management control intervening variable still had a significant positive influence on the organisational outcomes.

Lastly, the demographical analysis of the respondents was performed. The demographical information was in regard to the respondents' gender, union affiliation, their position in the SABC, their department, their provincial office, their age group and their level of education. The majority of the respondents agreed in their responses in relation to the variable items measuring sustainable funding as a

part of management control and its influence to the organisational outcomes of the public broadcaster. On the other hand, a high number of respondents indicated neutrality in their responses in relation to the variable items measuring internal stakeholders, competitive environment and management of resources factors.

### **7.3 DEVELOPMENT OF THE FRAMEWORK**

The primary objective of this study was to propose a sustainable funding framework for the South African public service broadcaster. This proposed framework had to be arrived at through a consultative process with internal stakeholders as well as by conducting an extensive literature overview. However, the developed framework is presented as part of the empirical results in section six and in section eight under the contribution of this study.

Based on the analysis of various secondary sources of literature, a theoretical framework regarding sustainable funding for the public broadcaster in South Africa was constructed. In constructing the theoretical framework (Figure 1.1), the main elements of the sustainability concepts from Gumucio-Dagron (2001) and Jallof (2012), as well as the pillars of financial sustainability by Leon (2001), were considered. The theoretical framework indicated that sustainable funding for the public broadcaster (intervening variable) is possibly influenced by three independent variables, namely internal stakeholders, competitive environment and the management of resources. The framework also indicated the perceived outcomes of a sustainably funded public broadcaster, which are indicated as customer benefits and organisational performance.

In this study, a survey research strategy was adopted with an online questionnaire as the data gathering instrument. The data was collected with a focus on the variables that influence sustainable funding for the public broadcaster in South Africa. The hypotheses were framed based on the theoretical framework as a starting point for investigation, with each hypothesis indicating a relationship between variables. Null hypotheses were used and stated that the two variables are independent of each other – meaning there is no relationship. Using inferential statistics to draw conclusions, the hypotheses were tested against the empirical data.

A series of analyses procedures were used, EFA was used to test validity, while the internal reliability of the instrument and data was evaluated using Cronbach's alpha coefficient. Various sets of exploratory factor analyses were conducted for independent variables, intervening and dependent variables. A cut-off point of 0.4 was used for all factor loadings and considered important. Factor loading indicated the degree of correspondence between variables and each factor (Hair et al., 2010:112). A number of the measured items of the independent variables cross-loaded either on more than two factors or had an insignificant factor loading. As a result, these items were omitted from further analysis. The eigenvalues had to be greater than 1.0 for factors to be retained.

The reliability test using Cronbach's alpha as a reliable coefficient test assessed the consistency between multiple measured variables. The coefficient is deemed significant if it is above 0.5 (Ruel et al., 2016:84). In conclusion, the Cronbach's alpha values obtained in this study were all above 0.5. As a result of the validity and reliability tests, the original theoretical framework was adjusted and the null hypotheses were restated based on the results of the validity and reliability analyses. The revised theoretical framework and hypotheses were then considered for further statistical analyses.

The correlation coefficient test was performed to measure the association between variables as well as the strength and direction of the relationship between two variables using the PPMC. To determine the predictive accuracy for the regression model, the R-squared value was used. The R-squared values were between 0% (no prediction) and 100% (perfect prediction). To determine whether the association between the variables is significant, the p-value was used, with the significance level of  $p = 0,000$ . The beta coefficients were used to determine the strength of the relationship between the variables. The demographical information of the respondents was analysed. The demographical information concerned the respondents' gender, whether the respondents were union affiliated, their position in the SABC, their department, their provincial office, their age group and their level of education.

## **7.4 SUMMARY OF THE OBJECTIVES AND RESULTS**

The primary objective of this study was to propose a sustainable funding framework for the South African public service broadcaster. However, a thorough and detailed discussion on the ultimate contribution of the study and where it fits into the literature is presented in section six to section eight. In addition to this objective, a number of secondary objectives were pursued. The following secondary objectives and the conclusions on how they were achieved are presented in this section.

- to review available and related literature on the broadcasting service sector in South Africa, as well as broadcasting funding and financial sustainability;

The above objective was achieved, as a comprehensive literature review relevant to this study was carried out and outlined in Chapters 2, 3 and 4. Chapter 2 offered an analysis of broadcasting services in South Africa. Thereafter, the types of available broadcasting services were described. To add to the literature review, Chapter 3 presented a theoretical discussion on broadcasting funding and financial sustainability in order to set a foundation for proposing a theoretical framework. Chapter 3 went into detail explaining funding sources available for public service broadcasting systems. It was observed that the public service broadcasters can be funded through multiple and diverse sources of revenue, such as licence fees paid by audiences or taxation, government grants, commercial advertising and subscriptions. To complete the literature review relevant for this study, in Chapter 4, a theoretical discussion on the independent variables that influence the intervening variable, sustainable funding for the public broadcaster, as well as the dependent variables, took place. Specific independent variables that influence the financial sustainability of a public broadcaster, as well as dependent variables that are a result of funding sustainability of a public broadcaster were identified.

- to identify the most appropriate research methodology to address the problem statement in this study;

The second secondary objective was achieved in Chapter 5. This chapter presented the research methodology, which encompassed the research paradigm chosen to address the problem statement of this study. This chapter described the two

research paradigms, interpretivism and the positivism paradigm in detail. A positivism paradigm was pursued in this study in the form of a quantitative method approach.

- to develop appropriate research instruments for primary data sourcing from the relevant internal stakeholders;

The third second secondary objective was achieved in Chapter 5, where the instrument identified for primary data collection was through a research survey with a view to analysing the data statistically and for subsequently generalising the results to a population.

- to empirically assess the influence of the identified variables on the financial sustainability of the public broadcaster in South Africa;

The fourth secondary objective was achieved in Chapter 6. To measure the variables of this study, an online questionnaire was constructed and completed online by the respondents. In order to test the hypotheses of this study, a series of statistical analyses were used for data analysis.

- to source primary data (opinions) from the internal stakeholders;

This secondary objective was achieved in Chapter 5 where a web-based distribution survey method was developed. The participants were randomly selected from each provincial SABC office from the database of managers, unionised and non-unionised employees as well as the database of freelancers. Their email addresses were retrieved from the SABC email distribution list and manually loaded into the web-based survey distribution tool named *SurveyMonkey*, for the purposes of empirical study. A total of 432 participants were loaded and sent the questionnaire. The collected data was captured by the same web-based survey tool, which has the capability of monitoring the response rate, categorising the response data and importing the data into an excel spread sheet for analysis.

- to analyse the data using statistical procedures and test the hypotheses;

This secondary objective was achieved in Chapter 6. Statistical analysis was used to analyse the data. Firstly, descriptive statistics such as frequency distribution, which indicates the central position of the data, was used to summarise and interpret the biographical data of the respondents into percentages and averages using mean, median and mode. Descriptive statistics were used to indicate the spread of data using standard deviation. The inferential statistics was used to compare, relate and test the variables in order to assist the researcher to test the hypotheses.

- to present the research results with regard to the research question (What factors would render the SABC a financially sustainable public broadcaster?);

This secondary objective was achieved in Chapter 6. Given the results from the regression analysis, it was concluded that the internal stakeholders, competitive environment and management of resources have a significant positive influence on sustainable funding enabler of the public broadcaster. In turn, sustainable funding enabler had a significant positive influence on the organisational outcomes (customer benefits and performance). Therefore, internal stakeholders, competitive environment and management of resources, do influence sustainable funding enabler of the SABC.

On the other hand, only the management of resources had a positive influence on sustainable funding as part of management control of the public broadcaster. Furthermore, sustainable funding as part of management control had a significant positive influence on the organisational outcomes.

Lastly, the majority of the respondents agreed in their responses in relation to the variable items measuring sustainable funding as a part of management control and its influence to the organisational outcomes of the public broadcaster. On the other hand, a high number of respondents indicated neutrality in their responses in relation to the variable items measuring internal stakeholders, competitive environment and management of resources factors.

- Finally, to provide managerial guidelines and recommendations, after which a sustainable funding framework for a public service broadcaster will be proposed.

The final secondary objective is addressed in this chapter, where the conclusion is drawn about the results obtained in this study. Based on these conclusions, recommendations are put forward with the aim of proposing a sustainable funding framework for a public broadcaster.

## 7.5 CONCLUSION ON RESEARCH QUESTIONS

In addition to the objectives set out for this study, a number of specific research questions had to be answered. A summary of the research questions of the study and the conclusions that have been drawn in an effort to address the research questions, are presented in Table 7.1 below.

**Table 7.1: Summary of research questions and conclusions**

RESEARCH QUESTIONS	ATTEMPT MADE/ RESOLUTIONS
<b>RQ1: What factors would render the SABC a financially sustainable public broadcaster?</b>	Based on the analysis of various secondary sources, this research identified and adopted a theoretical framework regarding sustainable funding for the public broadcaster in South Africa. The factors identified as having a possible influence on sustainable funding for the public broadcaster are internal stakeholders, competitive environment and the management of resources. The factors perceived to influence the outcomes of a sustainably funded public broadcaster were indicated as customer benefits and organisational performance (See Chapter 1, Section 1.4).



RESEARCH QUESTIONS	ATTEMPT MADE/ RESOLUTIONS
<p><b>RQ2: What revenue streams will ensure financial sustainability for the SABC?</b></p>	<p>This research identified and adopted a view from the Parliamentary Assembly of the Council of Europe (Council of Europe, 2009), which recommended the following possible sources of funding for broadcasters: licence fees paid by audiences, government grants or state subsidies, a programme fee paid by partners in the form of sponsorships or donations, as well as commercial advertising and funding in the form of proceeds from the sale of products such as books, videos or films and the broadcaster's audio-visual archives (See Chapter 3, Section 3.2).</p> <p>The South African Broadcasting Act of 1999 also adopted and encouraged these revenue streams (Broadcasting Act, 1999).</p>
<p><b>RQ3: Does sustainable funding of the SABC ensure stable revenue for the organisation?</b></p>	<p>The empirical results indicate that the majority of the respondents (81%) agreed in their responses in relation to the variable items measuring sustainable funding as a part of management control and its influence to the organisational outcomes of the public broadcaster. (See Chapter 6, Section 6.3.5).</p> <p>Various researchers have supported this notion, for example Gumucio-Dagron (2001) and Jallof (2012).</p>
<p><b>RQ4: Does the SABC have sound financial administration and reporting processes?</b></p>	<p>As seen in Chapter 6, Table 6.14, a high number of respondents (50%) indicated neutrality in their responses in relation to the variable items measuring the management of resources' factor. About 17.3% of the respondents disagreed and 32.7% of the respondents agreed with the statements on the survey.</p>

RESEARCH QUESTIONS	ATTEMPT MADE/ RESOLUTIONS
<b>RQ5: Are internal stakeholders contributing to the values that promote the financial sustainability of the SABC?</b>	As indicated in Chapter 6 Table 6.12, most of the respondents (61.9%) at the time of the survey indicated neutrality in their responses in relation to the variable items measuring internal stakeholders' influence on sustainable funding enabler of the public broadcaster. Though, 21.4% of the respondents were disagreeing and 16.7% of the respondents agreeing with the variable items measuring internal stakeholders' influence on sustainable funding enabler.
<b>RQ6: Is the competitive and business environment conducive for the financial sustainability of public broadcasting in South Africa?</b>	Once again, a high number of respondents (61.9%) at the time of the survey indicated neutrality in their responses in relation to the variable items measuring competitive environment's influence on the sustainable funding enabler of the public broadcaster. However, 20.8% of the respondents disagreed and 17.3% of the respondents agreed with variable items measuring competitive environment, as indicated in Chapter 6, Table 6.13.
<b>RQ7: Are the current legislative regulations supportive to the financial sustainability of public service broadcasting in South Africa?</b>	<p>Based on the literature review: public service broadcasting in South Africa is the responsibility of the SABC, which is the only national public service broadcaster, mandated through the South African Broadcasting Act. The SABC has a mixed source of funding using a combination of licence fees, government grants, advertising and sponsorships (as described by the Parliamentary Assembly recommendations) supported and protected by ICASA regulations (See Chapter 3, Section 3.2).</p> <p>The South African Broadcasting Act of 1999 is also supportive for the financial sustainability of public service broadcasting in South Africa (Broadcasting Act, 1999).</p>

RESEARCH QUESTIONS	ATTEMPT MADE/ RESOLUTIONS
<p><b>RQ8: Are the current SABC infrastructure and digital technologies improving the financial sustainability of the organisation?</b></p>	<p>Based on the regression analysis results, it is evident that Management of resources (MOR) (<math>b^* = 0,326</math>; <math>p = 0,000</math>) has a significant positive influence on sustainable funding (SF1) as an enabler for sustainable funding for the public broadcaster. The r-value of the intervening variable, sustainable funding 1 (SF1), indicated a positive but moderate relationship with an independent variable as seen between:</p> <p>Sustainable Funding 1 (SF1) and Management of Resources (MOR) with <math>r = 0,587</math> (see Chapter 6, Table 6.18).</p> <p>Miller and Spoolman (2011) as well as Whitehead (1992) concur that resources are factors of production or assets that are required to accomplish the desired outcome of the organisation, such as to produce goods and services that meet the customers' needs, wants and expectations.</p>
<p><b>RQ9: Does the financial sustainability of the SABC yield improved customer benefits?</b></p>	<p>It can be seen from Chapter 6, Table 6.17 that a high number of respondents (81%) at the time of the survey, agreed in their responses in relation to the variable items measuring sustainable funding as a part of management control and its influence on the organisational outcomes of the public broadcaster.</p> <p>Furthermore, based on the regression analysis results it is evident that both sustainable funding enabler (<math>b^* = 0,174</math>; <math>p = 0,024</math>) and sustainable funding (SF2) as part of management control (<math>b^* = 0,614</math>; <math>p = 0,000</math>) have a significant, positive influence on organisational outcomes (customer benefits and performance).</p> <p>Venkatraman and Ramanujam (1986) also supported the notion that financial sustainability improves customer benefits.</p>

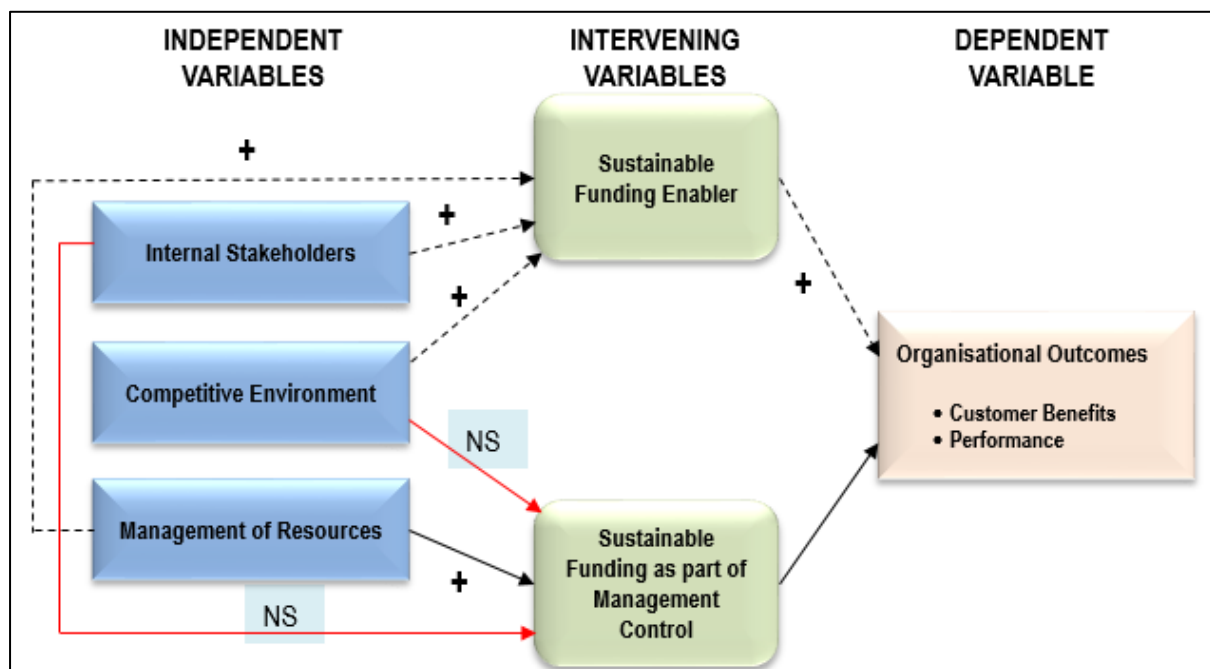
RESEARCH QUESTIONS	ATTEMPT MADE/ RESOLUTIONS
<p><b>RQ10: Does financial sustainability allow the SABC to achieve its strategic organisational performance?</b></p>	<p>From Chapter 6, Table 6.17, it can be seen that a high number of respondents (81%) at the time of the survey, agreed in their responses in relation to the variable items measuring sustainable funding as a part of management control and its influence on the organisational outcomes of the public broadcaster.</p> <p>Furthermore, based on the regression analysis results it is evident that both sustainable funding enabler (<math>b^* = 0,174</math>; <math>p = 0,024</math>) and sustainable funding (SF2) as part of management control (<math>b^* = 0,614</math>; <math>p = 0,000</math>) have a significant, positive influence on organisational outcomes (customer benefits and performance).</p> <p>Various researchers, such as Lebans and Euske (2006), as well as Venkatraman and Ramanujam (1986), supported the notion that financial sustainability allows the organisation to achieve its strategic organisational performance.</p>
<p><b>RQ11: Which aspects influence the financial sustainability of the SABC and to what extent are these aspects influenced?</b></p>	<p>Indicated in Chapter 6, Section 6.3.6. The r-value of the intervening variable sustainable funding as an enabler (SF1), indicated a positive but moderate relationship with all independent variables, as seen between:</p> <p>Sustainable Funding 1 (SF1) and Internal Stakeholders (ISTA) with <math>r = 0,649</math>;</p> <p>Sustainable Funding 1 (SF1) and Competitive Environment (COMP) with <math>r = 0,509</math>;</p> <p>Sustainable Funding 1 (SF1) and Management of Resources (MOR) with <math>r = 0,587</math>.</p> <p>As seen from the Chapter 6, Table 6.18, internal stakeholders (ISTA) (<math>b^* = 0,438</math>; <math>p = 0,000</math>), competitive environment (COMP) (<math>b^* = 0,197</math>; <math>p = 0,001</math>) and management of resources (MOR) (<math>b^* = 0,326</math>; <math>p = 0,000</math>) have a significant positive influence on sustainable funding (SF1) as an enabler for sustainable funding for the public broadcaster. Additionally, management of resources (MOR) also has a positive influence (<math>b^* = 0,269</math>; <math>p = 0,002</math>) on sustainable funding (SF2) as part of management control for sustainable funding for the public broadcaster.</p>

RESEARCH QUESTIONS	ATTEMPT MADE/ RESOLUTIONS
<b>RQ12: Are there any relationships between the variables influencing financial sustainability?</b>	<p>An inspection of the r-values indicates a positive but weak correlation that exists between the independent variables (variables influencing sustainable funding) in the study as follows:</p> <p>Internal Stakeholders (ISTA) and Competitive Environment (COMP) with <math>r = 0,401</math></p> <p>Internal Stakeholders (ISTA) and Management of Resources (MOR) with <math>r = 0,408</math> (See Chapter 6, Section 6.3.6).</p>

Table 7.1 above presents conclusions based on the research questions.

## 7.6 EMPIRICAL RESULTS OF THE STUDY

In this study both descriptive and inferential statistics were used, as mentioned earlier. Descriptive statistics such as frequency distribution were used to summarise and interpret the data of the respondents into percentages and averages using mean as well as standard deviation. The inferential statistical analysis included correlation and multiple regression analysis which were used to compare, relate and test the hypotheses of the study. Figure 7.1 indicates the summary of the results with the identified independent variables and their influence on sustainable funding of the public broadcaster in South Africa as well as the perceived organisational outcomes.



### **Figure 7.1: The hypothetical framework regarding influences and outcomes of sustainable funding for the public broadcaster in South Africa**

The hypothetical framework presented as Figure 7.1 indicates that sustainable funding for the public broadcaster (intervening variable) has separated into two factors, namely, sustainable funding enabler and sustainable funding as part of management control. Sustainable funding enabler is positively influenced by three independent variables, namely, internal stakeholders, a competitive environment and the management of resources. In turn, sustainable funding enabler has a positive influence on the organisational outcomes (customer benefits and performance). On the other hand, sustainable funding as part of management control is only influenced positively by one independent variable, namely, management of resources. Both internal stakeholders and competitive environment showed no significant influence on sustainable funding as part of management control. However, sustainable funding as part of management control also in turn, influences positively the organisational outcomes. A summary of the empirical results is discussed in the section below.

#### **7.6.1 Empirical results and implications based on internal stakeholders' influence**

Post et al. (2002:18) define stakeholders as a person or group that has an interest or concern in an organisation. Consequently, stakeholders can influence the actions, objectives and policies of an organisation. Stakeholders can also be affected by the objectives of the organisation. Therefore, this study focused only on internal stakeholders, namely the board of directors, employees, freelancers, management and trade unions. However, the board of directors as non-executives in the SABC, were not included in the sample for the study.

The empirical results indicated a positive but weak correlation between the independent variables in the study. A positive but moderate correlation between internal stakeholders and sustainable funding enabler was also detected. The empirical results indicated a significant positive influence between internal stakeholders and sustainable funding enabler of the public broadcaster. However, internal stakeholders indicate no significant influence on sustainable funding as part of management control.

The empirical results indicate that SABC employees contribute to the decision-making processes that are associated with the SABC's financial sustainability. The results further indicate that SABC executive directors do inform the employees as to why certain strategies are being implemented to make the organisation financially sustainable. In addition, management at all levels are directly involved in the design of strategic processes and participate in the implementation of these strategies to make the SABC financially sustainable. The trade unions actively participate in the approval of strategies to make the SABC financially sustainable. The board of directors also ensures sound financial management that influences the financial sustainability of the SABC in a positive way. Lastly, the freelancers also support the financial sustainability of the SABC.

#### **7.6.2 Empirical results and implications based on a competitive environment's influence**

The environment in which organisations operate has dynamic environmental forces that include competition, which has a direct influence on the organisation's operations and whether the organisation achieves its objectives (Gitman & McDaniel, 2005:34). Gavrea, Ilies and Stegerean (2011:292) established that the competitive environment in which an organisation operates and the uncertainty of the business environment do influence organisational performance.

The empirical results indicated a positive but moderate correlation between competitive environment and sustainable funding enabler. The empirical results also indicated a significant positive influence by the competitive environment on sustainable funding enabler of the public broadcaster. However, competitive environment show no significant influence on sustainable funding as part of management control.

Therefore, the empirical results indicate that the financial sustainability of the SABC promotes competition by giving the SABC a competitive advantage with competitors and other organisations. The results further indicate that the financial sustainability of the SABC allows the organisation to compete for sport broadcast rights. In addition, the regulatory policy by ICASA ensures the principle of fair competition amongst broadcasters, both from the public service and commercial service segments. The

local content regulation and quotas prescribed for the public broadcaster improve the financial sustainability of the SABC.

### **7.6.3 Empirical results and implications based on management of resources' influence**

Resources are factors of production or assets that are required to accomplish the desired outcome of the organisation, such as to produce goods and services that meet the customers' needs and wants (Miller & Spoolman, 2011:9; Whitehead, 1992:6). Financial resources represent the monetary resources that the organisation uses to purchase raw or natural materials that are sold or offered as a service to the customers. The physical resources are also a factor of production and refer to assets that the organisation uses when producing goods or services (Vitez, 2017:1; Whitehead, 1992:5).

The empirical results indicated a positive but moderate correlation between the management of resources and sustainable funding enabler. The empirical results also indicated a significant positive influence by management of resources on the sustainable funding enabler of the public broadcaster. It was also evident that only the management of resources had a significant positive influence on sustainable funding as part of management control of the public broadcaster.

Therefore, the empirical results indicate that adherence to proper business practices by SABC employees allows the organisation to be financially sustainable. The SABC has well defined policies and regulations for the financial sustainability of the organisation. The results further indicate that the SABC's revenue streams are well defined to ensure financial sustainability of the organisation. In addition, the current infrastructure, digital technologies and in-house production facilities create an environment that ensures the financial sustainability of the organisation.

### **7.6.4 Empirical results and implications based on customer benefits and performance outcomes**

In Florea and Florea's (2013:131) view, customers as external stakeholders could influence an organisation's decisions and activities. According to Hastings (2004:305), in the broadcasting industry, customer benefits is directly aligned with



the perception of value attained from the broadcast content experience and the extent to which a customer surplus in terms of customers' expectations, is delivered by the broadcaster. Organisational performance refers to the ability of the organisation to meet its goals and objectives in an effective and efficient manner using allocated resources (Gutner & Thompson, 2013:58). According to Gavrea et al. (2011:287), organisational performance is an important indicator for organisational success.

The empirical results indicated a weak correlation between sustainable funding enabler and organisational outcomes (customer benefits and performance). However, the regression analysis results indicate that sustainable funding enabler had a significant positive influence on the organisational outcomes. On the other hand, sustainable funding as part of management control indicated a positive but moderate correlation and significant positive influence on organisational outcomes.

The empirical results further indicate that the financial sustainability of the SABC allows the organisation to yield improved audience (customer) benefits and allows the SABC to achieve its strategic organisational performance objectives. Furthermore, the financial sustainability of the SABC is the driving force behind audience satisfaction (increases the share of the audience) and creates an environment that meets the expectations of the customers as an audience at an affordable price. The results further indicate that the financial sustainability of the SABC allows the organisation to improve its image and provide corporate social investment programmes as well as universal reach – broadcasting for all citizens.

The results also indicate that the sustainable funding of the SABC ensures stable revenue and a profitable and viable organisation. In addition, the financial sustainability of the SABC allows the organisation to broadcast diverse quality content, including content of national importance. Lastly, the financial sustainability of the SABC, positions the organisation as a broadcasting leader and a marketable organisation in South Africa, as well as promoting business innovation, infrastructure expansion and effective migration to digital technology.

## **7.7 RECOMMENDATIONS**

In addition to the empirical results and implications set out in the previous section, a number of specific recommendations had to be made. A summary of the recommendations is presented in the section below.

### **7.7.1 Recommendations based on internal stakeholders' results**

It is important that SABC employees contribute to the decision-making processes that are associated with the SABC's financial sustainability. It is also important that SABC executive directors involve management at all levels in the design of strategic processes and then inform the employees as to why certain strategies are being implemented to make the organisation financially sustainable. The contribution from these internal stakeholders will ensure that management and employees, both unionised and non-unionised, participate in the implementation of these strategies to make the SABC financially sustainable. SABC management should make sure that trade unions are engaged continually and actively participate in the approval of these strategies. The board of directors should ensure sound financial management that influences the financial sustainability of the SABC in a positive way by means of: monthly cash flow monitoring mechanism such as a "cash flow meter", which can also be view by management at all levels, as opposed to quarterly reports. This cash flow monitoring mechanism would allow for quick control actions or changes to be undertaken in ensuring sound financial management of the organisation.

### **7.7.2 Recommendations based on competitive environment's results**

It is important for the SABC to compete for sport broadcasting rights and local content in order to attract advertising revenue while meeting prescribed content quotas. There is a need that the existing broadcasting competition regulation be revised in totality with clear guidelines which will be used to regulate the bidding process for sport broadcasting rights and local content acquisition. It is therefore necessary for the SABC management to engage ICASA, which will ensure fair competition amongst broadcasters, whether in the public service or commercial service segment by prohibiting anti-competitive conduct and restrictive practices that are created by financially dominant media organisations. The SABC management should also engage ICASA to propose for regulation and licensing of online internet

broadcasting to ensure parity between traditional broadcasters and online based broadcaster. The SABC should venture into New Media such as streaming of audio and video in order to improve its competitive advantage which may improve its revenue generation.

### **7.7.3 Recommendations based on management of resources' results**

It is important that the SABC employees adhere to proper business practices that allow the organisation to be financially sustainable. The SABC has well defined policies and regulations; however, management should ensure that these policies are followed to the letter by doing inductions and regular refresher workshops.

It is also important that the SABC has well defined and diverse revenue streams for example: licence fees paid by audiences should be estimated and well-defined (expected amount) based on South African households; government grants should be compulsory for all projects of national importance and a request with quantified estimated costs should be submitted to Treasury department annually; programme fees paid by partners as well as commercial advertising to be quantified using available airtime inventory and an estimated target be set annually. These revenue streams should be apportioned to relevant departments to achieve as performance annual targets that are monitored on monthly bases.

The SABC management should revise the collection methods for licence fees (currently voluntary) in order to improve this source of revenue/funding by proposing to ICASA a compulsory collection method such as collection through a levy inclusion on the electricity bill. The SABC management should ensure and invest on the improvement of infrastructure, digital technologies and in-house production facilities to support revenue generation.

### **7.7.4 Recommendations based on customer benefits and performance results**

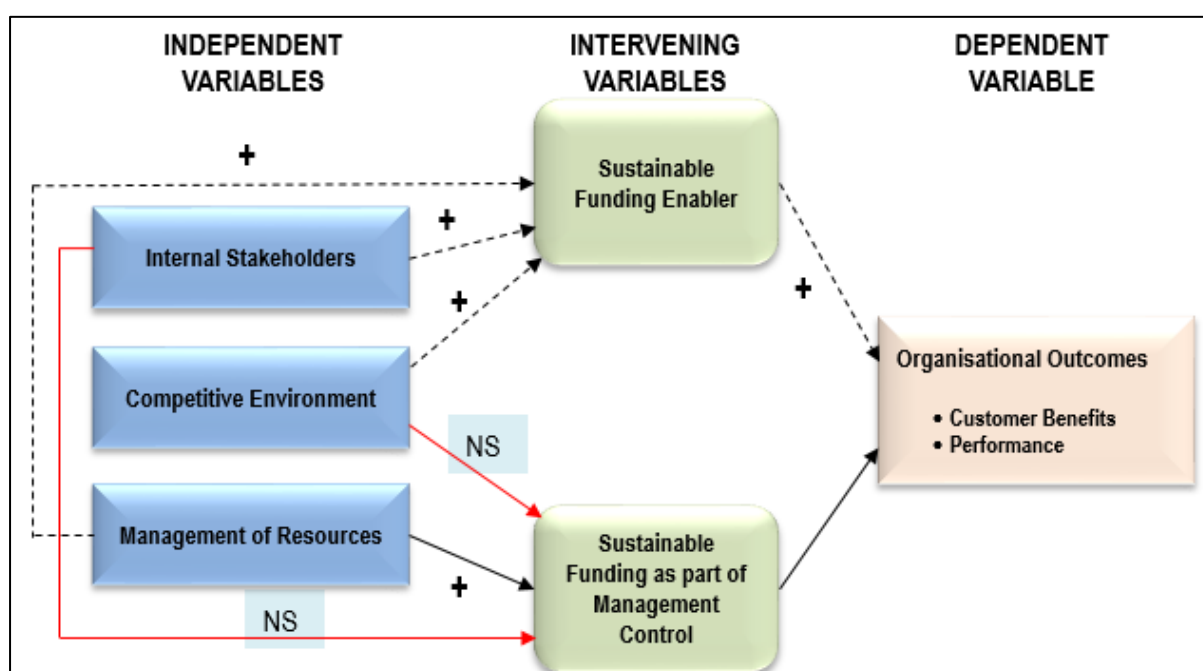
It is important that the SABC is accessible to all citizens by providing opportunities for communities to participate in content productions which could grow the audience (customers) base. The SABC should also partner and support local based production companies which will ensure sharing of resources, which might reduce

costs and create quality content that draws audiences. It is important that the SABC management continuously engage audiences through interactive methods such as dedicated programmes and workshops in order to improve the existing broadcast services which might lead to audience loyalty. The SABC management should support business innovation (invention and innovation) in order to position the SABC as a broadcast leader by establishing a dedicated innovation department.

It is also important for the SABC management to improve the organisation's efficiency in their use of public funds by developing realistic budgets and using accurate tracking reports in order to improve the organisation's image.

## 7.8 CONTRIBUTION OF THE STUDY

The primary objective of this study was to propose a sustainable funding framework for the South African public broadcaster by investigating factors influencing financial sustainability. Figure 7.2 indicate the developed sustainable framework based on the results of this study.



**Figure 7.2: The proposed sustainable funding framework for the public broadcaster in South Africa**

Figure 7.2 indicate that sustainable funding for the public broadcaster (intervening variables) are influenced by the identified variables. In turn, sustainable funding has

a positive influence on the organisational outcomes (customer benefits and performance).

This study has added to the existing body of knowledge with regard to the financial sustainability of the South African public broadcaster by identifying factors that influence the financial sustainability of the SABC and assisted in developing a framework indicated in Figure 7.2. This study also contributed to the debate and literature regarding sustainable funding for public broadcasters and can therefore act as a foundation for other studies. The factors that influence sustainable funding for the public broadcaster are not well documented and indicate a gap in the literature. Therefore, the results of this study could contribute to filling this gap.

The results of this study will also assist the SABC in understanding the factors influencing the financial sustainability of the organisation and thereby inform the organisation during strategy development. This study is significant in that it gathered the opinions of the internal stakeholders of the SABC, which makes it useful in the South African environment. The results of this study provide relevant and practical recommendations that will make the SABC financially sustainable.

Through the results of this study, the government and policy makers can gain insight into factors influencing the financial sustainability of the public broadcaster. This study also developed a reliable measuring instrument that should be applicable to any public broadcaster. This study used critical, justified research methodology that can be used by other similar studies.

## **7.9 LIMITATIONS OF THE STUDY**

This study attempted to contribute to the existing body of knowledge by developing the sustainable funding framework for the public broadcaster in consultation with the internal stakeholders (respondents). However, this study faced a number of limitations. Firstly, with regard to the slow pace at which the surveys were completed and returned by the respondents. Secondly, due to respondents' busyness at their work, with broadcasting, the number of respondents that completed the survey was lower than expected. Although various approaches to encourage respondents were employed, such as lucky draw gift vouchers, numerous follow up reminders and

email encouragement from the SABC's Learning and Development Department, the response rate did not improve much.

The third limitation was due to the sample selection method, which used stratification sampling whereby the respondents were divided and stratified based on their roles and provinces within the organisation. This stratification sampling method was used to overcome the problem of a population being significantly under-represented or over-represented. The stratification selection method meant that only those fixed selected participants, (although randomly selected), could be respondents. This being said, Baruch (1999:434), in his study about response rates in academic studies, which was a comparative analysis, concluded that the average and also reasonably acceptable response rate is approximately 60% but this can vary downwards or upwards by up to 20%. On that basis, the 41% response rate of this study is reasonable, acceptable and would not generate validity issues.

The study also faced limitation due to the unfavourable time of the year when the research field work was carried out, which was during November. This period appeared to have exacerbated the poor response rate, as many of the participants that were selected were out of office. The last limitation was related to the 'neutral' response option, which numerous respondents opted to select. This option was intended for respondents that were unsure of that particular questionnaire statement. However, the web-based distribution survey, which had to be completed online by the respondents, did not allow the researcher to explain the questionnaire items to the respondents.

## **7.10 FUTURE RESEARCH**

Despite the above limitations, this study investigated the factors influencing the financial sustainability of the public broadcaster in South Africa and can provide a foundation for future research. Other researchers can apply this reliable measuring instrument and framework to other public broadcasters.

As this study focused on financial sustainability, other researchers can explore other variables this study might have not included. This study gathered opinions from

internal stakeholders within the SABC and other studies can expand and include external stakeholders, especially with regard to policy development.

### **7.11 CONCLUDING REMARKS**

The primary objective of this study was to propose a sustainable funding framework for the South African public broadcaster. The empirical results of this study reveal that the identified independent variables, namely internal stakeholders, competitive environment and the management of resources have a positive influence on the sustainable funding of the public broadcaster. Similarly, the results indicate that the sustainably funded public broadcaster positively influences the organisational outcomes (customer benefits and performance). It is important for the SABC to be cognisant of these results during their strategy development. The results of this study provide relevant and practical recommendations for the SABC. This study can also act as a foundation for other studies, thereby contributing to the existing body of knowledge.

It can be concluded that the primary and secondary objectives of this study were achieved and the research questions were answered. The main contribution of this study is to make the SABC competitive and financially sustainable.

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## ANNEXURE A: QUESTIONNAIRE



Dear Participants,

I am currently enrolled for a PhD (Business Management). The topic and title of my thesis is a proposed sustainable funding framework for the public broadcaster in South Africa. This questionnaire is designed to study the factors that influence sustainable funding for the public broadcaster. Your willingness and response in the survey could help improve the financial sustainability of the public broadcaster in South Africa.

I am asking for your candid and honest opinion in the completion of the attached questionnaire survey. This will take no more than fifteen minutes of your time to answer. **There is no right or wrong answer. All responses will be used for research purposes only and treated as CONFIDENTIAL. You are not required to identify yourself in the questionnaire. By completing the survey you have a chance to win one of two LUCKY DRAW R1000 Incredible Connection gift vouchers.**

Thank you very much for your time.

Yours sincerely,

Vuyo Nyembezi (Researcher)

Prof. Madéle Tait (Promoter)

Prof. Chantal Rootman (Co-promoter)

### **THE STRUCTURE OF THE QUESTIONNAIRE IS AS FOLLOWS:**

**Section A** consists of a number of statements where you have to indicate your opinion on a Likert scale (strongly disagree to strongly agree).

**Section B** seeks to solicit your biographical information.

## **SECTION A: YOUR OPINION ON THE SUSTAINABLE FUNDING FOR THE PUBLIC BROADCASTER**

This section requires a rating (assessment) of your opinion about the factors that influence sustainable funding for the public broadcaster. Please read the statements carefully, and then indicate your **opinion on the Likert scale (strongly disagree to strongly agree)**. If you are not sure of the particular statement, please place a check (✓) in the 'neutral' box.

The interpretation of the numbers is as follows:

- 1 = strongly disagree;
- 2 = disagree;
- 3 = neutral;
- 4 = agree;
- 5 = strongly agree.

## SECTION A1: INTERNAL STAKEHOLDERS

<b><u>STATEMENTS ON</u></b> <b><u>THE SUSTAINABLE FUNDING FOR THE</u></b> <b><u>PUBLIC BROADCASTER: INTERNAL</u></b> <b><u>STAKEHOLDERS</u></b>		LIKERT SCALE				
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	SABC employees contribute to the decision-making processes that are associated with SABC's financial sustainability.	1	2	3	4	5
2	I contribute to the SABC values that promote financial sustainability of the organisation.	1	2	3	4	5
3	The board of directors' ensures sound financial management that influences the financial sustainability of the SABC, positively.	1	2	3	4	5
4	SABC Executive directors inform the employees as to why certain strategies are being implemented to make the organisation financially sustainable.	1	2	3	4	5
5	Management at all levels is directly involved in the design of strategic processes to make the SABC financially sustainable.	1	2	3	4	5
6	Management at all levels participates in implementing strategies to make the SABC financially sustainable.	1	2	3	4	5
7	There are shared common goals among managers of different divisions/departments to make the SABC financially sustainable.	1	2	3	4	5
8	Trade unions participate actively in the approval of strategies to make the SABC financially sustainable.	1	2	3	4	5
9	The buy-in from trade unions assists the SABC to be financially sustainable.	1	2	3	4	5
10	Freelancers support the financial sustainability of the SABC.	1	2	3	4	5

## SECTION A2: COMPETITIVE ENVIRONMENT

STATEMENTS ON THE SUSTAINABLE FUNDING FOR THE PUBLIC BROADCASTER: COMPETITIVE ENVIRONMENT		LIKERT SCALE				
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
11	Financial sustainability of the SABC promotes competition by putting the SABC in a competitive advantage with competitors/ other organisations.	1	2	3	4	5
12	The increase in commercial broadcasters and additional channels improves the financial sustainability of the SABC.	1	2	3	4	5
13	The advent of online internet broadcasting platforms improves the financial sustainability of the SABC.	1	2	3	4	5
14	Financial sustainability of the SABC allows the organisation to compete for sport broadcast rights.	1	2	3	4	5
15	Investment by the SABC to the mandated sports broadcasting such as development sport, improves the financial sustainability of the organisation.	1	2	3	4	5
16	The SABC mandate from the legislative regulations such as the Constitution of the Republic of South Africa, ICASA and the Broadcasting Act improves the financial sustainability of the SABC.	1	2	3	4	5
17	The Broadcasting charter and licensing framework of the SABC improve the financial sustainability of the organisation.	1	2	3	4	5
18	The regulatory policy by ICASA ensures the principle of fair competition amongst broadcasters both from the public service and commercial service.	1	2	3	4	5
19	The acquisition of premium cost local content improves the financial sustainability of the SABC.	1	2	3	4	5
20	The local content regulation and quotas prescribed for the public service broadcaster improve the financial sustainability of the SABC.	1	2	3	4	5

## SECTION A3: MANAGEMENT OF RESOURCES

STATEMENTS ON THE SUSTAINABLE FUNDING FOR THE PUBLIC BROADCASTER: MANAGEMENT OF RESOURCES		LIKER T SCAL E				
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
21	The adherence to proper business practices by SABC employees allows the organisation to be financially sustainable.	1	2	3	4	5
22	SABC has well defined policies and regulations for financial sustainability of the organisation.	1	2	3	4	5
23	Financial sustainability of the SABC is crucial for the public service broadcaster to be able to successfully deliver on the broadcasting services and mandate.	1	2	3	4	5
24	The current SABC revenue generation is sufficient to cover all the organisation's costs to ensure financial sustainability.	1	2	3	4	5
25	The SABC revenue streams are well defined to ensure financial sustainability of the organisation.	1	2	3	4	5
26	Current advertising income improves the financial sustainability of the SABC.	1	2	3	4	5
27	Current government subsidy improves the financial sustainability of the SABC.	1	2	3	4	5
28	Current TV licence revenue collection improves the financial sustainability of the SABC.	1	2	3	4	5
29	Current SABC in-house production facilities create an environment that ensures financial sustainability of the organisation.	1	2	3	4	5
30	Current SABC infrastructure and digital technologies improves the financial sustainability of the organisation.	1	2	3	4	5

## SECTION A4: SUSTAINABLE FUNDING

<b>STATEMENTS ON THE SUSTAINABLE FUNDING FOR THE PUBLIC BROADCASTER: SUSTAINABLE FUNDING</b>		LIKERT SCALE				
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
31	Financial sustainability of the SABC allows the organisation to yield improved audience (customer) benefits.	1	2	3	4	5
32	Sustainable funding of the SABC allows the SABC to achieve its strategic organisational performance objectives.	1	2	3	4	5
33	Sustainable funding of the SABC ensures a stable revenue income for the organisation.	1	2	3	4	5
34	Financial sustainability of the SABC allows the organisation to fulfil its mission.	1	2	3	4	5
35	Sustainable funding of the SABC ensures that the organisation is viable.	1	2	3	4	5
36	The SABC is regularly involved in financial and strategic planning towards the objective of financial sustainability.	1	2	3	4	5
37	To ensure financial sustainability, the SABC's income sources are diversified.	1	2	3	4	5
38	The SABC has sound financial administration and reporting processes.	1	2	3	4	5
39	The SABC has its "own" income generation streams.	1	2	3	4	5
40	The SABC's board effectively contributes to the organisation's financial sustainability objective.	1	2	3	4	5
41	The SABC's available cash flows contribute to the organisation's financial sustainability objective.	1	2	3	4	5
42	The SABC has sufficient long term finances available to continue existing.	1	2	3	4	5
43	The SABC has financial sustainability.	1	2	3	4	5



## SECTION A5: CUSTOMER BENEFITS

<b>STATEMENTS ON THE SUSTAINABLE FUNDING FOR THE PUBLIC BROADCASTER: CUSTOMER BENEFITS</b>		LIKERT SCALE				
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
44	Financial sustainability of the SABC creates an environment which meets the expectations of the customers as audience.	1	2	3	4	5
45	Financial sustainability of the SABC is the driving force behind audience satisfaction.	1	2	3	4	5
46	The financial sustainability of the SABC improves the organisation's image.	1	2	3	4	5
47	Financial sustainability of the SABC provides opportunities for communities to make use of the services provided by the organisation.	1	2	3	4	5
48	The financial sustainability of the SABC allows the organisation to provide universal reach – broadcasting for all citizens.	1	2	3	4	5
49	Financial sustainability of the SABC allows the organisation to contribute in corporate social investment programmes.	1	2	3	4	5
50	Financial sustainability of the SABC allows the organisation to offer its broadcasting services at an affordable price.	1	2	3	4	5
51	Financial sustainability of the SABC allows the organisation to broadcast content of national importance.	1	2	3	4	5
52	Financial sustainability of the SABC allows the organisation to broadcast diverse content.	1	2	3	4	5
53	Financial sustainability of the SABC assists in the acquisition of quality content that draws audiences.	1	2	3	4	5

## SECTION A6: ORGANISATIONAL PERFORMANCE

<b><u>STATEMENTS ON THE SUSTAINABLE FUNDING FOR THE PUBLIC BROADCASTER: ORGANISATIONAL PERFORMANCE</u></b>		LIKERT SCALE				
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
54	Financial sustainability of the SABC is a major contributor to the objectives of the organisation.	1	2	3	4	5
55	Financial sustainability of the SABC assists in creating a marketable organisation.	1	2	3	4	5
56	Financial sustainability of the SABC allows for adequate and effective marketing.	1	2	3	4	5
57	A financially sustainable SABC allows the organisation to be involved in outreach programmes, contributing to communities.	1	2	3	4	5
58	Financial sustainability of the SABC ensures profitability of the organisation by generating income which surpasses its liabilities.	1	2	3	4	5
59	Financial sustainability of the SABC positions the organisation to be a broadcasting leader in South Africa.	1	2	3	4	5
60	Financial sustainability of the SABC improves the organisation's efficiency in their use of public funds.	1	2	3	4	5
61	Financial sustainability of the SABC increases the share of the audience of the organisation.	1	2	3	4	5
62	Financial sustainability of the SABC allows the organisation to fulfil its licence conditions.	1	2	3	4	5
63	Financial sustainability of the SABC promotes business innovation such as inventions and innovations in the broadcasting environment.	1	2	3	4	5
64	The financial sustainability of the SABC allows for effective migration to digital technology.	1	2	3	4	5
65	The financial sustainability of the SABC allows for infrastructure expansion such as the creation of new bureaus or offices.	1	2	3	4	5

## **SECTION B: BIOGRAPHICAL INFORMATION**

The following questions are related to biographical information. Please indicate your response by selecting the appropriate block.

1. Please indicate your gender:

Female ☐

Male ☐

2. Please indicate if you are affiliated to a union body within the SABC:

Non-unionised ☐

Unionised ☐

3. Please indicate your position in the SABC:

Freelancer ☐

Middle Management ☐

Senior Management ☐

Other ☐

4. Please indicate your department in the SABC:

Auditing Services ☐

Content Services ☐

Corporate Affairs ☐

Finance Department ☐

Human Capital Services ☐

Learning & Development ☐

Media Technology Infrastructure ☐

News ☐

Platforms (Radio & TV) ☐

SABC Sport ☐

Sales & Marketing ☐

Other ☐

5. Please indicate your based provincial office of the SABC:

- |                                  |                          |
|----------------------------------|--------------------------|
| SABC Auckland Park (Head Office) | <input type="checkbox"/> |
| SABC Eastern Cape                | <input type="checkbox"/> |
| SABC Free State & Northern Cape  | <input type="checkbox"/> |
| SABC Gauteng (Tshwane)           | <input type="checkbox"/> |
| SABC Kwazulu-Natal               | <input type="checkbox"/> |
| SABC Limpopo                     | <input type="checkbox"/> |
| SABC Mpumalanga                  | <input type="checkbox"/> |
| SABC North West                  | <input type="checkbox"/> |
| SABC Western Cape                | <input type="checkbox"/> |

6. Please indicate your age group:

- |       |                          |
|-------|--------------------------|
| 21-30 | <input type="checkbox"/> |
| 31-40 | <input type="checkbox"/> |
| 41-50 | <input type="checkbox"/> |
| 51-60 | <input type="checkbox"/> |
| 61-65 | <input type="checkbox"/> |

7. Please indicate your highest educational qualification:

- |                              |                          |
|------------------------------|--------------------------|
| Matric                       | <input type="checkbox"/> |
| Certificate/Diploma          | <input type="checkbox"/> |
| Bachelor's degree            | <input type="checkbox"/> |
| Post graduate diploma/degree | <input type="checkbox"/> |
| Other                        | <input type="checkbox"/> |

8. Should you wish, in order to be eligible for the lucky draw prizes, please supply your email address:

---

**Thank you for your participation**

## ANNEXURE B: LETTER FROM THE LANGUAGE EDITOR



One Stop Solution  
24 Firenze Gardens  
Warbler Road  
Cotswold Ext  
Port Elizabeth  
6045  
[www.onestopsolution.co.za](http://www.onestopsolution.co.za)

### TO WHOM IT MAY CONCERN

I, Michele van Niekerk, declare that I have done the language editing for the dissertation of:

**Vuyo Nyembezi**

entitled:

### **A PROPOSED SUSTAINABLE FUNDING FRAMEWORK FOR THE PUBLIC BROADCASTER IN SOUTH AFRICA**

Submitted in fulfilment of the requirements for the degree of Doctor of Philosophy (Business Management) in the Faculty of Business and Economic Sciences at the Nelson Mandela Metropolitan University.

I cannot guarantee that the changes that I have suggested have been implemented nor do I take responsibility for any other changes or additions that may have been made subsequently.

Any other queries related to the language and technical editing of this treatise may be directed to me at 076 481 8341.

Signed at Port Elizabeth on 27 January 2018

Mrs M van Niekerk

## ANNEXURE C: ETHICS CLEARANCE FOR THE THESIS



FORM E

### ETHICS CLEARANCE FOR TREATISES/DISSERTATIONS/THESES

*Please type or complete in black ink*

FACULTY: **Business and Economic Sciences**

SCHOOL: **School of Management Sciences**

DEPARTMENT: **Department of Business Management**

I, (surname and initials of supervisor) **Tait, M (Prof)**

the **supervisor** for (surname and initials of candidate) **Nyembezi, V (Mr)**

(student number) **20628071**

a candidate for the degree of **PhD: Business Management**

with a treatise/dissertation/thesis entitled (full title of treatise/dissertation/thesis):

**A proposed sustainable funding framework for the public broadcaster in South Africa**

considered the following ethics criteria (*please tick the appropriate block*):

	YES	NO
1. Is there any risk of harm, embarrassment or offence, however slight or temporary, to the participant, third parties or to the communities at large?		X
2. Is the study based on a research population defined as 'vulnerable' in terms of age, physical characteristics and/or disease status?		X
2.1 Are subjects/participants/respondents of your study:		
(a) Children under the age of 18?		X
(b) NMMU staff?		X
(c) NMMU students?		X
(d) The elderly/persons over the age of 60?		X
(e) A sample from an institution (e.g. hospital/school)?		X
(f) Handicapped (e.g. mentally or physically)?		X

3. Does the data that will be collected require consent of an institutional authority for this study? (An institutional authority refers to an organisation that is established by government to protect vulnerable people)		X
3.1 Are you intending to access participant data from an existing, stored repository (e.g. school, institutional or university records)?		X
4. Will the participant's privacy, anonymity or confidentiality be compromised?		X
4.1 Are you administering a questionnaire/survey that:		
(a) Collects sensitive/identifiable data from participants?		X
(b) Does not guarantee the anonymity of the participant?		X
(c) Does not guarantee the confidentiality of the participant and the data?		X
(d) Will offer an incentive to respondents to participate, i.e. a lucky draw or any other prize?		X
(e) Will create doubt whether sample control measures are in place?		X
(f) Will be distributed electronically via email (and requesting an email response)?		X
<p>Note:</p> <ul style="list-style-type: none"> <li>• If your questionnaire <b>DOES NOT</b> request respondents' identification, is distributed electronically and you request respondents to return it <i>manually</i> (print out and deliver/mail); <b>AND</b> respondent anonymity can be guaranteed, your answer will be NO.</li> <li>• If your questionnaire <b>DOES NOT</b> request respondents' identification, is distributed via an email link and works through a web response system (e.g. the university survey system); <b>AND</b> respondent anonymity can be guaranteed, your answer will be NO.</li> </ul>		

Please note that if **ANY** of the questions above have been answered in the affirmative (**YES**) the student will need to complete the full ethics clearance form (REC-H application) and submit it with the relevant documentation to the Faculty RECH (Ethics) representative.

and hereby certify that the student has given his/her research ethical consideration and full ethics approval is not required.

  
SUPERVISOR(S)

  
DATE

  
HEAD OF DEPARTMENT

  
DATE

  
STUDENT(S)

  
DATE

Student(s) contact details (e.g. telephone number and email address):

VuyoN@sabc.co.za; vuyonyembezi@gmail.com; Cell number: 083 490 6410

Please ensure that the research methodology section from the proposal is attached to this form.