State and non-state actors’ contribution to economic stability or instability of State-Owned Entities: a case study of South African Airways

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ABSTRACT
The state and non-state actors have always influenced the issues arising in society, particularly concerning state-owned entities (SOEs), economic stability, and instability. From having an influence within their national borders to the international scale, these actors are very pivotal agents that often seek to bring justice and better ordinary individuals’ lives. Non-state actors such as multinational corporations and civil society organizations are some of those on the frontlines of fighting for economic emancipation, especially in less developed states. Yet, this is not always the case; in some instances, they can be noted as villains who would bring about the injustices themselves. Although their influence cuts across many sectors of society, the paper sought to discuss the contribution of these two actors, the state and the non-state actor, to the economic stability and/or instability of state-owned entities. From this premise, the paper adopted a qualitative method and case study approach for South African Airways (SAA) to understand the contribution of state and non-state entities to the financial stability or instability of SAA. Thus, the findings suggest that SOEs are affected by various direct and indirect interventions by both state and non-state actors, especially in their economic ambitions, which provide stability or instability in the entity. Hence, the paper concludes that the economic stability or instability of SOEs such as SAA is largely affected by the intervention of both state and non-state actors.

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Introduction
Actors are entities that sought to participate in and promote international relations as well as interactions. These two entities are involved and play an active role in international relations, and these are referred to as the State and non-state actors. Maseng (2014) documented that the state actors are simply the one side of the two entities/types that advocate for the government/interests of the government. While on the other hand, non-state actors do not fall within the affiliation of the state and do not necessarily advocate the interests of the state. However, although that be the case it must be noted that the non-state actors do have an influence/impact on the state actors (Josselin and Wallace, 2001; Maseng, 2014). The state actor is the state itself and while the non-state actors include several factors such as the multinational corporation, intergovernmental organizations, interest groups amongst others. Although there is vast literature on state as well as non-state actors, little is documented on the roles of these actors on the stability or instability of State-Owned Entities (SOE’s). Hence, the paper focuses on South Africa Airways (SAA) which is an SOE which has been battling with various challenges over the years. The challenge of SAA includes the intervention of the state itself, corruption, and the manipulation of the running of this entity is some instances by either state or non-state entities. Hence, it is crucial to understand the contribution of state and non-state actors towards the economic stability of SOE’s and in this case being SAA which is the aim of the paper at hand.

All these actors, from the state to the non-state play a pivotal role in the economic stability or the instability of SOEs (Josselin and Wallace, 2001; Adem, 2016). For instance, political instability particularly in the super-powerful states harms the economy of the...
world so for one of these states to engage in war would bring about economic instability. This mainly is led by the inability of that particular to engage in any international trade or accept immigrants to the country to come and work which would see growth in the economy and ultimately bring stability to the SAA. Especially for SAA which is an entity that engages in the international sphere by providing transportation from one point to the other. Similarly, the interference by agents of the state such as Minister of Public Enterprises to sway the decisions of the entity also have an effect on the efficacy of the entity. In most cases due to the relationship between political elites, the goal is always to benefit from states resources such as that of SOE’s such as SAA. Over the years, the entity has been filled with vast mismanagement of funds as a result of corruption that is driven by state agents’ intervention hence it has led to economic instability of the entity. Hence, it is important to probe the role of state agents/actors in this regard to the economic stability or instability of SOE’s such as SAA.

The paper provides insights on the contributions of state and non-state actors in the stability or instability of SOE’s focusing specifically on SAA. The South Africa Airways has been faced with several challenges over the years and this includes political intervention, clientelism, corruption, while also it has to compete with other airlines which are not of state affiliation. Therefore, the entity has seen the challenges of internal (state actors) who in most cases only seek to loot the entity while enriching themselves and their patron networks. In addition, the entity also received a vast competitive edge from non-state entities within the same industry or not. Other non-state entities affect the efficacy of the entity as they are affecting the policy making of the state and this may harm the state entities as they sought to ensure that they benefit from this. Hence, it is then important to study the significant role played by both state and non-state actors in the economic stability of SOE’s with specific reference to SAA. SAA is important indicator as the entity has had to go through business rescue as a result of this thus it is importance to then understand the role of state and non-state actors in this regard.

The methodology and research design of a paper are crucial components that can impact the validity and reliability of the study. In this research, qualitative methods were employed to gather non-numerical data that could provide an in-depth analysis of the idea or theory being studied. The case study research design was chosen due to its ability to describe, compare, evaluate, and understand various aspects of a search problem, with a particular focus on SOEs such as SAA. By using qualitative explanations, the study aimed to offer scholarly descriptions in narrative format on how State and non-state actors’ contributes to the economic stability or instability of State-Owned Entities while focusing on a case study of South African Airways. To collect the required data, document analysis was used as an effective data collection technique. This technique relied on readily available online documents such as books, journal articles, official reports, and other relevant material on SAA, SOEs, and economic stability. The North West University Library Online Catalogue and Google Scholar were used as search engines to find scientific evidence of the impact of political patronage on SAA’s efficacy in executing its mandate. By using keywords such as economic stability, state actors, non-state actors, South African Airways and, state-owned entities, thus, the researchers were able to obtain relevant material and produce a comprehensive study.

Literature Review

Theoretical and Conceptual Background

State actors

The states are considered to be the primary role players in global and national interactions with other states. International relations mainly depend on the collaboration or bilateral relations of states then it expands to other sectors (Josselin, and Wallace, 2001; Bieler et al, 2004). For instance, in the case of South Africa, provinces are allowed and can have bilateral relations with other provinces of other states across the world. But those states' provinces need to have first ensured that they have bilateral relations with the national government first before making provincial relations. Similarly, even the SAA must also be operating in a state that has relations with South Africa. Hence, in most cases, the state will be considered to be the primary actor in the international state.

Not only at the governmental level but even in the business sector. In some states for an MNC to come and establish and offer/ provide its services in that particular state, its headquarters government and the desired establishment state needs to have bilateral relations. This will assist during the time of political/ military crisis then the government of the headquarters can through diplomacy offer to evacuate their citizens out of that particular state. In addition, the SAA can also evacuate South African citizens in that particular state to ensure safe arrival back home. This process will be easier as these two states would already have relations at the governmental level so to avoid the chances of losing their bilateral benefits they may/ will comply with each other (Ataman, 2003).

Non-state actors

Non-state actors have always had a significant role in governmental planning concerning influencing policy-making and how it affects society. Non-state actors are the actors that are not affiliated with or within the control of the state, yet they have the power to influence change and have input in the new formulation/ existing policies of the state. As they are considered to be some of the important influencers of both domestic and international policies (Clapham, 2009; Maseng, 2014).

Moreover, these non-state actors as many looks to improve the lives of their members to benefit from the state will always look to influence the governmental financial/economic policies. For instance, in South Africa, most of the interest groups that represent the worker are always looking to negotiate with the government to attain better wages for their people (Maseng, 2014). Hence in
2020/2021 during the negotiation for better wages for government employees’ groups such as Popcru, and Cosatu were refused the wage deal being offered by the government. Many felt that the government was not doing justice to the employees as they had a prior agreement, but this could have an impact on the stability or instability of the country.

With regards to the stability of the entity’s economy, this will improve the financial capacity of most workers and they can now direct their finances to other departments which this will help money circulate in the economy and attack investors. While on the contrary, this might be a bad step for the government as this is during the pandemic and the government does not have money to invest in its employees. As such they may be forced to go and borrow money from monetary institutions, burying the country into more debt and that makes the investors shaky, and the economy will not be stable as they will start to pull out or disinvest.

These are some of the realities of how non-state actors can contribute to the stability or instability of SOEs. Although their impact may be domestically noted mainly, their effect on domestic policy also affects the world market. For instance, Suardi (2012) has noted how most currencies across the world are always being compared against the US Dollar and if the Dollar is not doing well, it is most likely that it will affect the global market. Hence the saying that “when America sneezes, the whole world catches a cold”, this just shows how the internal affairs of America can affect the world at large (Suardi, 2012).

States actors’ contribution to SAA economic stability and/or instability

With regards to states’ contribution toward SAA economic stability is very important as these are the first point of reference in global interaction as Ataman (2003) has noted. In causing stability, states sought to grow their economical ambitions and that will mean that they have to engage in the international economy. By gaining access to the international economy, they will first enjoy the benefits of having global bilateral relations so they will not only be continental, but through these relations, they attract investors (Bieler et al, 2004). Hence SAA can enjoy the benefits of landing in foreign states which have bi/multilateral relations with South Africa.

In addition, by having relations with other states, the country automatically attracts investors. As it is seen as a country that has collaboration and is encouraging global cooperation with investors, they are likely to invest in the state either through establishing MNCs or investing in SOEs. Over and above that, state themselves they can also be investors as through their collaboration or bilateral relation they can look to grow their state-owned entities such as SAA. For instance, Yin and Zhang, (2020) have documented the operation of Chinese SOEs in Africa and how this was able to bring cash injection for most African states yet for China this was an investment.

To this extent, this clearly shows how states are the first points of reference in global interactions and their importance in the SOE’s economic stability. Mover and above that, the establishment of intergovernmental organizations also depend on the engagements of states. These organizations may be non-state actors, but the state influences them such that through them the state can make economic stability or instability for SOEs. For instance, the United States of America and Britain are the two foundations of the Bretton Woods Institutions which are monetary institutions consisting of the International Monitory Fund and the World Bank (Lipsy, 2015).

These institutions are there to assist nations in terms of economic depression and should these two states object or refuse to allow that particular state to receive the loan then they will be denied that loan. Similarly, even SOEs can also seek financial assistance from these institutions so states can advocate, the SAA has been bailed out several times by the government. This may be a result of having multiple interests in that state and they can enforce and make changes to their economic policies before they are given the loan, especially in these entities. And the changes would allow them to infiltrate that state’s economy and be able to establish their interests from them, this may bring about stability as people will now be employed in that country (Adedeji, 1995; ul Haq, 1995).

On the other hand, the state also contributes to SAA’s economic instability. As alluded early that the sense of a state engaging in a war may cause economic depression in the national market. Having state-sponsored terrorism occurring within the borders of that particular state will sponsor by finances from the SOE. This will inhibit the entity from having or engaging in several economic activities such as imports and exports, which in the case of SAA will be travel and tourism (Czinkota et al, 2004; Ward, 2004). Furthermore, investors are often skeptical about investing in states that are infiltrated by war and terrorism amongst other things. Where there is war and terrorism, it is more likely that infrastructural development is not likely to occur. This is because the government is more focused on investing its resources towards winning the war and not so much on social issues (Ward, 2004). Similarly, it may not necessarily be the responsibility of the government to create jobs for the native society, but it is the responsibility of the government to create and good environment for businesses to start up and thrives.

The above-mentioned statement cements that the government must refrain from engaging in wars and inhibit the chances of terrorism to grow. This will ensure that economic growth in SOEs is stable as well as infrastructural development in the country (Magoito, 2003). In that sense, businesses such as SAA will have the opportunity to grow in the state, and the attraction of foreign investment also grows which will increase the opportunity for jobs to be created. As such, the government was not necessarily involved in the creation of jobs and having stable SOE economic growth, but the state played a primary role in ensuring that there is stability and jobs are created. But when the states fail to prevent all of these then it's more likely to cause economic instability which will negatively affect the growth, stability, and instability of SOEs.
Furthermore, Byman and Kreps (2010) have asserted that having what is referred to as state-sponsored terrorism is also a hindrance to SOE’s economic stability. State-sponsored terrorism is a situation in which the state itself tends to sponsor terrorist groups in their country to ensure that they terrorize societies and businesses (Byman, and Kreps, 2010). As it is often said that wars cost money so terrorists will use this money acquired from the government (SOEs such as SAA) to buy more weapons and resources that allow them to thrive. They can also use this to ensure that they terrorize states and as they do this, they are causing political, military, and economic instability in that particular state. As such they chase away investors and there that loss in terms of social, economic well political stability.

Non-state actors’ contribution to SAA economic stability and/or instability

**Intergovernmental organizations**

Not only can non-state actors be key role players in the stability or instability of the SOE’s economy but even at the international level. Intergovernmental Organizations (IGOs) are some of the most important and influential international players that have a deciding role in the stability of the global economy (Cao, 2009). Cao (2009) further asserted that IGOs can be noted as organizations that are made up primarily of sovereign states, or other organizations through formal treaties for handling/serving common interests and governed by international laws. Although these organizations are not constitutionally bound and treaty-bound they still have a huge influence on national matters, socially or economically.

Intergovernmental organizations (IGOs) such as the World Bank, World trade organization, and United Nations are some of the leading IGOs that influence most SOE’s economic policies, and if they fail to comply with their requirements the country will be sanctioned or denied access to loans/ financial access (Bearce, and Bondanella, 2007). As trade embargos and sanctions are placed against a certain state, trading globally is affected and it will not occur as it should affect markets across the globe. For instance, many states across the African continent are rich in natural resources and even scarce resources such as Oil, so putting trade restrictions against such states will destabilize the global trade and economy at large. Similarly, even in the aviation sector, any restrictions affect the flow of migration and globalization which will affect the economy and SOEs.

In addition, even during the rise of the pandemic, the world markets were being constrained by the pandemic as many businesses were closing to protect their employees. The economy of SAA was receiving dire constraints and many other SOEs could not cope with the pandemic due to these restrictions. Then the world bank and international monetary fund (IMF) also known as the Bretton Woods Institutions were coming forth to offer rescue to most SOEs (Medhora, and Owen, 2020). They were able to bring about certain stability to the global market and ensure that markets were not fully knocked off and economies across the globe are sustained. This further depicts the strength of IGO to play a role in bringing about stability in the economy of SOEs such as SAA while they can similarly bring instability.

**Non-governmental organizations**

Non-governmental organizations (NGOs) can be understood as non-profit organizations which advocate or seek to pursue policies for the good of the public. NGOs engage in issues such as human rights humanitarian aid, economic development, and social welfare, just to mention a few (Werker and Ahmed, 2008). Like interest groups, NGOs seek to challenge the incoming or existing governmental policies to ensure that they can capacitate everyone in society. These organizations are free from governmental influence as they seek to work independently and complete their mission affording to advocate for better policies.

Werker and Ahmed (2008) further explain that as such they can be considered to be one of the influencers that can contribute to global economic stability or instability as they have influence. For instance, as they seek to advocate humanitarian aid, they can provide vaccines in states and communities that are not able to gain access to vaccines. This will or can bring about stability as people will be able to go back to their normal lives and businesses will be reopened and the economy of a country can be reopened. This will bring about stability in the national economy and alternately to the economy of SAA as a state entity.

Be that as it may, they can also inflict economic instability across the world through this. Should most NGOs feel that the vaccines are not safe for human consumption and there is not enough evidence that will convince them that these vaccines are safe they will boycott and also advise the society at large to boycott them. And this will bring about economic instability as most states will not be able to reopen their economic activities due to the fears of the spread of the virus. As such this will bring about more economic depression and instability across most airlines as states cannot go back to their norms of international or regional traveling (Villarreal-Garza et al, 2021; Doh and Teegen, 2002). It is with that assertion that this paper notes the impact and the influence of the NGOs on the stability or instability of the SOE’s financials.

**Multinational Corporations (MNCs) and Transnational Corporations (TNCs)**

One of the important factors that are considered to be very influential both politically and economically is the MNCs and TNCs. Kordos and Vojtovic (2016) explain that MNCs and TNCs are broad-based companies that seek to gain profit at the national and international levels. In essence, they cut across various states and they can or are operating in different states across the world. Furthermore, MNCs have control of a vast majority of resources across the world hence they are always considered to be extremely influential in the family of non-state actors (Kordos, and Vojtovic, 2016).
For instance, regarding MNCs’ and TNCs’ capital capacity and contributions towards the state they have settled in, the government has to ensure that their economic policies have to incapacitate these businesses’ needs. As such the policies of the government have to always consider that as much as these organizations pay tax but they also contribute to the enhancement of the infrastructure in that particular country.

On that note, it is clear that the MNCs and TNCs are very important entities in SOE’s economic stability or instability. As mentioned above they contribute to infrastructural development, which will contribute to the economic growth of the state as it expands and engages in international trade through SAA. For example, when the MNCs settle in the coastal areas of the country they have to ensure that develop the roads as well as the pots of that particular state as they also benefit from this as it makes it easier for them to engage in trade (imports/exports) (Tuodolo, 2009). So, should the corporation decide to leave the shores of the country that particular structure can be used by the government to contribute to some of the economic activities of the states (Jaworek and Kuzel, 2015)?

Moreover, when these MNCs and TNCs look to settle in a particular country they will also create jobs in that particular country, and this will reduce poverty as more people are working. This will assist the government to gain more tax from the citizens and this money collected in a form of tax can be used to grow other strategic sectors of the economy. Besides all this, the expansion of the MNCs and the ability to settle in foreign states will depict their country of settlement as a peaceful state that has social cohesion, and this will assist the country to attract more businesses to come and settle in this state. Thus, the economy of this state will see growth and alternately affect the financial ability of SAA. Due to factors, such as globalisation, tourists will also be attracted to those states as they follow a band(s) that are known to them therefore SAA can benefit. Similarly, Kordos and Vojtovic, (2016) allude that the allowance for the establishment of MNCs would also be a way in which states across the world get to have bilateral relations.

This can be a means for these states to protect their interests in that particular country and this will contribute to the stability of SOE's economy as there is collaboration above everything else. In essence, there is a great importance of MNCs and TNCs in the world, these organizations contribute to social cohesion, promote globalization, and contribute to the state’s economy by generating income both for employees and the country (Jaworek and Kuzel, 2015). Furthermore, they also get to contribute to the economy of the state by developing and improving structures such as airports, so they have a huge role to play in the stability of SOEs.

On the other hand, MNCs and TNCs can also contribute to global SOE instability. These organizations are often considered to be selfish organizations. They seek to enrich themselves and oftentimes they do not care about the states in which they are operating and their workers in that, particularly the state. Although the government can hold them accountable concerning tax paying, their policies concerning their worker remuneration are independent of the government's control or influence (Rahman, 2007).

Hence, the policies of states in which they settle have to be in line with the policies of their organizations, so the government has to draft policies that are inclusive of the MNCs and TNCs. So should the government choose to implement a policy that is oppressive toward the MNCs they may opt to challenge the government through courts or close their doors and this will see a lot of people losing their jobs (Swamy, 2011). As people lose their jobs, there will be fewer and fewer contributions to the economy of the county in terms of the revenue collected and circulating in the economy.

**Conclusion**

In a nutshell, both the state and non-state actors have a tremendous impact on the stability or instability of SOE’s economy. The state as the primary actor in domestic and international politics has a duty or is duty-bound to ensure that it has positive relations that are going to contribute to the country’s economy and ensure that SOEs such as SAA grow. These relations can be made through collaborations with others states or by creating a safe environment for MNCs which will make partnerships with SOEs such as SAA. Similarly, investors will also gain confidence and ensure that they invest in SAA to ensure its survival chances thus, this will contribute to the financial stability of the SOE. Failure to do that can lead to SOE economic instability which may be of concern to the NGOs and IGOs. While still on the issues of NGOs and IGOs, as part of the non-state actors they also have a role to play in the stability or instability of the SOEs through influencing states’ internal policies and influencing international engagements/trade policies. Therefore, the paper has demonstrated how the state and non-state actors contribute to economic stability and/or instability of state-owned entities using the case study of South African Airways.

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