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Impression management analysis of South African State-Owned Enterprises: six capitals disclosure in the chairman, CEO, CFO and Performance Report

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Impression management analysis of South African State-Owned Enterprises: Six capitals disclosure in the Chairman, CEO, CFO and Performance Report

A research report submitted by:

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to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Commerce in Accountancy

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ABSTRACT

Orientation: State-Owned Enterprises (SOEs) in developing economies, such as South Africa, have a critical economic, social, and environmental influence. However, South African SOEs are currently dealing with increased public scrutiny, putting their organisational legitimacy in jeopardy as they continue to drain public funds. As a result, SOEs may find it difficult to defend their value relevance and may resort to impression management strategies to maintain their legitimacy.

Research Purpose: The purpose of this study is to analyse if certain impression management techniques, namely attribution, neutralisation, and thematic manipulation, are employed by Schedule 2 South African SOEs in specific sections of their integrated reports. The study also aims to understand the use of the six capitals in SOEs' integrated reports and the application of impression management techniques to the six capitals.

Significance of study: This study could benefit society at large, as users could factor impression management into their decisions. There is currently limited research regarding impression management in the public sector. This study contributes to the body of literature on impression management within the public sector in an emerging economy.

Overview of Research Method: The SOEs analysed are those included in Schedule 2 of the Public Finance Management Act (PFMA). Within the integrated report, the focus is on the Chairman, CEO, CFO Statements, and the Performance Report. A qualitative approach, using content analysis with the data being analysed using quantitative methods, was adopted.

Main Findings: The findings of this study highlight that SOEs engage in some form of impression management (either through thematic manipulation, attribution, or neutralisation) when presenting the six capitals. SOEs employ assertive impression management through the technique of thematic manipulation to gain legitimacy and employ defensive impression management through the techniques of attribution and neutralisation to repair legitimacy. Despite the challenges that SOEs have faced over the two years, the narratives disclosed create a notion of optimism to achieve legitimacy, and this is accomplished by managing the impression of the words in the Chairman, CEO, CFO and Performance Reports.

Keywords: SOEs, impression management, attribution, neutralisation, thematic manipulation, legitimacy, six capitals, and integrated report

DECLARATION

I, Sumaiyabanu Shaikh declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Commerce at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

_____

Sumaiyabanu Shaikh

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LIST OF ACRONYMS/ABBREVIATIONS

SOE	State-Owned Enterprise
PFMA	Public Finance Management Act
ATNS	Air Traffic and Navigation Services Company
ACSA	Airports Company South Africa
Armscor	Armaments Corporation of South Africa
Broadband	Broadband Infrastructure Company (Pty) Ltd
DBSA	Development Bank of Southern Africa
CEF	Central Energy Fund
IDT	Independent Development Trust
IDC	Industrial Development Corporation of South Africa Limited
Land Bank	Land and Agricultural Bank of South Africa
SABC	South African Broadcasting Corporation Limited
SAFCOL	South African Forestry Company Limited
NECSA	South African Nuclear Energy Corporation
Post Office	South African Post Office Limited
SAA	South African Airways Limited
SA Express	South African Express (Pty) Limited
Telkom	Telkom South Africa Limited
TCTA	Trans-Caledon Tunnel Authority
Transnet	Transnet Limited
IFRS	International Financial Reporting Standards
APA	Auditing Profession Act
IIRC	International Integrated Reporting Council
Atlas.ti	Archive for Technology, the Lifeworld and Everyday Language, text interpretation

CHAPTER I: INTRODUCTION

1.1 Purpose of the study

The purpose of this study is to analyse whether impression management techniques are employed by South African State-Owned Enterprises (SOEs) in their integrated reports to improve their legitimacy, given the public scrutiny. The occurrence of impression management in the six capital disclosures diminishes the usefulness of the integrated report for decision-making purposes. Therefore, the study of impression management in the six capital disclosures in integrated reports should not be overlooked (Edgar, Beck, & Brennan, 2018; Guthrie, Ball, & Farneti, 2010; Stacchezzini, & Lai, 2016; Surty, Yasseen, & Padia, 2018; Williams & Lodhia, 2021).

1.2 Context of the study

A State-Owned Enterprise (SOE) is a company established according to company or statutory laws and it can be wholly or partially owned, with the government having a significant level of controlling ownership (Balbuena, 2014; Kikeri, 2018). Many SOEs, such as Airports Company South Africa (ACSA), Alexkor, Broadband, Denel, and Telkom, were established with a developmental mandate in the post-apartheid era for the benefit of South African citizens (Ovens, 2016). Other SOEs, such as Eskom, Armscor, and the Development Bank of Southern Africa were established pre-apartheid to gain economic independence during the World War (Fourie, 2001). Schedule 2 SOEs of the Public Finance Management Act (PFMA) have largely a commercial objective, with an expectation to earn profits and provide a revenue stream for the government budget (Balbuena, 2014; Ovens, 2016). SOEs have various stakeholders, such as the state, the general public, and other various investors (OECD, 2009) that have an embodied interest in the economical and efficient functioning of the entity to ensure that the service delivery is not compromised (McGregor, 2013). SOEs are expected to be financially viable by all stakeholder groups to operate efficiently and protect the interests of the stakeholders (Balbuena, 2014; Ovens, 2016).

SOEs are considered to be an instrument for the socio-economic advancement of a country (Fourie, 2014). They play a vital role in government activities to deliver basic services to its citizens, such as utilities, transportation, and construction services which are meant to improve the quality of life of citizens (Kikeri, 2018). In developing countries, such as South Africa, citizens are dependent on SOEs for water, electricity, and sanitation, as well as employment (Kikeri, 2018; Matsiliza, 2017; Ovens, 2016). Their importance cannot be undermined as SOEs ensure that sustained value is continuously created for the growth of the country and its citizens through its presence in strategic sectors of the economy

(Balbuena, 2014; PWC, 2012). The interests of the general public are dependent on the actions of the SOEs and to facilitate the development of the economy, SOEs have to be dependable (McGregor, 2013). The high number of stakeholders requires increased accountability from the SOEs because they have a duty to report on how the funds they receive from the taxpayers' contributions and other endowments are put to efficient, effective and economical use to create sustained value (KPMG, 2012). It is therefore necessary that honest and true findings are communicated by the SOEs to maintain the trust of their various stakeholders (IIRC, 2013d; Williams & Lodhia, 2021).

Although SOEs are an important part of the South African economy, stakeholder needs have been undermined due to SOEs' involvement in corrupt activities, and operational problems (PWC, 2020). This is evident from the limited unmodified audit opinions issued, mismanagement of funds, a high number of bailouts, and more recently, 'state capture' (Madumi, 2018; McGregor, 2013; Philip, 2020). The government has spent R187.4 billion in bailing out SOEs since 2000 and plans to allocate another R129 billion in bailouts over the next three years (National Treasury, 2021). The increasing pressure and public scrutiny that South African SOEs are facing in the current times against the uncontrolled surge in corruption, and state capture has placed the SOEs under the spotlight (Kikeri, 2018; Madumi, 2018). Many SOEs are facing issues, for instance, Eskom is plagued with management inefficiencies, South African Airways (SAA), SA Express and the South African Broadcasting Corporation (SABC) are facing liquidity challenges, Denel is facing a trade union backlash, and Transnet is entangled with state capture investigations (Mutize, 2018). Stakeholders face greater uncertainty as the conditions of SOEs worsen (Madumi, 2018; McGregor, 2013). SOEs' actions are being questioned, and the bailouts offered to SAA and Eskom are raising concerns amongst stakeholders about the viability and feasibility of these SOEs, and this has all created a negative perception of these enterprises amongst the public (Kikeri, 2018; Matsiliza, 2017; Molosi, 2021).

The increased public scrutiny has the potential to create pressure on managers of SOEs to provide more favourable information and over-emphasise the positives while downplaying unfavourable and negative information (Aerts, 2002; Leung, Parker, & Courtis, 2015). Madumi (2018) highlights that currently SOEs are negating the growth of the national economy and require immediate reform; this significant pressure for reform may lead to SOEs employing different techniques to maintain their credibility in the public eye (Leung et al., 2015). Impression management techniques can be employed to change stakeholders' perceptions and although impression management techniques have foundations in social theory concerning individuals, they are applicable to companies' reporting strategies as well (Edgar et al., 2018; Leung et al., 2015). During adverse financial performances, corporate

scandals, and major reorganisations, managers use impression management techniques in an attempt to influence stakeholder perceptions (Edgar et al., 2018; Hooghiemstra, 2000). Given that South African SOEs have been beset by many concerning issues, this may lead to management adopting impression management techniques in their reporting strategies to remain credible in the public eye and to salvage their image (Edgar et al., 2018; Madumi, 2018).

The medium adopted by SOEs to report their performance is through integrated reports (Melloni et al., 2016). The integrated report aids SOEs in creating a strategic picture of the performance of the entity, where their large number of stakeholders can evaluate the actions undertaken by management to create long-term value (Melloni et al., 2016). The integrated report follows a multiple capital disclosure approach, in recognition of the range of resources that an entity relies upon; these capitals are financial capital, manufactured capital, human capital, intellectual capital, natural capital, and social capital (EY; IIRC, 2013d, 2017). The multiple capitals are the fundamental inputs for the SOEs that allow for the creation of value through their effective and efficient use of them (IIRC, 2013d; Maroun, 2019; Melloni et al., 2016). With the current negative media coverage that SOEs are receiving, stakeholders will be highly critical of the integrated report presented, particularly focusing on the six capitals as they are the basis for value creation (Edgar et al., 2018; IIRC, 2013d; Melloni et al., 2016; Yasseen, Moola-Yasseen, & Padia, 2017). It has been noted that management use integrated reports to offset the negative effects of media coverage, allowing entities to portray a strategic favourable image and therefore, impression management in the six capitals disclosure becomes an important area of focus (Melloni et al., 2016). It is against this backdrop that this study has been developed.

1.3 Research Problem

SOEs have a significant economic, social, and environmental impact (Broadbent & Guthrie, 2008) and are being called to account for their actions (Guthrie et al., 2010). As South African SOEs continue to drain the public funds, accountability is called for (Surty et al., 2018). As SOEs serve the public of South Africa, they have to provide evidence of the delivery of sustainable outcomes, effective resource allocations, and the creation of value (Guthrie et al., 2010; KPMG, 2012; Surty et al., 2018). However, SOEs are currently experiencing governance, financial and operational issues which has called into question their organisational legitimacy (Kikeri, 2018; Madumi, 2018). SOEs may find it challenging to justify their value relevance in light of the issues they face, leading them to employ impression management techniques in an attempt to validate their legitimacy (Roper & Schoenberger-Orgad, 2011). Stakeholders rely on communication in integrated reports to

assess the value creation of an entity (IIRC, 2016a; Patelli & Pedrini, 2014; Surty et al., 2018; Yasseen et al., 2017). Prior literature suggests that management and those charged with governance use integrated reports to engage in impression management, resulting in the communication with stakeholders not being honest, fair, and unbiased (Edgar et al., 2018; Leung et al., 2015; Melloni et al., 2016; Yasseen et al., 2017). Value creation through the six capitals must be communicated to stakeholders fairly, as it involves public goods and services that are basic necessities of every citizen's needs and wellbeing (Kikeri, 2018). With the current state of South African SOEs, responsible and accountable communication is crucial, given that SOEs may misstate the information (KPMG, 2012).

1.4 Significance of the study

The mandate of SOEs is to foster the development of South Africa by ensuring the necessary delivery of public goods and services is not lacking (Balbuena, 2014; Ovens, 2016). However, SOEs are surrounded by public delivery failures due to financial and governance issues, meaning that the mandate has not been upheld (Kikeri, 2018). This could lead to SOEs employing impression management techniques to maintain their legitimacy to stakeholders (Leung et al., 2015; Matsiliza, 2017; OECD, 2018). The importance that stakeholders place on the SOEs' integrated reports and disclosures of value creation, calls for integrity and faithful representation to allow for useful decisions being made (Guthrie et al., 2010; Williams & Lodhia, 2021).

The King IV Report on Corporate Governance (King IV) calls for integrity in the integrated report through reliability and usefulness of information presented and follows the combined assurance model that supports the integrity of information (IODSA, 2016). King IV requires honest reporting, and the use of impression management which is the conscious or unconscious attempt to distort information may lessen the integrity of the information (Melloni et al., 2016). The bias present in the disclosures detracts from the neutrality and faithful representation that the International Financial Reporting Standards (IFRS) seek (IASB, 2019). The occurrence of impression management in the six capitals of value creation disclosures diminishes their usefulness, therefore the study of impression management in the disclosures cannot be overlooked (Surty et al., 2018). This study could benefit society at large, as the results of this study would reveal to stakeholders whether impression management techniques are employed by the management of SOEs. Where impression management techniques are applied, stakeholders will be aware of the possible influences that management use and could incorporate this into their decision-making process, allowing more useful decisions to be taken.

There is currently limited research regarding impression management in the public sector. Studies in the South African public sector relating to impression management have focused on trends in integrated reporting as a whole (Surty et al., 2018) or other particular sections but limited research has been conducted on impression management on the six capitals of value creation. There have been studies of impression management in the Chairman's statement of listed enterprises and of graph disclosures, but this was limited to the private sector (Varachia & Yasseen, 2020; Yasseen et al., 2017). Research on impression management of graph disclosures by SOEs is also limited (Kathrada, 2019).

Numerous studies have been conducted on impression management in integrated reports but to the author's knowledge, there has been no research on impression management in SOEs with a specific focus on the six capitals. There have been analyses of impression management in the public sector of other countries, such as Australia, the United States of America (USA), and New Zealand (Broadbent & Guthrie, 2008; Guthrie et al., 2010; Samkin & Schneider, 2010; Williams & Lodhia, 2021) which studied the integrated reports or review articles of the public companies, again, with no specific focus on the six capitals. Given the limited research in the practices of the six capitals of value creation in the public sector, this study aims to contribute to the body of literature on impression management and value creation by analysing South African SOEs and their capital disclosures through the lens of impression management theory.

Lastly, the results of this research could assist the Auditing Regulatory Bodies; at the moment, there is no assurance of integrated reports as a whole, but this assurance is over certain sections of the report (Maroun, 2019) and this might provide an opportunity for the preparers of these reports to legitimise themselves and engage in dishonest reporting about the value creation through the use of impression management (Surty et al., 2018). Auditors may seek to provide external assurance on the six capital disclosures or be more stringent on these disclosures to limit management bias from influencing useful decision-making (Miller, Fink, & Proctor, 2017).

1.5 Research Questions

To complete the research, the following questions were addressed:

RQ1: How are SOEs disclosing the six capitals in their integrated reports and does the disclosure of six capitals reflect elements of impression management?

RQ2: Is there a significant difference in terms of the impression management techniques employed across the six capitals?

1.6 Assumptions, limitations, delimitations

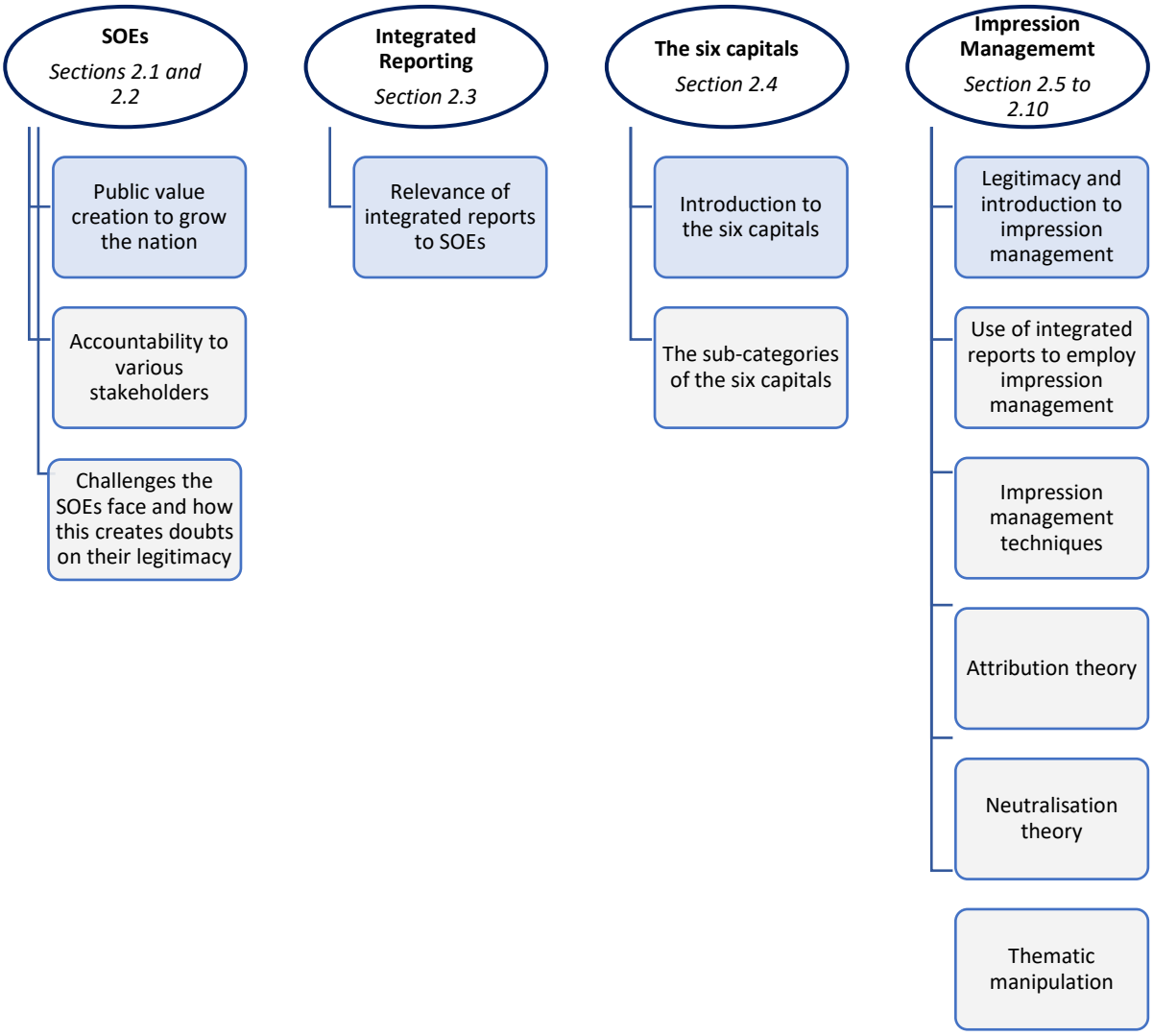
This study assumed that SOEs do have narrative disclosures on the six capitals. This study acknowledges that there are other means of communication, such as social media, media reports, and press releases, amongst others, that SOEs use to communicate with stakeholders, however, these have not been considered for this study and a focus was placed only on the integrated report (Boiral, 2016; Diouf & Boiral, 2017). The integrated report contains both financial and non-financial information (Pivac, Vuko, & Cular, 2017). Within the integrated report, this research study only looked at capital disclosures in the Chairman, Chief Executive Officer (CEO), Chief Financial Officer (CFO) Statements, and the Performance Report; it did not consider impression management present in other parts of the integrated report. However, for SOEs that released the Performance Report in the annual financial statements section, this was also considered.

This research focused only on the SOEs as included in the Public Finance Management Act (PFMA) Schedule 2. The period of investigation was limited to two year-ends, namely the 2019 and 2020 year-ends. The Covid-19 pandemic that immersed the nation in a lockdown and its after-effects on the economy and SOEs could not be ignored but was not the focus of this study. There are different forms of impression management techniques; this study focused on attribution (where outcomes are ascribed to either internal or external factors), neutralisation (downplaying the negative outcome), and thematic manipulation (emphasise positive themes by attempting to tone down the negative news by manipulating the sentiment, time and type of disclosure presented) techniques employed by SOEs (Aerts, 2005; Boiral, 2016; Melloni et al., 2016).

CHAPTER II: LITERATURE REVIEW

The conceptual framework for the literature review is as follows (Figure 1):

Figure 1: Literature Review Conceptual Framework



2.1 SOEs in a South African context

The definition of an SOE, per the Public Finance Management Act (PFMA) is used for the purpose of this study.

"State-Owned Enterprise is:

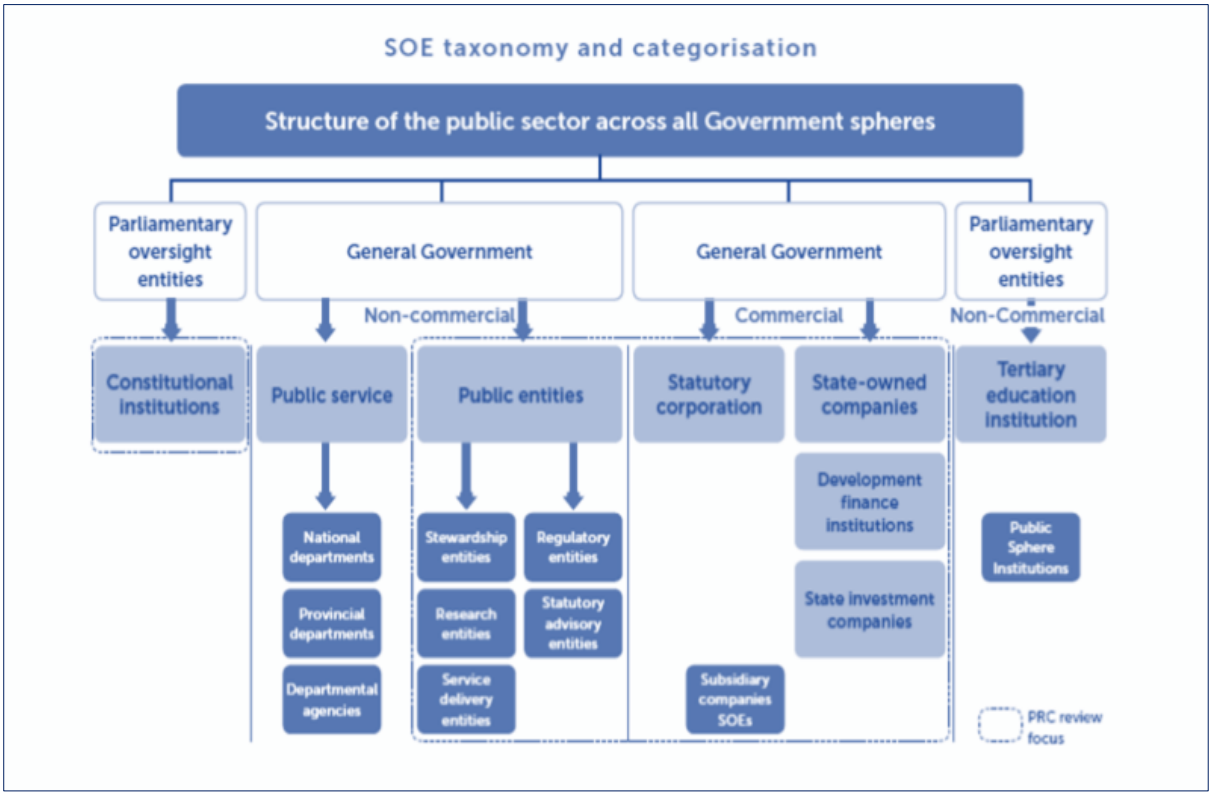
- *a juristic person under the ownership control of the national executive*
- *has been assigned financial and operational authority to carry on a business activity*
- *as its principal business, provides goods or services in accordance with ordinary business principles; and*
- *is financed fully or substantially from sources other than (i) the National Revenue Fund; or (ii) by way of a tax, levy or other statutory money" (PFMA, 1999, p. 8).*

According to King and Stivers (1998), it is argued that the government belongs to the citizens, so then the SOEs should focus their responsibility on serving and empowering citizens. SOEs have the responsibility to create public value by using public funds for the public's interest, both wholly or partly, and for other stakeholders (Nugraha, 2017). Public policy and how well SOEs implement the policy for the benefit of the public is a story of public value creation; how the government may exercise its authority in developing programmes to serve public purposes through the means of SOEs is a component of public value creation (PWC, 2020; Williams & Lodhia, 2021). SOEs have a dual objective of public and business value creation (Huang & Zhang, 2007). Public value refers to the value created by the government through services, laws, regulations and other actions (PWC, 2015). Public importance is at the heart of public value theory because, in a democracy, only the public can determine what is truly valuable to them (Nugraha, 2017).

SOEs are an important part of public sector reform (OECD, 2018). Besides their profit motive, SOEs have attributable social benefits for the purpose of public service (PWC, 2015). SOEs have to consider both economic objectives (profit motive, support economic growth and fiscal sustainability) and public service objectives (empowerment of citizens) (Nugraha, 2017). SOEs are inseparable from the public sector and public value creation because they have an obligation to produce goods and services and provide public service in order to fulfil public needs and rights (Rixon, 2010).

Figure 2 highlights the taxonomy of the SOEs in the public sector. It is visible that the SOEs mandate and role in the public sector is pertinent (OECD, 2018).

Figure 2: SOE Taxonomy



Source: Parliament (2015)

Many Southern African economies have placed SOEs at the centre of their national development strategies as a response to the failure of the private sector in the 1990s and the global financial crisis in 2008 (Balbuena, 2014). There has been a growing trend to rely on SOEs to resolve market failures and promote development which highlights the significance of SOEs (Balbuena, 2014; Morake, 2017). SOEs are considered to be an instrument for the socio-economic advancement of a country (Fourie, 2001).

South Africa, being a developing country, operates on the basis that the state has the mandate to steer development initiatives that will improve the economy (OECD, 2018) and SOEs are the state's tool to stimulate gross domestic product (GDP), employment and infrastructural development (Madumi, 2018). In South Africa, SOEs are seen as a critical mechanism to assist the government to achieve service delivery and economic growth in the strategic sectors, such as energy, transport, telecommunications, and manufacturing sectors (Fourie, 2014). Many SOEs were established in certain sectors to promote more effective and efficient service delivery to offset the impact of the international sanctions against South Africa due to the apartheid (Ovens, 2016). The most important commercial SOEs are listed in Schedule 2 of the 1999 PFMA (World Bank Group, 2018). These specific SOEs play a significant role in the economy, contributing to more than 8.5% of GDP and maintaining networks and services in key sectors, such as infrastructure, finance, national security, and

social sectors, and all this motivated the focus of this current research to use the Schedule 2 SOEs as part of the study (Balbuena, 2014; National Planning Commission of South Africa, 2019).

Table 1 below provides reasons why each Schedule 2 SOE was created and how it aids the government to administer the handling of the country and highlights the importance of these SOEs (Parliament, 2015).

Table 1: Rationale for Schedule 2 SOEs

Reason for an SOE	Explanation	Sector Examples	SOE Examples
Natural monopoly	State owns the monopoly to prevent a negative impact on the economy	Airport infrastructure	Eskom, Transnet, ACSA
Market failure	State provides important goods and services and does not depend on market forces	Development financing	IDC, DBSA, Land Bank
Externalities	State owns entities that have greater public welfare that could be compromised under the private sector	Research and development	NECSA
Social equity	State aims to provide universal access to services at a more cost-effective price than the private sector	Postal services	Post Office, SABC, SAFCOL
Security of supply	State aims to provide access to critical goods and services	Water storage and distribution infrastructure	TCTA
National security	State aims to protect its citizens	Weapons production	CEF, Armscor
Competitive advantage	State aims to leverage the country's resources	Mineral beneficiation	Alexkor
Investment returns	A by-product of developmental financing	Any profitable government enterprise	IDC, DBSA, Land Bank
Unknown	There is no substantive reason for such SOEs, these could be categorised as 'non-strategic'		Broadband, Telkom, SAA, SA Express

Source: Parliament (2015)

Recently in South Africa, there has been significant value destruction of SOEs, due to corruption and inefficiency (Vorster & Konstantinopoulos, 2020). These kinds of circumstances have created a perception of how incompetent the management of SOEs and the government is concerning public policy implementation which has ultimately led to the destruction of public value (PWC, 2020). South African SOEs' performances have been below average over the past few years (National Treasury, 2021). Corporate governance and ethical failures are ongoing issues for SOEs (Kikeri, 2018; Madumi, 2018; PWC, 2020). And, SOEs continue to struggle with low profitability, unfocused operations, and poor productivity (Mutize, 2018).

Although SOEs may have been created to contribute to the economic development of the country, according to the Public Protector, SOEs are caught up between the public interest, the interest of the stakeholders and political leaders (Matsiliza, 2017). The main goal of politicians is to attain and maintain power and SOEs are the fitting vehicle for achieving political gains that may not be in line with the profit maximisation objective or protecting the welfare of the country (Kuzman, Talavera, & Bellos, 2018). In such cases, political parties select the board of SOEs based on how politically loyal they are and not based on merit (Kuzman et al., 2018). The board is committed to the political figures more than the public and in this case, the accountability shifts from the public to politics (Jones & Zou, 2017). Furthermore, the underlying issue of misuse of funds, weak ethics, and lack of appropriate oversight mechanism continues to cripple SOEs of South Africa (Kikeri, 2018; Madumi, 2018; Matsiliza, 2017; McGregor, 2013). Irregular, fruitless expenditure by the SOEs, has led to few unmodified audit opinions and overall poor financial performance (Mutize, 2018). Additionally, high bailouts, high turnover rates and resignations amongst board members have weakened sustainable corporate governance (Vorster & Konstantinopoulos, 2020). Frequent board changes have led to inconsistent decision-making, which has led to inefficiencies and poor performance (Kuzman et al., 2018).

Frequent court cases and scandals reflect self-interest rather than care for the well-being of the country (Philip, 2020). SOEs that are responsible for advancing the country are failing (Kikeri, 2018). This can be seen by the persistent loadshedding that the country keeps facing due to Eskom's inefficiencies (Vorster & Konstantinopoulos, 2020). Ineffective rail infrastructure points toward the mismanagement of funds by Transnet (Matsiliza, 2017). The disappointing financial performances of SAA and SABC have led to several government bailouts (National Treasury, 2021). The SA Post Office, once known for creating employment opportunities nationwide has failed to keep up with the changes in service delivery and faces severe public trust issues (Philip, 2020). These problems highlight that SOEs that were meant to be responsible and accountable to the public for job creation had failed (Yetano, 2019). Board members pursue the goals of political figures instead of the public, public funds are directed for personal and political gains instead of public prosperity and here the responsibility towards the citizens is foregone (Surty et al., 2018). The line to whom the SOEs are accountable has been blurred (Surty et al., 2018).

2.2 Stakeholder accountability and agency issue by South African SOEs

Democracy brings in the concept of accountability: accountability of the state to the society (Therkildsen, 2001). Accountability refers to an obligation to explain and justify actions (Munzhedzi, 2016). When the citizens elect the government, they entrust the government

with the mandate of governing the public resources (Stevens, 2021). This demonstrates the contract of accountability between citizens and government (PSC, 2000). It is then the right of the citizens to know how the resources are being managed (PSC, 2000). There are four types of accountability systems as highlighted in Figure 3 below (Romzek & Dubnick, 1987).

Figure 3: Types of Accountability Systems

		Internal	External
Degree of control over Agency Actions	**High**	Bureaucratic	Legal
	Low	Professional	Political

Source: Romzek and Dubnick (1987)

Accountability of SOEs mainly falls under the system of political accountability as they are public administrators of public resources (Romzek & Dubnick, 1987). Political accountability could also support the communist ideology that rationalises the creation of SOEs as a way to redistribute wealth from a few private people to the rightful owners, being the citizens, with the SOEs acting as a conduit (Madumi, 2018). Legislation and regulatory frameworks governing SOEs provide details of accountability (Luke, 2010). In South Africa, the PFMA focuses on accountability, detailing guidelines for the effective functioning of SOEs (PFMA, 1999). The PFMA provides the framework for financial reporting and accountability and has helped bring uniformity across SOEs (Kikeri, 2018). However, the application of the PFMA is not a clear-cut practice, this is largely because SOEs have to meet both commercial objectives and broader public policy objectives, and the act of balancing these goals can be difficult (Kikeri, 2018). This accountability difficulty also arises due to the agency issue (Stevens, 2021).

In the context of SOEs, the government owns the SOEs on behalf of the people (principal) and the government then entrusts the managers (agents) with the day-to-day running (Madumi, 2018). Under the agency theory, the principal engages with the agent to perform some duties on their behalf (Jensen & Meckling, 1976). The objective of the agent's responsibilities includes both maintaining the entity's capital and adding value (Fama, 1980). The principal-agent problem occurs when the agents are faced with a conflict of interest between pursuing their self-interest and their responsibility of maximising the principal's wealth (Abrahamson & Park, 1994). The agency theory is relevant in large companies as the principal cannot monitor all aspects of the business (Jensen & Meckling, 1976). In a large entity, such as an SOE, a conflict of interest arises when there is a negative outcome and the managers then have to justify themselves to the stakeholders (Abrahamson & Park, 1994).

Due to the political interference, lack of drive for profit and weak governance oversight, the agents of the SOEs pursue their self-interest rather than care for the stakeholders (Madumi, 2018). A fitting example of the principal-agent problem in the recent case can be seen where SOEs were not run as a democracy, but rather as an oligarchy, where a few political leaders and businessmen controlled the relevant activities of SOEs (Madumi, 2018). This demonstrated that the management of SOEs failed to balance their interests with those of the public, giving rise to agency costs (Eisenhardt, 1989; Fama, 1980; Watts & Zimmerman, 1983). However, the principle of accountability is meant to ensure that self-interest does not affect the interest of the SOE (Stevens, 2021).

Accountability of SOEs is not just limited to efficient use of public expenditure but also includes reporting on the progress, performance measures and success/failures of the SOE as a business organisation (Munzhedzi, 2016). The high number of stakeholders involved in SOEs requires increased accountability from the SOEs (KPMG, 2012). Accountability within the public sector is different and much broader than accountability in the private sector and it is, therefore, necessary that honest and true findings are communicated by the SOEs (Hoque & Moll, 2001; Kathrada, 2019). Stakeholders want to be made aware of how public funds and resources are being used to benefit the public rather than for making economic decisions (Samkin & Schneider, 2010). Schedule 2 SOEs are required to be accountable for critical goods and services that they provide (PWC, 2020). For example Transnet, without efficient railway freight services, citizens face the risk of losing access to critical goods (Transnet, 2021). SOEs are also accountable to the stakeholders for how they create and sustain job creation for the citizens (Vorster & Konstantinopoulos, 2020). Infrastructure SOEs have the responsibility to create employment opportunities by investing in infrastructure development (National Treasury, 2021).

Furthermore, SOEs are also accountable to the public for how well they have implemented and sustained equity programmes (Ovens, 2016). This comes in the form of the types of opportunities SOEs have created for the previously disadvantaged groups to redress past social inequalities (Department of Mineral Resources, 2018). For example, the procurement prospects that SOEs create for women-owned enterprises (Department of Mineral Resources, 2018). The King IV Report highlights that it is crucial that stakeholders' interests and needs are acknowledged and recognised, especially when major decisions affecting them are made (IODSA, 2016). Given that SOEs operate in a social context to develop their environment, the stakeholders and their views are critical (IIRC, 2016a; Kikeri, 2018). The annual integrated report is an integral part of national and provincial governments reporting (National Treasury, 2017) that serves as an important accountability mechanism. Integrated

reports assist the legislatures to assess the results achieved and the use of the resources entrusted to them (PWC, 2020).

2.3 Integrated report and its relevance to SOEs

The integrated report is a formal communication document that includes qualitative/quantitative information, narratives and graphs which seek to inform stakeholders about the company's business history, current financial status as well as future direction (Kathrada, 2019). The integrated report is used to communicate with a wide variety of stakeholders which includes suppliers, employees, business partners, customers, local communities, legislators, parliament, regulators, and tax-payers (IIRC, 2013d, 2017, 2021). The integrated report becomes the means to disclose financial information and non-financial information of the SOE to its various stakeholders that help the users deduce whether the actions of the SOE are legitimate (Padia & Yasseen, 2011).

PricewaterhouseCooper (PWC) (2012) notes that South African SOEs' integrated reports disclosure is regulated by the Companies Act, the PFMA as well as the King IV Report. The primary reason for this is that the SOEs not only have to deliver essential services for the welfare of the nation's citizens but that they also have to be managed in a manner that will advance the government's developmental mandates (Morake, 2017; PWC, 2012). Therefore, important principles found under King IV such as accountability, honesty and transparency should also apply to SOEs (Morake, 2017). There is a growing need for SOEs to provide performance reporting that can aid to assess the delivery of organisations' strategies (PWC, 2020). This pressure comes not only from the government in its oversight capacity but from all interested key stakeholders (CIMA, 2014; Hoque & Moll, 2001).

Prior literature reports noted that SOEs function in secrecy and only report information relevant to their mandates and the government (Morake, 2017). To obtain the capital injection from the private sector for value creation, the management of the SOEs has to ensure that the entity is run efficiently with good governance and to communicate their achievements, the integrated report is used (Surty et al., 2018). Value creation, however, is unattainable without the 'inputs of capital' (IIRC, 2013a).

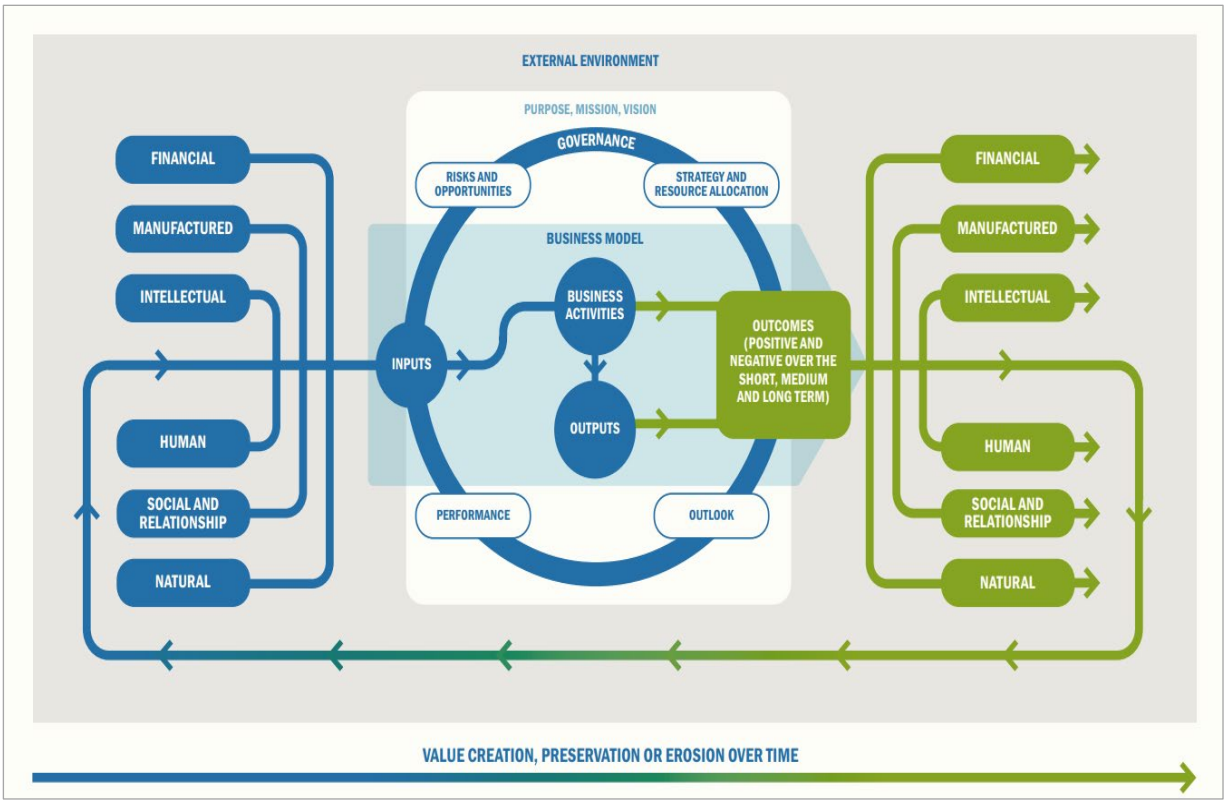
2.4 Six capitals

The IIRC adopted the concept of multiple capitals initially identified in the integrated reporting framework (IIRC, 2013d) and is still present in the revised framework (IIRC, 2021). The term 'capitals' is broadly defined as any store of value, in this way, the term 'capitals of value creation' was coined (IIRC, 2013d). This study explores the six categories of capital identified by the IIRC, which are depicted in Figure 4 below and are defined in Appendix 2.

These six capitals are the basis of an organisation's value creation (IIRC, 2013a). The capitals are not entirely independent because the relation of the capitals varies according to the organisation's focus (IIRC, 2013b).

There are six distinct but interrelated capitals identified in the Capitals Background Paper (IIRC, 2013d) as financial, manufactured, intellectual, human, social and relationship and natural capital. For SOEs, the six capitals of value creation are the foundation of public value creation because they are guardians of public interest (Meynhardt, 2009). The SOEs are the stewards of the six capitals entrusted by the public to provide critical public services (CIMA, 2014). Reporting on the six capitals assists the SOEs to build trust with the public by being transparent on how these six capitals are used and affected by the SOE in its business activities to deliver final outcomes to the public (Ardisa, 2019; CIMA, 2014; Gibassier, Adams, & Jérôme, 2019).

Figure 4: Value creation process



Source: IIRC (2021)

Financial Capital

Financial Capital is the principal capital of value creation (IIRC, 2021). It represents funds available to the entity. From prior literature, it can be seen that financial capital can be sub-categorised into elements of initial capital (debt or equity) and the use of the initial capital to

further advance the financial performance of an entity in terms of revenue growth, decrease in operating costs, and the return to the investors in terms of distributions (Cooper, Gimeno-Gascon, & Woo, 1994; IIRC, 2013a, 2017; Sheveleva, 2018). It is the medium to obtain other capitals as it realises its value through the conversion of the other capitals (Sheveleva, 2018). The dependency of SOEs on financial capital is paramount because SOEs have the privilege of obtaining financial capital from the government due to the control of the state (Ovens, 2016). Financial capital is obtained from the taxpayers' contributions and other institutions' endowments, making the SOEs liable to their various stakeholders to put the funding to use to achieve the best interests of the country (Cooper et al., 1994).

SOEs such as Eskom, SAA and SABC have displayed poor overall performance with a decrease in profit and serious liquidity challenges over the past few years (National Treasury, 2021). Many SOEs are struggling to collect debt receivables from municipalities (National Treasury, 2021) which has caused cashflow constraints. To raise funds, share issues and buy-backs have been implemented along with a reduced dividend pay-out (IIRC, 2013d). The credit rating downgrades, poor performing Rand causing unwanted exchange rate fluctuations and persistent loadshedding has adversely affected the financial ratios of SOEs (National Treasury, 2021). Furthermore, due to the misuse of funds through irregular, wasteful expenditure and corruption, the audit opinions have been qualified or disclaimed which has further damaged the prospects of obtaining financing (Martin & Solomon, 2016). Lack of funding has led to a reduction in production and sales volumes along with a loss of market share (Kundu, 2017). The effect of accounting policy changes has affected the SOEs, the adoption of IFRS 9 and IFRS 16 by Telkom and DBSA caused additional credit losses and increased lease expenses (DBSA, 2020; Telkom, 2020). For SOEs like Eskom, CEF, Alexkor and NECSA, who have to engage in environmental rehabilitation, have to account for environmental liabilities, which also form part of their financial capital (IIRC, 2013d).

Human Capital

Human capital refers to the production factors, coming from human beings, that are used to produce goods and services (IIRC, 2021). This capital describes the extent to which competent human beings are at the entities' disposal (Moloto, 2020). Human capital is important because, without competent employees, an entity cannot meet its commitments (IIRC, 2013c). After all, the employees are the carriers of an organisation (IIRC, 2017). Human capital can be sub-categorised into elements of skills, expertise, and qualifications that employees possess (Nilsson, 2016). Other important sub-categories of human capital include how well the SOEs compensate them, assess their performance, and contribute to

their growth by training and promoting teamwork and inclusivity (IIRC, 2013a). Furthermore, the performance assessments, compensation based on performance and employee awards add to employee empowerment (IIRC, 2013b, 2013d). Employee diversity, effective and efficient communication with employees that promotes workers' rights and enhances job satisfaction are important proxies of human capital (Nilsson, 2016). SOEs have to take responsibility for protecting their workforce by implementing health and safety campaigns that will prevent workplace injuries and fatalities (Nilsson, 2016). In South Africa, youth unemployment has been on the rise, and large entities such as SOEs have to acknowledge the role they play in job creation and provide the youth with employment opportunities (Roy, 2021).

Humans cannot be controlled (Cooper et al., 1994) and SOEs are facing the challenge of attracting and retaining skilled human capital, mainly due to the corrupt work environment which may deter professionals from entering (Vorster & Konstantinopoulos, 2020). The failure of many SOEs, such as Eskom, SABC, and SAA, has seen significant retrenchments and pay cuts (Madumi, 2018). This has all resulted in job stability issues, work disruption, and high absenteeism which again forms part of the sub-categories of human capital (Kikeri, 2018). This situation does not only relate to employees but extends to directors as well, there have been numerous directors' resignations, for example, the Board of Alexkor dissolved in 2020 which posed threats to the directors' mandate and succession planning (Alexkor, 2020). Lastly, the onus rests with the SOEs to ensure a fair staff selection process occurs where identified skills gap are filled, and not hindered by politics (Nilsson, 2016).

Social Capital

Social capital demonstrates the extent to which the entity interacts with other stakeholders as well as the quality of the interaction, such as the interaction with communities, employees, regulatory bodies, investors and others (IIRC, 2021). Social capital highlights the shared norms and values of a firm (Sheveleva, 2018). Social capital can be sub-categorised into elements of alliances and relationships with various stakeholders, such as suppliers, investors, customers and lobby groups (CIMA, IFAC, PWC, & IIRC, 2013). SOEs operate in the context of benefitting society and as such, community involvement, regional development, sponsorships and creating employment opportunities can be seen as important sub-categories of social capital (IODSA, 2016). Furthermore, health/safety programmes and product safety needs to be considered by SOEs to protect the citizens (Kundu, 2017; Mikulcak, Haider, Abson, Newig, & Fischer, 2015).

This capital is important as the SOEs get a platform for expressing their progress in terms of building relationships with key stakeholders, one being the general public (IIRC, 2013b,

2016b; Moloto, 2020). However, SOEs that were involved in the state capture disregarded the importance of this capital and formed alliances with disreputable parties that aimed to destroy the value of the entity and the nation (Martin & Solomon, 2016). To restore their lost credibility, company culture, norms, reputable strategic alliance and strong business ethics became important proxies of the social capital for the SOEs (Nilsson, 2016). Lastly, one of the main reasons for creating SOEs was to redress past inequalities, and equity programmes implemented by SOEs to rectify such past discrimination enhances their social capital (Department of Mineral Resources, 2018).

Intellectual Capital

Intellectual capital refers to intangible assets at the entity's disposal to use to further enhance its operations (IIRC, 2021). The element of intellectual property usually includes patents, licences, accreditation, awards and others (IIRC, 2013d). In the eye of the Fourth Industrial Revolution, the importance of intellectual capital cannot be undermined, as research and development and the creation of credible brands take the centre stage of a successful business (IIRC, 2017).

The sub-categories of intellectual capital are derived from the knowledge-based intangibles that an entity possesses (IIRC, 2013a), such as information systems, research collaborations, and innovation (Doni, Larsen, Martini, & Corvino, 2019). Organisational capital, such as tacit knowledge, processes, and quality improvements that make the entity unique, also constitutes intellectual capital (Sheveleva, 2018). For SOEs, such as Telkom, Transnet and Eskom, the supply chain and distribution channels/networks are critical in ensuring the delivery of public services is not compromised (Doni et al., 2019). Lastly, the scrutiny around the SOEs has caused public distrust; in such an instance, market share, customer numbers, acquisition, retention and satisfaction take the centre stage (IIRC, 2013d). Due to the issues of weak governance and corruption, SOEs now aim to have business collaborations and partnerships that put the entity in a positive light with positive management philosophies (IIRC, 2013d).

Natural Capital

Natural capital refers to all renewable and non-renewable environmental resources and processes that help to provide goods or services to the organisation such as water, land, mineral resources, and others (IIRC, 2021). SOEs in South Africa have a direct impact on the environment due to their large operations that require environmental resources, such as coal for Eskom and air cleanliness for SAA (Matsiliza, 2017). Sub-categories of environmental capital relate to the conservation of the environment and the ecosystem by ensuring that steps such as safe disposal of toxic waste to conserve water or reduction of

greenhouse gas emissions to protect the quality of air are adhered to (IIRC, 2013c, 2017). SOEs, such as Alexkor, have a direct interest in the conservation of the sea because diamonds are mined from the seabed (Alexkor, 2020). The responsibility for safe practices concerning nuclear safety is crucial for SOEs like NECSA who are involved in nuclear research (Miller et al., 2017). The depletion of natural capital poses a threat to the sustainability of SOEs, this can be seen in climate change, where organisations are experiencing a loss of access to raw materials (Leach et al., 2019). Recycling, shifting to the use of renewable resources such as solar or hydro energy and implementing overall policies relating to the management of natural capital is an essential duty of the SOEs to preserve the environment in which they operate (Diouf & Boiral, 2017; IIRC, 2017; Miller et al., 2017).

Manufactured Capital

Manufactured capital refers to investments made in tangible assets (IIRC, 2021). These are the physical objects that are available for use in the production of goods or service provision (IIRC, 2017). Manufactured capital is the physical element that allows for effective and efficient production, such as plant and machinery, building sites, and capital raw material goods (IIRC, 2017). For the infrastructure SOEs, such as Transnet, Eskom and TCTA, capital infrastructure investments are critical to their operations (Matsiliza, 2017). And, for SOEs such as Denel, NECSA, Telkom and SABC, their physical IT infrastructure is the carrier of their operations (PWC, 2015). The physical capital usually combines with other capitals to deliver the final output (Sheveleva, 2018).

From the above discussion, it can be recognised that the capitals can be further divided into sub-categories, as presented in Appendix 2. This is because the capitals' true value can be realised when the sub-elements of the capital, are transformed to produce outputs that represent value creation (IIRC, 2013c, 2013d). The importance of the six capitals cannot be undermined in the context of SOEs because although SOEs operate on a developmental mandate, with the government goals in mind, the commercial aspect cannot be overlooked (Matsiliza, 2017). SOEs have to report on the quality use of these capitals to meet the government mandates, appear legitimate and provide stakeholders with an in-depth analysis of the financial and non-financial performance of the SOEs through these six capitals disclosure (Surty et al., 2018; World Bank Group, 2018).

2.5 Threats to SOEs legitimacy

SOEs' inefficiencies and failure is costing the public; a large amount of public money is invested in the functioning of SOEs and yet there is the danger of increasingly poor service delivery (Madumi, 2018), causing a significant impact on its legitimacy. Organisational legitimacy theory is a system-based theory that provides for the concept that an organisation

is assumed to be influenced by, and influences, the society in which it operates (O'Keefe & Conway, 2008). According to Allen and Caillouet (1994); O'Keefe and Conway (2008), it can be seen that central to the legitimacy theory is the concept of a social contract, implying that a company's survival is dependent on the extent that which the company operates within the bounds and norms of society. In simplified terms, legitimation is how an entity justifies its right to exist (Kuruppu, Milne, & Tilt, 2019; Samkin & Schneider, 2010).

A legitimate organisation is seen as more trustworthy and organisations that are perceived to be legitimate will find it easier to attract resources and support, both social and political (Suchman, 1995). However, in the public sector environment where SOEs' behaviour is increasingly under scrutiny, SOEs professed commitment to sustainable development immediately renders the enterprise exposed to questions of organisational legitimacy (Roper & Schoenberger-Orgad, 2011). SOEs have the mandate to justify their legitimacy as they are responsible and accountable for public goods and services (Kikeri, 2018; Matsiliza, 2017; World Bank Group, 2018). The legitimacy of SOEs comes under question when society's expectations are not met which leads to the relationship between the state and society being vulnerable, thereby, questioning the legitimacy of SOEs (Kuruppu et al., 2019). Tax contributions from ordinary citizens are being used to bail out SOEs such as Eskom, but citizens still do not get to enjoy the use of basic services, such as an uninterrupted supply of electricity (Mutize, 2018). This has caused public frustration and loss of trust by the public in SOEs, and such examples of public failure are raising doubts about SOEs' legitimacy (Long, 2016).

South African SOEs enjoy the benefit of inherent legitimacy (vested privilege due to their political affiliations) due to their standing with the government (Kuruppu et al., 2019). But the SOEs fall short in actively growing their actional legitimacy (day-to-day public relations activities with the public) to cultivate an environment that sustains harmonious relationships between the organisation and the public, as seen by the repeated public service failures (Kuruppu et al., 2019; Long, 2016; Suchman, 1995). The repeated public service failures have created doubts about the strategies of SOEs and doubts about their legitimacy (PWC, 2020). In times of a macroeconomic crisis that has been further aggravated by the Covid-19 pandemic, the clogging up of resources, savings, and capacity to save these failing SOEs has angered the public (PWC, 2020). The opportunity cost of this is that resources are channelled away from critical priority areas, resulting in a negative impact on an already strained government budget (PWC, 2020). Furthermore, major credit rating agencies such as Moody's, Fitch Ratings and S&P Global Ratings have downgraded the country to "junk status" and this, combined with the failures of SOEs, creates a fiscal crisis that has a severe effect on the citizens of South Africa (National Treasury, 2021).

Furthermore, due to the principal-agent problem, information asymmetry arises, where stakeholders only have access to the selected reports and not all management reports (Madumi, 2018). Therefore, the management of SOEs has an ideal opportunity to use the integrated reports through narrative disclosures to cultivate the ideal corporate image and polish the perception of stakeholders (Madumi, 2018). Management is usually tasked with reducing investor uncertainty, to maintain their position as an agent, and to please the stakeholders (principal), management may exploit this information asymmetry to mislead users about the performance of the SOE (Brennan & Merkl-Davies, 2013; Merkl-Davies & Brennan, 2011). This exhibits reporting bias because events are reported more favourably than they are (Merkl-Davies & Brennan, 2011). This reporting bias has a detrimental effect on public value (PWC, 2020). As highlighted above, the integrated report is a critical form of communication and this may cause the management of SOEs to employ impression management in the report to present themselves in the best possible light (Leung et al., 2015). Similar to most cultural processes, legitimacy management and impression management relies heavily on communication, and particularly, communication between the organisation and its several stakeholders (Allen & Caillouet, 1994; Suchman, 1995).

2.6 Impression Management

Impression management originates from social psychology, with a primary focus on how individuals present themselves to be perceived in a favourable light (Hooghiemstra, 2000; Merkl-Davies & Brennan, 2011; Yasseen et al., 2017). Impression management is a social concept where individuals aim to achieve congruence between their image and the image that is necessary for their desired goals (Wang, 2016). It is the conscious or unconscious attempt to control the images that are real or imagined in social interactions (Merkl-Davies & Brennan, 2007). Although authors have different descriptions of impression management, their definitions all involve controlling or changing the perception that others have of the person (Bolino, Long, & Turnley, 2016; Brennan & Merkl-Davies, 2013). To extend this concept to corporate reporting, it is supported by the assumption that organisations also attempt to control the perception that people have of the organisation (Aerts, 2005; Allen & Caillouet, 1994; Hooghiemstra, 2000; Merkl-Davies & Brennan, 2007; Merkl-Davies & Brennan, 2011; Yasseen et al., 2017). Positive public perception is important because the corporate image of a company has become an important aspect of business society (Melloni et al., 2016). Building and creating a positive identity allows entities to gain a competitive advantage over their peers (Hooghiemstra, 2000). To maintain an ideal corporate image, the management of an entity is willing to report “good news” but hesitant to report “bad news”, this demonstrates that entities may thoughtfully engage in actions to build this ideal

corporate image (Bolino et al., 2016; Hooghiemstra, 2000; Leung et al., 2015; Melloni et al., 2016; Yasseen et al., 2017).

Impression management is seen to be a human attribute (Edgar et al., 2018) where, if given the opportunity, individuals want to appear in the best possible light (Moola, 2016). Similarly, entities wish to do the same, intentionally, or unintentionally. This does not mean that creating an impression is sinister (Clatworthy & Jones, 2006), but the issue lies with the conflict that impression management creates because there is a doubt about whether the information presented is neutral and free from bias (Yasseen et al., 2017). The management of an entity has an obligation to present information in its true and fair view, but the deliberate attempt of impressing the users and misleading them with misrepresented information detracts from this fair representation (IASB, 2019).

The integrated report provides for the perfect opportunity to employ impression management tactics because, through the integrated report, the entity provides feedback on the financial performance of the entity, as well as stakeholder value creation (Bolino et al., 2016; Brennan & Merkl-Davies, 2013; Yasseen et al., 2017). As the spotlight is on the integrated report, there is a temptation and incentive to ensure the entity appears in the most favourable light (Moloto, 2020). Communications between management and shareholders are designed to legitimise management's actions and convince shareholders that the company is being run competently and efficiently (Jones, Melis, Gaia, & Aresu, 2020). To maintain this view, impression management becomes a motivation for management to shape the narrative disclosures in the integrated report and present a self-serving view of performance (Kathrada, 2019). The inclusion of narrative disclosures is sometimes considered a means of providing biased information to mislead investors (Edgar et al., 2018).

The narrative section is typically voluntary in nature and the information included in the narrative section of the annual report is not subject to the same strict auditing regulations and accounting standards as the financial section which has to be audited mandatorily (Williams & Lodhia, 2021). Narrative disclosures have been found to provide management with the opportunity to introduce reporting bias and employ impression management techniques in corporate reporting, to influence the perception of users (Edgar et al., 2018). The integrated report can be used as a valuable tool for SOEs to depict their value creation strategies and to justify its legitimacy by ensuring that the integrated report appears to be in favour of the SOE (Roper & Schoenberger-Orgad, 2011).

Prior research highlights that there are two main reasons for engaging in impression management. First, is the fact that integrated reports have been found to be perceived by users as reflecting managerial performance (Moloto, 2020). When an entity experiences a

positive outcome, it is demonstrated as management competence, but a negative outcome has further explanations and justifications for which it usually redirects the focus away from management (Merkl-Davies & Brennan, 2011; Moola, 2016; Yasseen et al., 2017). The second is to reduce investor uncertainty. Investor uncertainty leads to falling share prices and reduced investor confidence (Aerts, 2002). Organisations are said to provide more favourable information in times of public scrutiny and to conceal negative information (Bolino et al., 2016). Consequently, to reduce investor shock, the management of public companies typically tend to minimise negative disclosure so that investor confidence is maintained through the integrated report (Moloto, 2020).

The motivation to be perceived favourably is heightened in listed companies and/or capital-dependent companies (Aerts, 2005). SOEs are capital dependent and have the responsibility to put public funds to good use and as a consequence, the public eye will always be there for oversight (Leung et al., 2015). SOEs have fallen short in their mandate to place public interest and the growth of the economy above all, which has placed doubts on their value creation strategies (Madumi, 2018; PWC, 2015). With the current negative media coverage that SOEs are receiving, stakeholders may be highly critical of the integrated report presented (Edgar et al., 2018; IIRC, 2013d; Melloni et al., 2016; Yasseen et al., 2017).

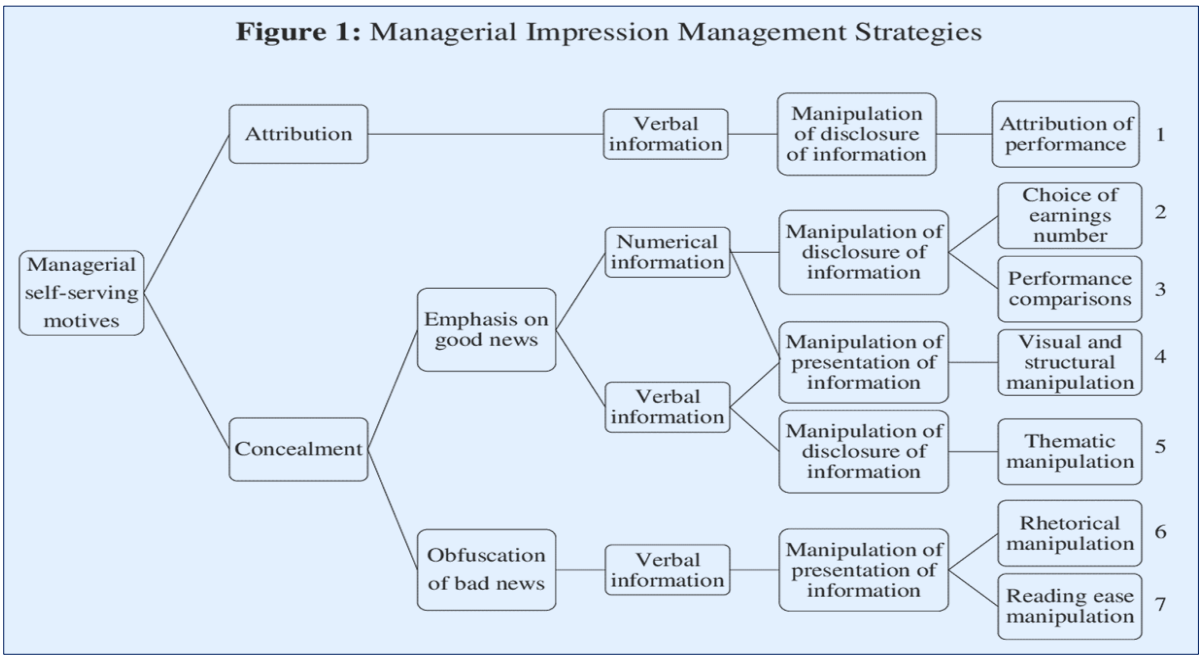
The decline in profitability of SOEs can be another opportunity for them to engage in impression management techniques to downplay their poor performance (Clatworthy & Jones, 2006; Jones et al., 2020). Additionally, state capture investigations place SOEs under negative public attention and to divert the attention from such negative events, SOEs can use impression management techniques to fault external events beyond the SOEs' control as a justification (Aerts, 2005). In both cases, it can be seen that management wants to ensure they appear in the best light in an attempt to maintain investor and public confidence (Merkl-Davies & Brennan, 2011). Lastly, it is seen in Merkl-Davies and Brennan (2011) that firms facing major legitimacy threats engage in impression management by separating the negative event from the organisation's image to restore its legitimacy. As a consequence, the SOEs face immense public pressure and SOEs could employ impression management techniques to repair their legitimacy (Kuruppu et al., 2019).

2.7 Impression management techniques

Prior literature has highlighted a range of impression management techniques that organisations can employ to appear in the best possible light (Brennan & Merkl-Davies, 2013). Figure 5 provides the conceptual framework that Merkl-Davies and Brennan (2007) prepared to provide a representation of impression management techniques. This study

looks at attribution, neutralisation, and thematic manipulation as possible impression management techniques (Aerts, 2005; Boiral, 2016; Leung et al., 2015; Melloni et al., 2016).

Figure 5: Conceptual Framework on impression management techniques



Source: Merkl-Davies and Brennan (2007)

The above techniques represented in the conceptual framework can be further divided into assertive and defensive strategies (Dunne, Brennan, & Kirwan, 2021). Assertive strategies mean the SOE proactively manipulates the narrative disclosure to improve their image, defensive strategies refer to minimising or restoring the damage to their image (Dunne et al., 2021). Assertive strategies are more direct where the SOE actively seeks to display the entity as attractive, highly successful and morally worthy (Mohamed, Gardner, & Paolillo, 1999). Defensive strategies are more reactive and here the SOE justifies, attributes and neutralises the negative outcome away from themselves (Mohamed et al., 1999).

This research studies both assertive and defensive strategies because SOEs are currently under intense public scrutiny due to their public service failures (Vorster & Konstantinopoulos, 2020). Therefore SOEs will be required to defend their legitimacy to the public (Kuruppu et al., 2019). It is not customary for organisations to appear vulnerable (Mohamed et al., 1999) but in a time of image crisis and increased public scrutiny, the defensive tactic to shift the blame away from oneself is quite useful (Mohamed et al., 1999). The image of SOEs is at risk, and in such a time of crisis, it is highly unlikely that the SOEs will employ assertive impression management techniques that in nature, are quite boastful (Mohamed et al., 1999). However, assertive strategies are aligned more toward positive events and highlight the positive outcomes of an organisation (Roussy & Rodrigue, 2018).

Although the performance of SOEs in the past years has been dire and they have very few positive outcomes to highlight, they could still attempt to uplift stakeholder confidence by emphasising positive themes in the integrated report to create the impression that the negativity has been diminished (Dunne et al., 2021).

Table 2 highlights the taxonomy of impression management techniques as either defensive or assertive (Mohamed et al., 1999). The constituents are also defined in the table below.

Table 2: Taxonomy of Impression Management Strategies

Assertive Strategies		Defensive Strategies	
Ingratiation	Self-enhancing communications aimed at gaining the audience's approval	**Dissociation**	Putting distance between the performer and a negative event or its undesirable consequences
Self-promotion	Convincing an audience about the performer's qualities	**Excuses**	Avoiding or denying responsibility for an event
Exemplification	Portraying the performer as a morally virtuous or principle-driven model	**Justification**	Accepting responsibility for the effects of an event, but not for the negative implications of these effects
Entitlements	Claiming responsibility for positive events	**Disclaimer**	Explaining before an action occurs to pre-emptively deflect negative assessments that might arise from performing the action
Enhancements	Claiming that events or actions have more positive value than others might think or assess	**Apologies**	Acceptance of responsibility for a negative event, possibly combined with a commitment to improving performance in the future
		Restitution and compensatory actions	To repair the perceived harm done

Source: Mohamed et al. (1999)

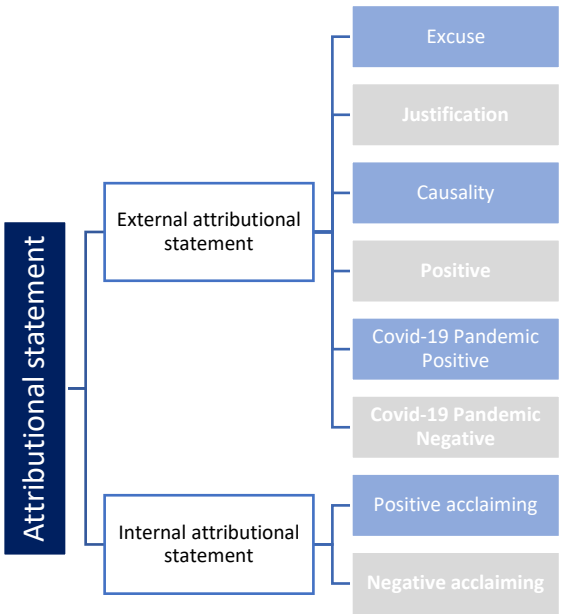
There have been multiple studies on impression management techniques in prior research; two such pieces of research that focused and expanded on defensive strategies come from the research by Aerts (1994) where the focus was on the theory of attribution and Boiral (2016) who established the theory of neutralisation, both which were used for the purposes of this study. Attribution and neutralisation are appropriate defensive impression management techniques for SOEs to employ because information asymmetry exists, and management can attribute or neutralise the negative outcomes to external factors without the users realising it (Baginski, Hassell, & Hillison, 2000). Furthermore, attribution and neutralisation techniques are more for larger organisations, such as SOEs that face strict regulations and operate in an environment that has several stakeholders to whom the management is answerable and would require defending (Baginski et al., 2000). Organisations such as SOEs that are seeking to repair their legitimacy could employ defensive attribution and neutralisation techniques (Samkin & Schneider, 2010).

2.8 Attribution theory as an impression management strategy

Attribution is a theory whereby organisations prefer to attribute success to their own ability and attribute failure to external factors (Aerts, 2005). Attribution is a form of impression management technique and it is the tendency to attribute positive effects or outcomes to the company's own actions or corporate origins (company strategy, decisions, know-how) and negative outcomes to external events or chance factors (business climate, inflation, market prices, government policy, weather) (Aerts, 2005). Attributing positive outcomes to internal causes and negative outcomes to external causes fits traditional forms of impression management because entities can shift the focus to justifications rather than poor internal actions (Aerts, 2005).

Prior research that used the attributional framework by Aerts (2005); Clatworthy and Jones (2006) found strong evidence that organisations use attribution as an impression management technique in narrative disclosures to divert attention from poor financial performance. However, it should be highlighted that attribution was not always considered to be a form of impression management technique (Aerts, 2005). This is because when entities meet their set targets, they will be proud of their achievement and will want to highlight this to their stakeholders, in such a case, this may not be an impression management tactic but more for informational purposes (Aerts, 2005). Only recently, research started emphasising attribution theory as a form of impression management due to major global corporate scandals (Aerts, 2005). Figure 6 below provides a visual representation of how an attributional statement can be linked to either internal or external acclaiming tendencies.

Figure 6: Attribution Theory



Source: Aerts (2005)

An attributional statement could be further divided into external attribution or internal attribution (Aerts, 2005). External attributional statements could be further analysed for elements of excuse (responsibility has been denied and pointed at an external factor). An example of this can be where SOEs blame the economic environment for poor performance instead of internal governance failures (Yasseen et al., 2017). Secondly, there is justification (the underlined statement accepts responsibility for the negative outcome but points to other anticipated/achieved positive outcomes). This can be described as where an SOE admits there is overall poor performance but highlights that at least revenue and market share increased from the prior year (Aerts, 2005). Thirdly, causality (the underlined statement disassociates the company from the negative and suggests that it happened despite an internal measure). An example of this is where the SOE highlights that they invested in good equipment for mining diamonds, but the sea waters were too shallow, resulting in low volumes of diamonds extracted (Alexkor, 2020).

Positive outcomes attributed to external factors is another category. This is where an SOE highlights that due to exchange rate differences, their other income was high (Aerts, 2005). Lastly, this study controlled for the effect that the pandemic had on SOEs by including two additional factors under external attribution being Covid-19 Pandemic Positive (positive outcome attributed to Covid-19 pandemic/positive pandemic attribution) and Covid-19 Pandemic Negative (negative outcome attributed to Covid-19/negative pandemic attribution). This helped to analyse the attribution in isolation, one relating to the general external environment and the other attributed specifically to the pandemic (Atkins et al., 2020).

Moving on to internal attributional statements, these could be further analysed for negative acclaiming tendencies (negative outcome attributed to internal factors). This is where the SOE takes full responsibility for the negative outcome by stating that low staff morale is because of them failing to pay wages and salaries. Positive acclaiming tendency (positive outcome attributed to internal factor) is where the SOE states that the irregular expenditure was reduced because of their effort to improve the supply chain (Aerts, 2005). In essence, when the SOE credits the external environment for any positive outcome or takes the blame internally for any negative outcome, this would not necessarily be seen as an act of impression management, but there can be instances where even these acts can be seen as a form of impression management (Aerts, 2005). This is the phenomenon of the ‘self-promoters paradox’ which highlights that when entities credit themselves excessively for positive outcomes then the stakeholders become less convinced of their actions (Aerts, 2005). In such a case, to appear less conceited, attribution to external factors increases and

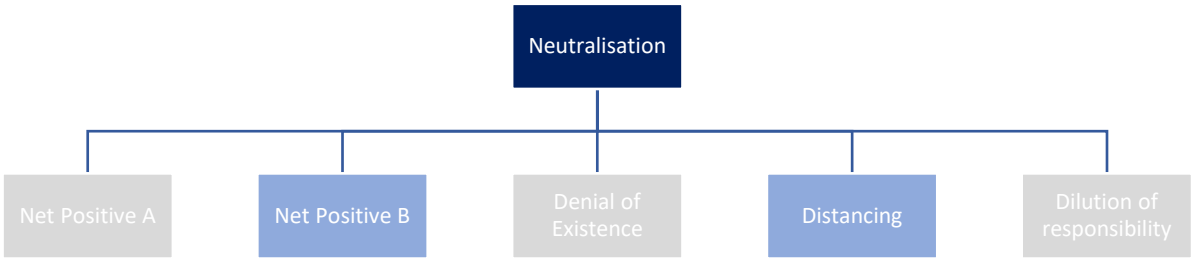
this can be seen as an impression management strategy of deception (Aerts, 2005). Findings on this phenomenon are explained further in section 4.6 of Chapter IV.

2.9 Neutralisation as an impression management theory

This study also looked at the technique of neutralisation, as demonstrated by the study of Boiral (2016). Neutralisation aims to manage stakeholder impressions on sensitive issues such as sustainability reporting and reporting to defend their social legitimacy (Boiral, 2016). Neutralisation in the context of SOEs is relevant as public scrutiny has called their legitimacy into question (Long, 2016). The institutional pressure that SOEs experience because of their mandate to serve the country can bring the focus on justification rather than action when plans go awry (Kuruppu et al., 2019). The techniques of neutralisation were used by delinquents to explain their misbehaviours: denial of responsibility, denial of injury, denial of victim, condemning the condemners, and appealing to higher loyalties (Bolino et al., 2016). Although neutralisation was also originally focused on individuals, there is now growing research on neutralisation in the organisational setting (Boiral, 2016; Bolino et al., 2016).

The use of neutralisation techniques at the organisational level can be defined as the release of information aimed at rationalising and legitimising, through different types of socially acceptable arguments (Tregidga, 2013). When an entity has to release compromising or negative information, the entity can play down the negativity by 'neutralising' it (Boiral, 2016). This can be done by distancing themselves from the negative outcome, diluting their responsibility or shifting the blame to other parties (Boiral, 2016). In this way, entities can avoid self-critical statements (Diouf & Boiral, 2017). These techniques can be a mask to direct attention away from the real issues (Lim, 2002). Figure 7 provides a visual representation of different ways a statement can be neutralised to downplay the negative event or outcome (Boiral, 2016; Diouf & Boiral, 2017; Lim, 2002).

Figure 7: Neutralisation Technique



Source: Boiral (2016)

Net positive A (negative impact not denied but claims that it will be corrected in future). This is where an SOE explicitly states product-related incidents were high, but more safety programmes are being developed which will prevent such incidents in the future (Tregidga, 2013). Net positive B (negative impact not denied but claims that there will be improvements in the future which will not restore to its previous state). This is where the SOE states that there will be new hiring shortly but because of cost constraints, the salary will not be the same or training will not be provided (Tregidga, 2013). Denial of existence (claiming that negative performance does not exist even though some performance aspects are negative). Here the Chairperson can state that the SOE performed well during the pandemic but the financial figures attest that it was otherwise (Boiral, 2016; Lim, 2002). Distancing (negative impact is not denied but is said to be very small). This is the case where the SOE highlights that their joint arrangement deal had a slight delay in approval, but the delay did not have any major negative impact (Solomon, Solomon, Joseph, & Norton, 2013). Dilution of responsibility (diluted negative impact by saying it is beyond management control or that the negative is as a result of other players). For example, this is where the SOE shifts the blame towards the regulators for fixing the sales price which negatively affected their revenue for the year (Boiral, 2016).

2.10 Thematic Manipulation

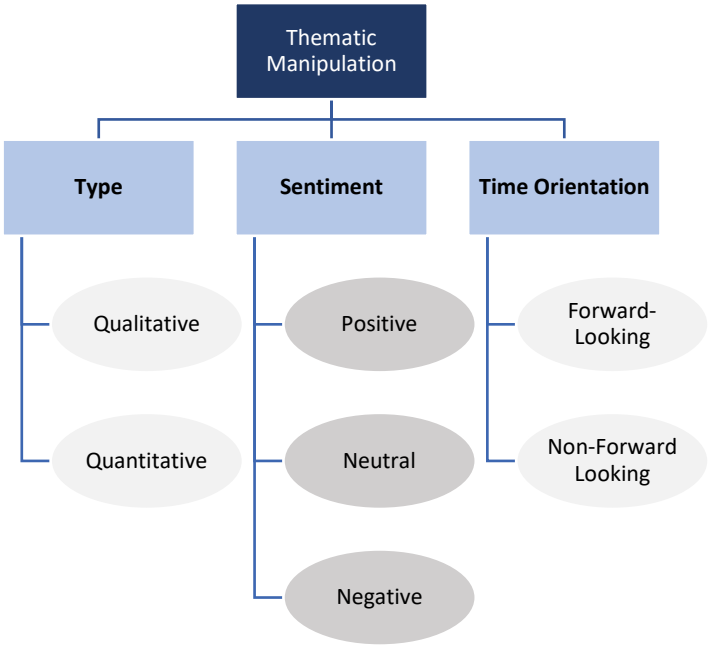
Thematic manipulation is another form of impression management technique whereby the organisation aims to emphasise positive themes by attempting to tone down the negative news (Merkl-Davies & Brennan, 2007). SOEs are facing a legitimacy crisis that has left the stakeholders concerned (Long, 2016). In such a case, thematic manipulation as an assertive strategy is critical for SOEs as they attempt to hearten the stakeholders, raise their confidence and appear legitimate (Melloni et al., 2016). This can be achieved by firstly manipulating the sentiment of the disclosures (Melloni et al., 2016; Schleicher & Walker, 2010). Information disclosed in the integrated report can be positive (good news for the entity), negative (not good news for the entity), or neutral (Melloni et al., 2016). Prior research has highlighted those narrative disclosures that bring good news for the entity are well received by the stakeholders, as such, SOEs could emphasise positive events instead of negative events, such as reduction in wasteful expenditure or unqualified audit opinion obtained (Hooghiemstra, 2000; Leung et al., 2015; Melloni et al., 2016).

Secondly, thematic manipulation can be achieved through the type of information disclosed. The type of data is whether the underlined information communicated is either quantitative or qualitative (Melloni et al., 2016). Qualitative narrative disclosures are found to have a higher level of impression management than quantitative data (Leung et al., 2015). SOEs may use

the narrative disclosures to demonstrate how well capitals have been used instead of how much has been used because narratives can be worded to sound optimistic (CIMA et al., 2013). Lastly, thematic manipulation can be achieved by manipulating the time orientation. Time orientation is where the underlined statement is either forward-looking or non-forward looking (Melloni et al., 2016). Due to the element of prediction, forward-looking data is seen to be more susceptible to employing impression management as SOEs can divert attention from current governance issues to future prospects (Melloni et al., 2016).

Figure 8 below provides a visual representation of the Thematic Manipulation technique.

Figure 8: Thematic Manipulation Technique



Source: Melloni et al. (2016)

In conclusion, since the integrated report may be seen as a reflection of management's performance, management of the SOEs are more likely to attribute positive organisational outcomes to the entity's own actions and negative outcomes to external events (Yasseen et al., 2017). The above attribution and neutralisation techniques may be applied by SOEs in their attempt to justify their legitimacy and existence (Boiral, 2016; Bolino et al., 2016). Thematic manipulation can be used especially in the current period of turmoil because the narrative disclosures that are found in the integrated reports around the six capitals are controlled by the language that managers of the SOEs want to reflect (Long, 2016).

CHAPTER III: METHODOLOGY

Section 3.1 and 3.2 discuss the research approach and design adopted by this study. Data sources are described under section 3.3. The population and sample of this study are explained under section 3.4. The construction of the data instrument is outlined in section 3.5. Section 3.6 expands on the interpretation and analysis of data. The limitations of the study and how validity and reliability were achieved are described in sections 3.7 and 3.8 respectively. The chapter concludes with section 3.9 highlighting the ethical considerations required for this study.

3.1 Research Approach

This study followed a qualitative approach using content analysis with the data being analysed using quantitative methods, as adopted from the studies of Aerts (2005); Boiral (2016); Bolino et al. (2016); Brennan and Merkl-Davies (2013); Edgar et al. (2018); Leung et al. (2015); Melloni et al. (2016); Yasseen et al. (2017). By reading the narrative disclosures, the reasoning behind the occurrence of certain events aided in evaluating the presence of impression management techniques (Aerts, 2005). This research aimed to develop an understanding of the underlying reasons, opinions, and motivations that SOEs used to justify their actions (Leedy & Ormrod, 2005). This provided an understanding of which impression management techniques were employed by them (Aerts, 2005). The data collected was numerical and the data was analysed using statistical means (Leedy & Ormrod, 2015). Descriptive quantitative research as defined by Leedy and Ormrod (2015) is where the elements of the six capitals were identified and the relationship between impression management and the capitals disclosed could be analysed. This approach is sometimes referred to as quantitative analysis of qualitative data, or mixed methods, and this was the approach this study adopted (Hsieh & Shannon, 2005).

3.2 Research Design

Content analysis was applied to determine if SOEs engaged in impression management when disclosing the six capitals in the Chairman, CEO, CFO Reports, and the Performance Report. Content analysis can be used as an effective research method as text data can be coded into explicit categories and then described using statistics (Aerts, 2005). Content analysis is the detailed and systematic examination of the contents of a particular body of material (e.g. reports, internet websites, works of art) to identify patterns, themes, or biases (Leedy & Ormrod, 2005). Content analysis can be divided into three approaches: empirically driven, grounded-theory driven and theoretically driven (Stemler, 2015).

Empirically driven or automated content analysis model is an approach that automatically analyses large bodies of text (Hsieh & Shannon, 2005; Stemler, 2015). In this approach, content is analysed by looking for common words in the text. A model answer is created, and if the text contains certain keywords, the text is flagged and automatically coded per the set criteria (Hsieh & Shannon, 2005). This approach was not appropriate for this study because in this study, statements had to be read to understand the underlying meaning, and this process could not be automated, otherwise, the justifications of SOEs could not be interpreted for impression management (Stemler, 2000). For example, looking at the extract below, the common or automated word such as government funding usually indicates concern, but only through reading the context of the paragraph can we determine that the sentiment is positive. As such, this process is difficult to automatically link to the impression techniques this study looked at.

> We remain grateful to government for funding the public service mandate of the Post Office. This funding enables the Post Office to deliver on its public service mandate to the people of South Africa, especially in outlying and remote areas even where it is not necessarily economically feasible to do so.

Grounded-theory driven meant that the data under investigation was used to develop a theory (Stemler, 2015). This was not the case with this study, as this study had impression management, legitimacy, and agency theory to guide the data analysis. This study then adopted the theoretically-driven approach because it analysed the texts, such as the above extract, based on the theories of impression management, legitimacy and agency (Stemler, 2015). Content analysis is a technique for making inferences by systematically identifying specified features of the text (Stemler, 2000). Theoretically-driven content analysis was suitable for this study because it aimed to infer the statements in the Chairman, CEO, CFO statements and Performance Reports for impression management techniques employed (Smith & Taffler, 2000).

The approach of content analysis can either be “form orientated” (objective) analysis, which involves routine counting of words, or “meaning orientated” (subjective) analysis, which involves an analysis of the underlying themes in the texts (Smith & Taffler, 2000). Several researchers argue that the frequency of word categories that are deduced from covariation is more reliable than themes (Smith & Taffler, 2000). However, the contra-argument is that many texts require the user’s judgement to determine the messages conveyed in the narratives, as such, “meaning orientated” content analysis is appropriate (Cho & Lee, 2014; Smith & Taffler, 2000; Stemler, 2015). In this study, to be able to analyse the narratives for impression management pertaining to the six capitals, a “meaning orientated” content

analysis style was adopted because only through reading and understanding the narratives could the researcher deduce what the type, time and sentiment of the disclosure was, as well as whether attribution or neutralisation was used (Aerts, 2005; Bolino et al., 2016).

3.3 Data sources

The integrated reports of the SOEs for 2019 and 2020 were downloaded from the respective SOEs' official website online. The reason to select the 2019 and 2020 reports was largely driven by the fact that these were the latest reports highlighting the effects of the state capture enquiries first held in 2018, the impact of the misappropriation of funds and wasteful expenditure coming to light to all the stakeholders after this period would need to be disclosed in these upcoming years (Kikeri, 2018; Madumi, 2018). These reports also come at the time when the SOEs' financial performance has been dire and public scrutiny is at an all-time high which would mean that reports for 2019 and 2020 would be the most susceptible to impression management in an effort to appear legitimate (Kuruppu et al., 2019).

The Chairman, CEO, CFO Statements, and the Performance Reports within these integrated reports were analysed for impression management in the capitals' disclosures. The Chairman, CEO, and CFO sections were selected because these individuals are key representatives of an entity and high importance is placed on their words as they directly communicate in person with stakeholders about the strategy and future growth potential (Collewaert et al., 2021). Prior management and accounting works of literature have usually considered Chairman, CEO, and CFO Statements to be mechanisms of impression management (Clatworthy & Jones, 2006; Moola, 2016; Moreno et al., 2019; Smith & Taffler, 2000; Yasseen et al., 2017). As such, these statements are seen to be more prone to impression management.

Furthermore, these sections are almost universal in all annual integrated reports and are the most read sections of the integrated report by stakeholders for decision-making purposes (Mock, Turner, Gray, & Coram, 2009; Moreno, Jones, & Quinn, 2019; Nickerson & De Groot, 2005; Yasseen et al., 2017). These statements provide a succinct review of management actions and performances (Collewaert, Vanacker, Anseel, & Bourgois, 2021; Patelli & Pedrini, 2014). The Chairman, CEO, and CFO Statements also contain paragraphs of forward-looking statements that can be used to employ impression management techniques (Godfrey, Mather, & Ramsay, 2003; Moreno et al., 2019; Schleicher & Walker, 2010).

The Performance Report is unique to SOEs as it is required by the Public Audit Act for SOEs to provide disclosures of performance against predetermined objectives (IRBA, 2011). The Performance Report is audited annually where the reported actual performance is audited

against predetermined objectives of SOEs to assure Parliament, legislators, members of the public, and other relevant parties that the "actual performance reported" is accurate, useful and reliable (IRBA, 2011). Performance information is essential to focus the attention of the public and oversight bodies on whether SOEs are delivering public services, by comparing their performance against their budgets and strategic plans (KPMG, 2016). Due to the high importance placed on the Performance Report, management of SOEs has the incentive to employ impression management in the report to ensure the SOE appears in the best possible light by minimising their flaws or diluting the negative outcome (Merkl-Davies & Brennan, 2011).

3.4 Population and Sampling

The population for this study was the SOEs that formed part of PFMA. The PFMA contains three schedules. Schedule 1 consists of the Constitutional Institutions, Schedule 2 consists of Major Public Entities and Schedule 3 has the Other Public Entities (PFMA, 1999). For this study, only SOEs that fall within Schedule 2 were analysed, which comprised 21 companies (Appendix 1). The 2018-2019 and 2019-2020 year-ends were analysed for this study. Schedule 2 entities are intended to generate profits and declare dividends, these entities have the most autonomy of all the public entities, as they operate in a competitive marketplace and are run per general business principles, and they also have extensive borrowing powers (National Treasury, 2017). It was also important to consider Schedule 2 SOEs as they have been at the centre of public scrutiny due to mismanagement of public funds, a high number of government bailouts, and deteriorating performances in recent years which has increased public dissatisfaction (Kikeri, 2018; Madumi, 2018).

A detailed explanation was also provided in section 2.1 of Chapter II on the importance of Schedule 2 SOEs. Table 3 indicates the number of integrated reports that are included in this research. It is essential to note that small sample sizes are intrinsic features of textual data analysis (Mansoor & Maroun, 2016). Text data analyses such as the use of content analysis are regarded as being labour intensive, and as a result, can only be constructively used for a small sample of texts (Merkl-Davies & Brennan, 2011).

Table 3: Sample size

Sample size	2019	2020
Total SOEs in Schedule 2 of the PFMA	21	21
Less: SOEs that did not publish integrated reports	(2)	(4)
Total sample analysed	**19**	**17**

For the 2019 year, SAA and SA Express had failed to submit their integrated report by the statutory end of September deadline. This was mainly due to the airliner struggling to be a going concern (National Treasury, 2021). SAA and SA Express again failed to submit their integrated report for the 2020 year. This was mainly due to the business rescue process that SAA had to undergo (National Treasury, 2021). For the year 2020, the Central Energy Fund (Pty) Ltd (CEF) and the Independent Development Trust (IDT) did not publish their integrated reports on their website. The Board of Alexkor dissolved in 2020 which led to a vacancy for the position of a CFO (Alexkor, 2020). Broadband for both the years (2019 and 2020) released a single report which included the Chairman, CEO and CFO statements.
Figure 9 below highlights the number of integrated reports analysed as well as the sections that were present in each report.

Figure 9: Integrated Reports Analysed

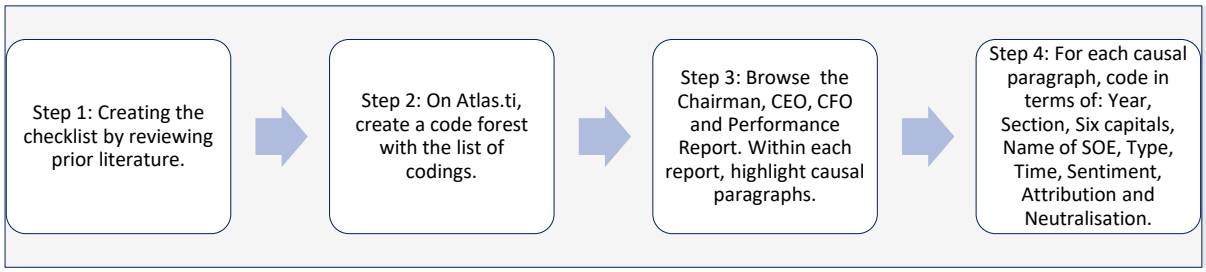
	2020				2019			
	Chairman	**CEO**	**CFO**	**Performance Report**	**Chairman**	**CEO**	**CFO**	**Performance Report**
ATNS	✓	✓	✓	✓	✓	✓	⦸	✓
ACSA	✓	✓	✓	✓	✓	✓	✓	✓
Alexkor	×	✓	×	✓	✓	✓	✓	✓
Armscor	✓	✓	⦸	✓	✓	✓	⦸	✓
Broadband	✓	✓	✓	✓	✓	✓	✓	✓
CEF	☒	☒	☒	☒	✓	✓	✓	✓
DENEL	✓	✓	⦸	✓	✓	✓	⦸	✓
DBSA	✓	✓	✓	✓	✓	✓	✓	✓
ESKOM	✓	✓	✓	✓	✓	✓	✓	✓
IDT	☒	☒	☒	☒	✓	✓	✓	✓
IDC	✓	✓	⦸	✓	✓	✓	⦸	✓
Land Bank	✓	✓	✓	✓	✓	✓	✓	✓
SABC	✓	✓	⦸	✓	✓	✓	⦸	✓
SAFCOL	✓	✓	✓	✓	✓	✓	✓	✓
NECSA	✓	✓	⦸	✓	✓	✓	⦸	✓
Post Office	✓	✓	⦸	✓	✓	✓	✓	✓
SAA	⦸	⦸	⦸	⦸	⦸	⦸	⦸	⦸
SA Express	⦸	⦸	⦸	⦸	⦸	⦸	⦸	⦸
Telkom	✓	✓	✓	✓	✓	✓	✓	✓
TCTA	✓	✓	⦸	✓	✓	✓	⦸	✓
Transnet	✓	✓	✓	✓	✓	✓	✓	✓
TOTAL	**16**	**17**	**10**	**17**	**19**	**19**	**12**	**19**

LEGEND	
✓	COMPLETED
⦸	NOT PRESENT
☒	NOT AVAILABLE ON THE WEBSITE
×	BOARD DISSOLVED

3.5 Development of research Instrument and data collection

This section looks at how the research instrument was developed and the process of how the data was collected. Figure 10 below provides a visual representation of the process to achieve this.

Figure 10: Procedure for data collection



Step 1: Creating the checklist

A checklist was required to be developed which contained the six capitals as well as sub-categories of the six capitals. To complete this, a comprehensive study of literature relating to the six capitals and impression management was undertaken (Nkhi, van Zijl, & Maroun, 2017). The elements of the six capitals and their sub-categories were developed from reviewing prior literature such as the CIMA et al. (2013); IIRC (2013a, 2013c, 2013d); Sheveleva (2018). The reason for analysing the sub-categories was to allow for a better analysis of the use of impression management techniques across the six capitals at a granular level (Kundu, 2017; Nilsson, 2016). In addition to the six capitals, the impression management techniques were also included in the checklist (discussed under Step 4). Once the sub-categories of the six capitals, based on prior research were identified (see section 2.4 of the Literature Review and Appendix 2), a pilot test on five SOEs was conducted where the integrated reports were analysed to identify additional sub-categories of capitals that may need to be added. The updated checklist of the six capitals and the sub-categories after the completion of the pilot study, which was used for this study is under Appendix 2 and has been discussed under section 2.4 of the Literature Review.

Step 2: Creating a Code Forest on ATLAS.ti

The collection of the necessary data was conducted on ATLAS.ti, a computer software programme that assists in the qualitative analysis of large bodies of textual, graphical, and video data (ATLAS.ti). The acronym ATLAS.ti stands for “Archive für Technik, Lebenswelt und Alltagssprache” (Archive for Technology, the Lifeworld and Everyday Language). The extension “ti” stands for “text interpretation” (Friese, Soratto, & Pires, 2018). ATLAS.ti has been used by many researchers from different fields such as health, engineering,

management and criminology (Friese et al., 2018). Many thematic analysis and content analysis studies used ATLAS.ti (Ferreira, Vosgerau, Moysés, & Moysés, 2012; Friese et al., 2018; Mahmud et al., 2015; Okello, Abbo, Muhwezi, Akello, & Ovuga, 2014).

ATLAS.ti does not do the work automatically, the researcher still has to do the interpretation of the texts (Hwang, 2008). However, ATLAS.ti works as a research assistant to save time, especially when working with large data sets (Hwang, 2008). This study had around 12 categories of codes and over 160 sub-codes. With the help of ATLAS.ti, it was easier to manage such a large number of codes through the use of a Code Forest (ATLAS.ti). With the use of a Code Forest, a hierarchal network structure of all the codes was created which allowed the researcher to look at each category of codes in an organised manner (Friese et al., 2018). The Code Forest provides a synopsis of the whole study and ensures codes are not overlooked (ATLAS.ti). Codes could be split, renamed or replaced without affecting the other findings (Paulus, Woods, Atkins, & Macklin, 2014). For this study, a Code Forest was created on ATLAS.ti that contained all the sub-categories of the capitals and impression management techniques discussed in Chapter II, sections 2.8 to 2.10. The final statistics were exported to Excel, to analyse the data captured and obtain results and conclusions.

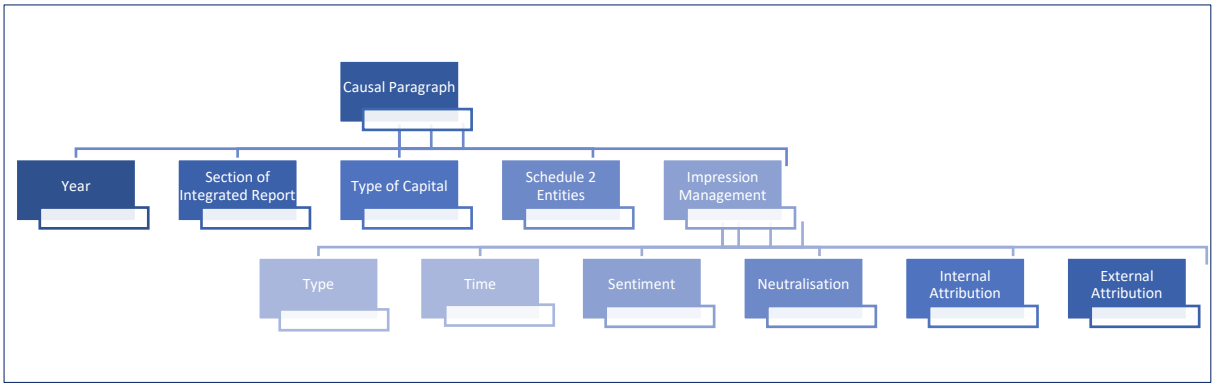
Step 3: To identify causal paragraphs, a content analysis approach was adopted.

Per Aerts (2005); Boiral (2016); Melloni et al. (2016), content analysis could be used to document corporate attributional, neutralisation and thematic manipulation behaviour. The content analysed in this study was restricted to thematic, attributional, and neutralisation statements. These can be defined as a phrase or a sentence in which a corporate event or performance outcome is linked with a reason or a cause for the event or outcome (Aerts, 2005). However, these statements are not always explicit, and the underlying meaning can only be understood after analysing the explanation as well (Aerts, 2005). As such, this study coded paragraphs instead of sentences to consider the cause and effect that could be reasonably linked to each other (Aerts, 2005; Boiral, 2016; Fahr & Rose, 2017; Melloni et al., 2016). A causal paragraph has an independent clause with all subordinate clauses attached to it. This means that it is a text unit that provides a cause/reason for the outcome (Fahr & Rose, 2017). The surrounding clauses were used to provide context to a particular paragraph to find the actual reason for the outcome (O'Keefe & Conway, 2008).

Step 4: Coding the causal paragraphs

Figure 11 below provides a visual representation of how each causal paragraph identified in the integrated reports was coded and the main codes the final checklist included.

Figure 11: Diagram of the coding framework



For each causal paragraph identified in the Chairman, CEO, CFO and Performance Report, it was classified according to the year (2019 or 2020), the report in which the paragraphs were found (Chairman, CEO, CFO and Performance Report section), relevant capitals and its sub-categories (Appendix 2), as well as the name of the SOE (Appendix 1). Each causal paragraph was then coded for the possible impression techniques that may be present. The categories considered were: type of data (quantitative or qualitative), time orientation (forward-looking or non-forward looking), the sentiment of the disclosure (positive, negative, or neutral) drawing from Melloni et al. (2016), attributions (internal or external) and neutralisation based on research by Aerts (2005); Boiral (2016) (see section 2.8-2.10 of the Literature Review where these techniques are discussed in-depth). The analysis was recorded using a nominal system. If a causal paragraph contained a particular impression management element or any of the sub-categories of the six capitals, it was given a score of 1, and a score of 0 was given if no element was present, this approach was adopted from Aerts (2005); Boiral (2016); Fahr and Rose (2017).

When coding for attribution and neutralisation, there were cases where both these tactics were present in a causal paragraph, for example, a paragraph would attribute the outcome to external events and at the same time, neutralise the negative impact on the organisation; in such cases, a decision was made to code both the techniques present because both attribution and neutralisation techniques are different and this would enable the users to see which is used more frequently (O'Keefe & Conway, 2008). However, when coding for thematic manipulation; type, time and sentiment of the causal paragraphs, it was also possible that in some instances, the causal paragraphs contained both qualitative and quantitative information or positive and negative information in the paragraph, in such cases, a decision was made to code the paragraph based on the dominating technique present, this was in line with prior research conducted by O'Keefe and Conway (2008). Furthermore, for the analysis of sentiments, only the direct visible surface content of the text was coded as

the aim of this study was not to code the underlying sentiment of the text as evaluating tone could become complex (Cho & Lee, 2014).

Examples of how the causal paragraphs were coded

Below is an extract from the Chairman Report of a Schedule 2 SOE that was part of the sample size.

> We made an operational loss of only R15 million for the year ended 31 March 2019, compared to a loss of R113 million in the previous financial year. This improved performance for the year is as a result of continuous effective cost management and the completion of the mTera equipment upgrade. This upgrade included free of charge mTera equipment that was capitalised. The capitalisation of this equipment resulted in an increase in other income in the Statement of Financial Performance, which in turn resulted in the improved Company performance.

This was identified as a causal paragraph due to the explanation that is provided for the significant reduction in the operational loss from the prior year. In terms of coding this paragraph, a 1 was placed under 2019 (year), Chairman (type of Report) and the relevant name of the SOE. In terms of coding the six capitals, a 1 was placed under financial capital and manufactured capital. And a 1 was placed under the following sub-categories of the capitals: discussion on overall performance, profit/loss, cost, and plant/equipment. In terms of coding for thematic manipulation, as this is a qualitative dominant paragraph with positive sentiment and speaks to achievement that has already occurred, a 1 was placed under qualitative (type), positive (sentiment) and non-forward looking (time orientation). As this paragraph does not present external attribution or neutralisation, a 0 was placed for these categories. Lastly, for coding internal attribution, a 1 was placed under positive acclaiming tendency as the positive outcome of a reduction in the operational loss was attributed to internal factors being effective cost management and completion of equipment upgrade (highlighted in the extract above).

Below is another extract from the CEO Report of a Schedule 2 SOE that was part of the sample size.

> ***Financial State of Health***
> The financial state of the entity remains precarious. As at the end the reporting period the entity had a net operating deficit of R26,319 million. Operational deficits over the past years have continued to erode the entity's capital base and this is threatening its financial viability and sustainability.
> Among the main contributing factors are lower than planned management fee revenue due to declining business.
> While the organisation remains vulnerable to insolvency, the Interim Board and management continued to prioritise revenue generation as well as management fee collection as critical short-term interventions.

This was identified as a causal paragraph due to the reasons given for the operating deficit. In terms of coding this paragraph, a 1 was placed under 2020 (year), CEO (type of Report) and the relevant name of the SOE. In terms of coding the six capitals, a 1 was placed under financial capital. And a 1 was placed under the following sub-categories of the financial capital: discussion on overall performance, profit/loss, cost, sales/revenue. In terms of coding for thematic manipulation, as this is a qualitative dominant paragraph with negative sentiment and speaks to events that have already occurred, a 1 was placed under qualitative (type), negative (sentiment) and non-forward looking (time orientation). As this paragraph does not present internal attribution, a 0 was placed for these categories. For coding external attribution, a 1 was placed under the excuse category as the negative outcome of declining profit was attributed to external factors being other businesses facing a decline and consequently eroding the SOE's capital base and management fee (highlighted in grey). Lastly, for coding neutralisation, a 1 was placed under Net Positive A, this is due to the second part highlighted in blue that states that despite the negative event, management continues to prioritise revenue generation. As such, the negative impact has not been denied but said to be corrected.

3.6 Data Analysis and Interpretation

RQ1: How are SOEs disclosing the six capitals in their integrated reports and does the disclosure of six capitals reflect elements of impression management?

Descriptive statistics were used to answer RQ1. A binary coding system was used where if impression management or the sub-categories of the six capitals were identified, a value of 1 was used, and otherwise, a value of 0 was assigned. The scores were added to calculate the scores for each SOE as well as per capital and per sub-category of the capital. The same causal paragraph could be classified as containing no capital, containing one capital or containing multiple capitals. The data was therefore analysed as multiple response questions resulting in proportions of paragraphs not being independent and therefore the total percentage of these proportions may have added up to more than 100%. This approach was adopted from prior research (Adams, 2017; Kundu, 2017; Nilsson, 2016). The scores were used to determine which capital had the most elements of impression management.

Further analyses were also completed to identify in which section of the integrated report, namely, the Chairman, CEO, CFO, or Performance Report analysed, contained the most elements of impression management, again, this was done by tallying up the recorded 1s. In the results sections, two percentages are calculated, namely, the individual and overall percentage. This is illustrated in Table 4. Individual percentage shows the change in the

capital over the two years. The overall percentage shows the contribution of the individual capital against all the capitals combined for the specific year (e.g., 2019 or 2020).

Table 4: Calculation of individual and overall percentage

	2019	2020
Natural capital frequency (count)	200 (A)	300 (D)
Total disclosure for all capitals per year	900 (B)	1200 (E)
% of Total (Overall)	22% (A/B) = C	25% (D/E) = F
Individual	(300-200/200)*100 = 50%	

RQ2: Is there a significant difference in terms of the impression management techniques employed across the six capitals?

To answer RQ2, inferential statistics were used. A Pearson Chi-square test was used to assess for significant differences in impression management techniques across the six capitals. Chi-square tests involve checking if observed frequencies in one or more categories match expected frequencies (McHugh, 2013). The Chi-square test served the purpose to determine whether there was a statistically significant difference between the observed relationship to the expected relationship using the frequencies for the six capitals noted under research question 1 (McHugh, 2013). Chi-square statistic is a non-parametric (distribution-free) tool designed to analyse group differences when the dependent variable is measured at a nominal level (Melloni et al., 2016). The test was suitable because of the categorical (nominal) (1 and 0) nature of the data this study used, furthermore, Chi-square tests work best on unequal sample sizes, such as this study that noted different proportions of capital disclosures from 2019 to 2020.

Mann-Whitney test was also used (because the count variables were not normally distributed) to assess whether there was a significant change in the number of impression management techniques from 2019 to 2020. The Mann-Whitney test is used to compare differences between two independent groups when the dependent variable is either ordinal or continuous, but not normally distributed (Edgar et al., 2018). Mann-Whitney tests have been adopted in prior studies of impression management to test differences in means between two periods (Edgar et al., 2018).

3.7 Limitations of the study

Firstly, only the 2019 and 2020 Chairman, CEO, CFO Statements and Performance Reports were studied. This study was also only based in a South African context and further, only Schedule 2 SOEs were analysed. This may therefore not be a representation of all the SOEs

in the PFMA as well as outside of South Africa. Given this limitation, for external validity, the results cannot be extrapolated over the whole population of the SOEs in the PFMA. In addition, as the Schedule 2 SOEs are large entities, the findings could create the notion that these specific SOEs are actively involved in impression management and not the other SOEs (Mansoor & Maroun, 2016). This is an inherent limitation of the research but does not create a significant threat to the validity and reliability of the findings. SOEs such as SAA and SA Express failed to publish their integrated reports, and these SOEs have been at the forefront of receiving government bailouts; it would have been interesting to analyse their reports for the use of impression management tactics. This study focuses only on specific impression management techniques (attribution, neutralisation, and thematic manipulation) and not all forms of impression management techniques. Lastly, there is an inherent limitation due to the impact of Covid-19 on the use of impression management techniques. Although this study included categories for Covid-19 when coding, the qualitative aspect was not assessed. In terms of how the techniques changed when reporting under a pandemic was not evaluated. Crisis communication under the Covid-19 pandemic was not assessed.

3.8 Validity and reliability

Quantitative approach in content analysis has been criticised for its subjectivity and how it often simplified and distorted meaning as a result of breaking down the text into quantifiable units in the analytic process (Bengtsson, 2016; Cho & Lee, 2014). This study acknowledges and discloses the fact that it is subjective and includes a description of the analysis process to highlight the completeness and transparency of the study (Surty et al., 2018).

This study replicates the method used by Aerts (2005); Boiral (2016); Melloni et al. (2016); Schleicher and Walker (2010). Replication assists in increasing the reliability of the study because the method is seen to be credible and approved. In addition, the researcher developed a coding instrument that had the specified coding categories and decision rules which had been constructed based on the review of prior literature on the six capitals, the sub-categories of the six capitals and impression management tactics (Aerts, 2005; Boiral, 2016; CIMA et al., 2013; IIRC, 2013a, 2013c, 2013d; Melloni et al., 2016; Sheveleva, 2018). This ensured that the codes were reliable, accurate and complete. This also ensured content validity. Each category was clearly defined and described in order to be used in the same manner, regardless of the person conducting the data analysis (Boiral, 2016).

To further achieve reliability in the codes created, a preliminary coding was performed by two independent supervisors at the initial stages, and meetings were held to discuss any discrepancies regarding the codes created. The coding instrument was then approved for the pilot study to be conducted by the researcher. In terms of the pilot study conducted, the

two independent supervisors of the research analysed, compared, and discussed the coding. This process enabled clarification and interpretation of the characteristics for identifying impression management techniques in the causal paragraphs (O'Keefe & Conway, 2008). The final research instrument, with all the relevant codes after adaptations from the pilot study, was approved by the supervisors. The final coding began after this stage. This study made use of a single coder, being the researcher, in this way, avoiding the need for inter-coder agreement (Ram, 2015). It should be noted that in interpretive research, the researcher has an integral role in the data collection and analysis but this is an intrinsic feature of content analysis and should not be seen as a threat to validity and reliability (Mansoor & Maroun, 2016; Merkl-Davies & Brennan, 2011). Furthermore, the coding process in any given study will be subjective but that does not mean the coding is inaccurate or unreliable (Buchling, 2019).

This study was based on narrative disclosures and subjectivity around analysing tone was removed by ensuring only the visible surface of the text was coded and not the underlying interpretive tone disclosures (Cho & Lee, 2014). The data source was reliable as the integrated reports could be obtained from the SOEs' websites. The integrated reports of the SOEs are prepared by experienced personnel which includes accountants further proving reliability. The Performance Report that is within the annual reports is also audited, all of this makes the data reliable (Matlou, 2019). Furthermore, to limit the degree of researcher subjectivity, a binary coding system was used. Where impression management was identified, a value of 1 was used, otherwise, a value of 0 was assigned (Gutmayer, 2019).

3.9 Ethical considerations

This study did not use any human participation and, as a result, there are no major ethical considerations. However, to limit the subjectivity of this study, the researcher ensured that both positive and negative findings in the analysis of the data were considered. This helped achieve transparency. The sample size was chosen due to the recent public scrutiny the Schedule 2 SOEs had faced in the 2019 and 2020 financial years and not based on personal preferences. The name of the SOEs only appears in the literature review to highlight the mandate of the SOEs and their reasons for creation. None of the SOEs' names has been disclosed in the analysis of the results. This is to protect the confidentiality of the SOEs. Additionally, this study controlled for the effects of the pandemic, this was to prevent the results from being distorted and not presenting the users with a transparent view of the environment in which SOEs operated in 2020. The results disclosed faithfully represent the findings of this study as there was no pre-determined outcome that the researcher was pursuing that could have influenced the study and the findings.

CHAPTER IV: RESULTS AND DISCUSSION

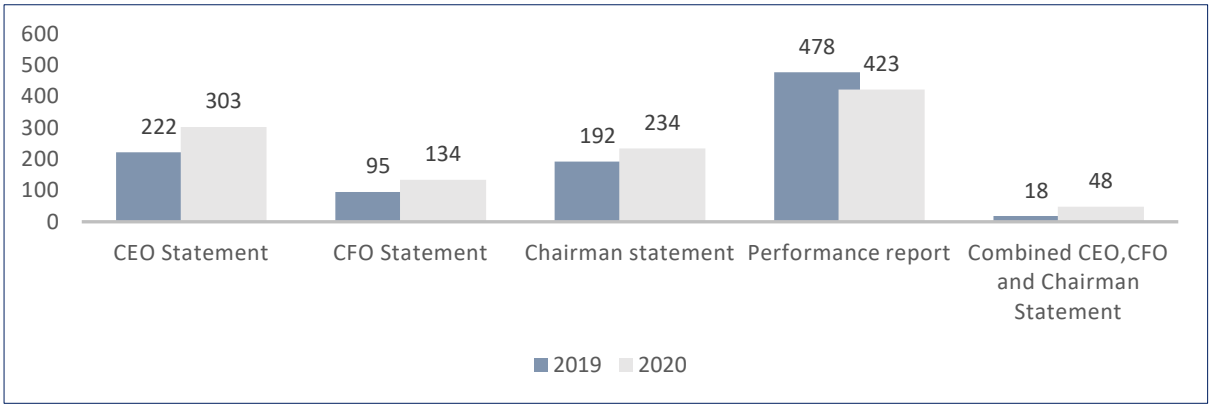
Introduction

In this chapter, the results and discussion are presented. Section 4.1 provides overall descriptive statistics on causal paragraphs identified. Sections 4.2 to 4.5 provide the results regarding how SOEs disclose the six capitals when reporting. Where section 4.2 presents the descriptive statistics relating to the overall presentation of the six capitals, section 4.3 explores the disclosures of the sub-categories of the six capitals and under sections 4.4 and 4.5, the disclosures of the six capital per report are studied. Sections 4.6 to 4.8 discuss the statistics on impression management with section 4.6 presenting the results of the impression management techniques employed by SOE at an overall level. Section 4.7 presents impression management per capital and lastly, section 4.8 looks at the impression management techniques used per capital per report.

4.1 Overall descriptive statistics

A total of 2147 causal paragraphs were identified in the Chairman, CEO, CFO and Performance Reports over the two years. The results contained in this report were produced using a dataset containing 1005 (46.8%) causal paragraphs from 2019 reports, and 1142 (53.2%) causal paragraphs from 2020 reports. This increase from 2019 to 2020 could be attributed to the increase in disclosures relating to the Covid-19 pandemic in 2020 and other SOE-specific events (Atkins et al., 2020). Figure 12 displays the breakdown of the causal paragraphs per report. Except for the Performance Report, the number of causal paragraphs increased from 2019 to 2020. Only one SOE had a unique method of displaying their information, they combined the Chairman, CEO, and CFO Report and published a single statement, therefore the results are presented separately in Figure 12. Using the Chi-square test, the change from 2019 to 2020 is significant for the CEO statement, the Performance report and the Combined CEO, CFO and Chairman statement ($p<.001$).

Figure 12: Causal paragraphs distribution



4.2 Aggregate disclosure of the six capitals

The same causal paragraph could be classified as containing no capital, containing one capital or containing multiple capitals. The data was therefore analysed as multiple response questions resulting in proportions of paragraphs not being independent and therefore the total percentage of these proportions may add up to more than 100%. This approach was adopted from prior research and is explained in Chapter III, Methodology, section 3.6 (Adams, 2017; Kundu, 2017; Nilsson, 2016). Table 5 provides an overview of the capitals disclosed for 2019 and 2020.

Table 5: Capital disclosure for 2019 and 2020

Year	Natural	Natural - %	Manufactured	Manufactured - %	Intellectual	Intellectual- %	Social	Social- %	Financial	Financial - %	Human	Human - %	Total	Total %
2019	144	4,10%	209	5,95%	504	14,36%	785	22,36%	1221	34,79%	647	18,43%	**3510**	**100%**
2020	198	4,83%	269	6,56%	739	18,03%	882	21,52%	1342	32,75%	668	16,30%	**4098**	**100%**
Total (2019+2020)	4.50%		6.28%		16,34%		21.91%		33,69%		17,28%		**7608**	**7608**
Change	**37,50%**	**0,73%**	**28,71%**	**0,61%**	**46,63%**	**3,67%**	**12,36%**	**-0,84%**	**9,91%**	**-2,04%**	**3,25%**	**-2,13%**	**16,75%**	**16,75%**

Financial capital was the most disclosed capital in both 2019 (34.79%) and 2020 (32.75%). The high visibility of financial capital disclosure may be attributed to the greater demand for SOEs to disclose the state of public finances and how the public resources are being utilised for public welfare (PWC, 2015). Schedule 2 SOEs have a profit motive, and this may be another reason for increased financial disclosures (Balbuena, 2014; Ovens, 2016). Furthermore, prior studies have found that financial capital disclosures increase with company size due to their increased capital dependence, and the findings reveal that this was the case with SOEs studied in this research (Hahn & Kühnen, 2013).

Lastly, the findings of this study were in line with prior studies conducted that researched capital disclosures in various South African and global entities and found that financial capital was the most disclosed capital with 99% of the entities reporting on it (Adams, 2017; Nilsson, 2016). King IV requires a focus on all four elements; the workplace, society, economy and environment; although there seems to be a focus on financial capital, there is some shift that has been noted (IODSA, 2016). This can be seen in Table 5 where overall disclosures of financial capital were reduced by 2.04% and natural capital rose by 0.73%.

Intellectual capital had the largest individual increase (46.63%) and overall there was an increase of 3.67%. This may seem appropriate as the focus for all organisations, not only SOEs, is shifting to accommodate the expected Fourth Industrial Revolution (Balkaran, 2017). Furthermore, this evidence also reaffirms prior research that has shown that

adequate disclosures of intellectual capital help stakeholders to better assess the SOEs' ability and raise public confidence (Balkaran, 2017; Hermanto, Lusy, & Widyastuti, 2021). One prior study found that intellectual capital was moderately disclosed (Nilsson, 2016) but another study conducted, found intellectual capital to be one of the least disclosed capital (Eccles et al., 2014). Therefore, this study reports an increasing trend in the disclosures of intellectual capital.

Although natural capital was the least disclosed capital in 2019 (4.10%) and 2020 (4.83%), natural capital increased by a larger percentage when comparing the change from 2019 to 2020 on an individual level (an increase of 37.5%). However, it should be noted that although the disclosures on natural capital were relatively low, most SOEs referred to the sustainability reports where natural capital was further elaborated. This suggests that the disclosures on natural capital may be present in alternate reports published by SOEs which were not within the scope of this research. It should be noted that prior studies highlighted that if an entity wants to signal that they care about an issue and are actively involved in remedial actions, then they would present it on the primary statement (integrated report) to appear legitimate and credible, and seeing that SOEs have a significant environmental impact, the low natural capital disclosures in the integrated report can be an act of concealment (Kuzman et al., 2018). SOEs selectively disclosing natural capital in other reports could be seen as an act of impression management to intentionally divert attention away from the negative events on the face of the primary integrated report (Pitrakkos & Maroun, 2019).

Manufactured capital is the second least disclosed capital in 2019 (5.95%) and 2020 (6.56%). There was an individual increase of 28.71% but overall manufactured capital only increased by 0.61%. These results are in line with prior research (Eccles et al., 2014; Nilsson, 2016) that also found that manufactured capital was one of the least disclosed capitals, mainly because the importance of manufacturing assets has seen a decline in a knowledge-based economy. However, the importance of manufactured capital in a South African SOEs concept cannot be overlooked. Seeing that the majority of the SOEs that have been analysed for this study are infrastructure SOEs, it is odd that manufactured capital disclosures accounted for around 6% of the disclosures in 2019 and 2020. Furthermore, the condition of public infrastructure has been found lacking, for example, Eskom still failing to get the Medupi station in operation (Thoka, 2021), in such an instance, manufactured capital that draws large amounts of public funds would be expected to be adequately addressed by the Chairman, CEO and CFO (Lemanski, 2020).

Social capital was the second most disclosed capital, both in 2019 (22.36%), and 2020 (21.52%). These findings may be seen as appropriate because the relationship of the SOEs with all their stakeholders has been strained due to their failures and inability to meet public demands, and to redeem themselves, the social capital disclosures would be prominent (Madumi, 2018; Vorster & Konstantinopoulos, 2020). Furthermore, unethical activities such as misappropriation of public funds through state capture meant that SOEs had to disclose the ethical policies they had implemented to restore the loss of transparency and accountability in their organisation which contributed to the increase in social capital disclosures (Hermanto et al., 2021; Kikeri, 2018; Philip, 2020). Looking at prior research, it was found that social capitals saw a steady increase in disclosures over the years but social capital was only ranked 4th in the most disclosed capitals, this indicates that social capital in a South African SOE context is considered important (Nilsson, 2016).

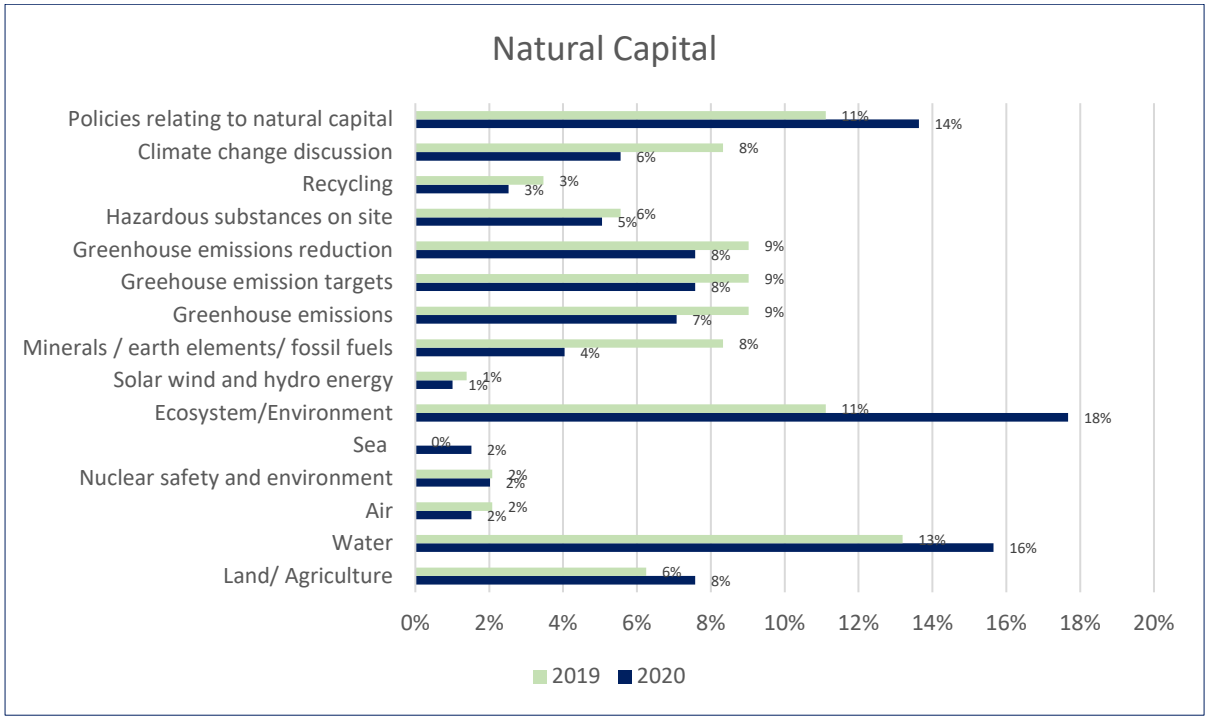
Human capital is the third most disclosed capital in 2019 (18.43%) and overall (17.28%). This is in line with prior research as well (Eccles et al., 2014). Over the two years, SOEs saw many board changes in an attempt to create an ethical workplace, and the drive for teamwork and the need to increase employee morale when salaries and wages could not be paid may have resulted in an increase in individual disclosure from 2019 to 2020 (Matlou, 2019). However, the organisational culture of SOEs remains vulnerable due to political interferences which may have led to an overall decrease in human capital disclosures of 2.13%. This decrease, however, was not in line with prior research that saw considerable increases in human capital (Aljayi et al., 2016).

4.3 Disclosure of the sub-categories of the six capitals

Natural capital

Figure 13 provides an overview of the sub-categories relating to natural capital. It can be seen that disclosures on the ecosystem and environment, water, natural capital policies and greenhouse emissions accounted for the top five sub-categories for 2019 and 2020. This seems reasonable as these categories were general categories that affected most SOEs whereas the other categories were more specific to some SOEs that transact with those categories. For example, Alexkor was the primary SOE that had concerns regarding the sea as they were engaged in marine mining or SAFCOL being interested in land and agriculture. The pressure to conserve the environment and natural resources has been growing for large organisations such as SOEs, and the above sub-categories may be an indication that policies are in place to manage natural capital, however, the disclosures on natural capital remain low (Leach et al., 2019).

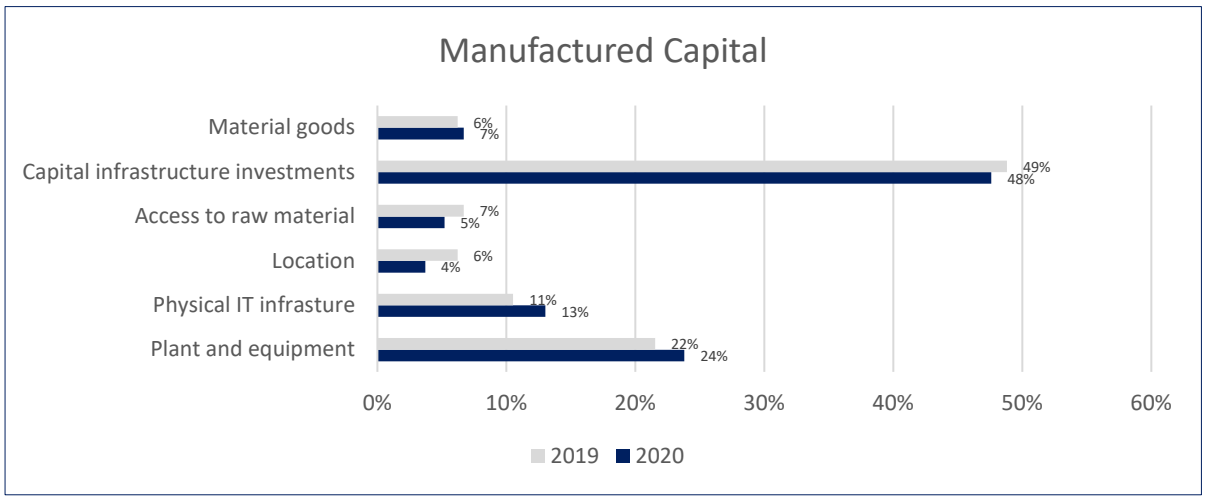
Figure 13: Natural capital sub-categories per year



Manufactured capital

Figure 14 provides an overview of the sub-categories relating to manufactured capital. It can be seen that disclosures on the capital infrastructure investments were the most disclosed sub-categories. This is reasonable since most SOEs have an infrastructure mandate through which they provide for the development of the country (Balbuena, 2014). The second most disclosed was plant and equipment for both years. Physical IT infrastructure was the third most disclosed category and with a technical change that all organisations face, the findings support that SOEs are investing and disclosing about physical IT investments.

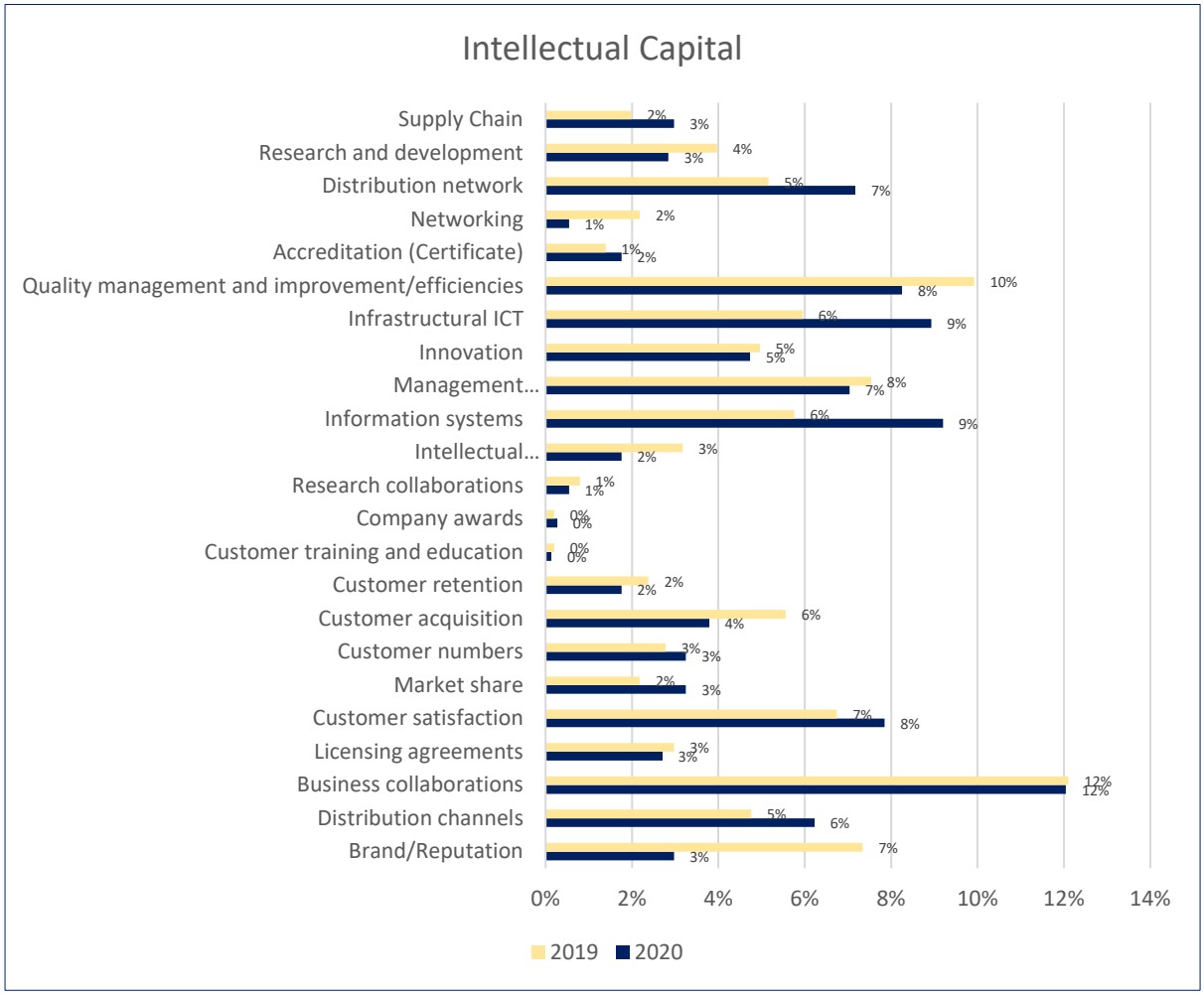
Figure 14: Manufactured capital sub-categories per year



Intellectual Capital

Figure 15 provides an overview of the sub-categories relating to intellectual capital. It can be seen that disclosures on business collaborations, quality management and efficiencies, information system, ICT and customer satisfaction accounted for the top five sub-categories disclosed for 2019 and 2020. This seems reasonable as SOEs have collaborated with many organisations, both in the public and private sectors, and disclosures on these partnerships would be required (OECD, 2018). Oddly, prior research has shown that when manufactured capital disclosures decrease, such as the case for this study, intellectual capital increases as knowledge-based units start to attract more attention, but the findings suggest that except for Information Systems, other knowledge/research-based categories were not highly disclosed (Nilsson, 2016). This could be an indication that SOEs choose to report only favourable intellectual capital that highlights their capabilities and not so much of the others, therefore, creating a positive impression. It is also worth noting that disclosures on brand/reputation (2019=7% and 2020=3%) were also quite significant for the SOEs which ties in with this study that looks at creating a positive image to appear favourable (Hooghiemstra, 2000).

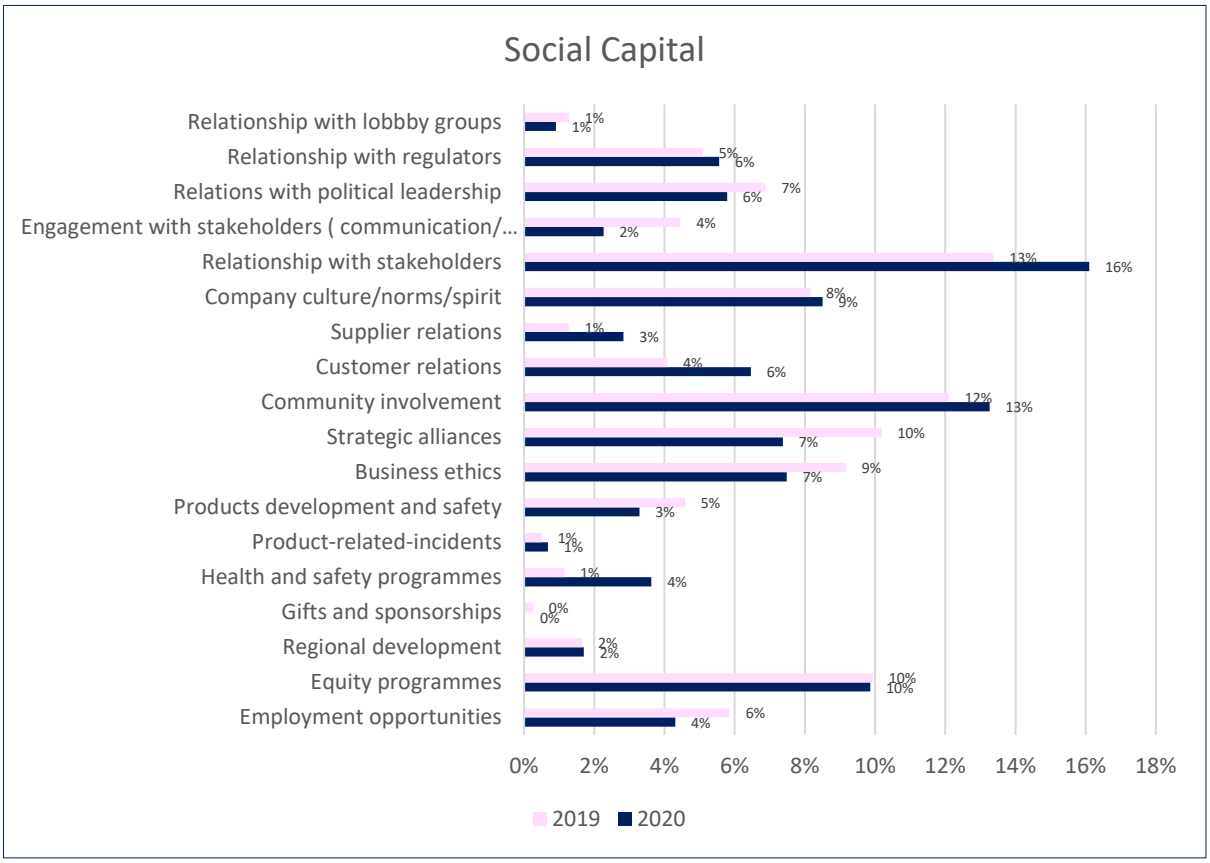
Figure 15: Intellectual capital sub-categories per year



Social Capital

Figure 16 provides an overview of the sub-categories relating to social capital. It can be seen that relationships with stakeholders, community involvement, equity programmes, strategic alliances and company culture formed the top five sub-categories disclosed for 2019 and 2020. This seems reasonable since SOEs may wish to mend the lost relations with many stakeholders and form new strategic alliances due to poor past performances (Kikeri, 2018). Strangely, although SOEs disclose information about their relationship, not much was disclosed on the actual actions taken to engage with stakeholders (2019=2% and 2020=4%). This could be seen as an act of legitimisation by the SOEs where they report on policies but not so much on actual actions. Although this study did not look at the quality of capital disclosures, this finding may indicate that the quality of stakeholder engagements may be questionable (Mikulcak et al., 2015). Community involvement and equity programmes are two of the primary mandates of SOEs so it is fair that these categories were two of the most disclosed categories (OECD, 2009). Company culture and business ethics were also some of the most disclosed sub-categories and this seems reasonable due to the corruption, and state capture investigations that overcame the SOEs over the few years (Matlou, 2019). These categories highlight that SOEs are striving to redress past issues that they encountered and create an impression that the SOEs are reforming.

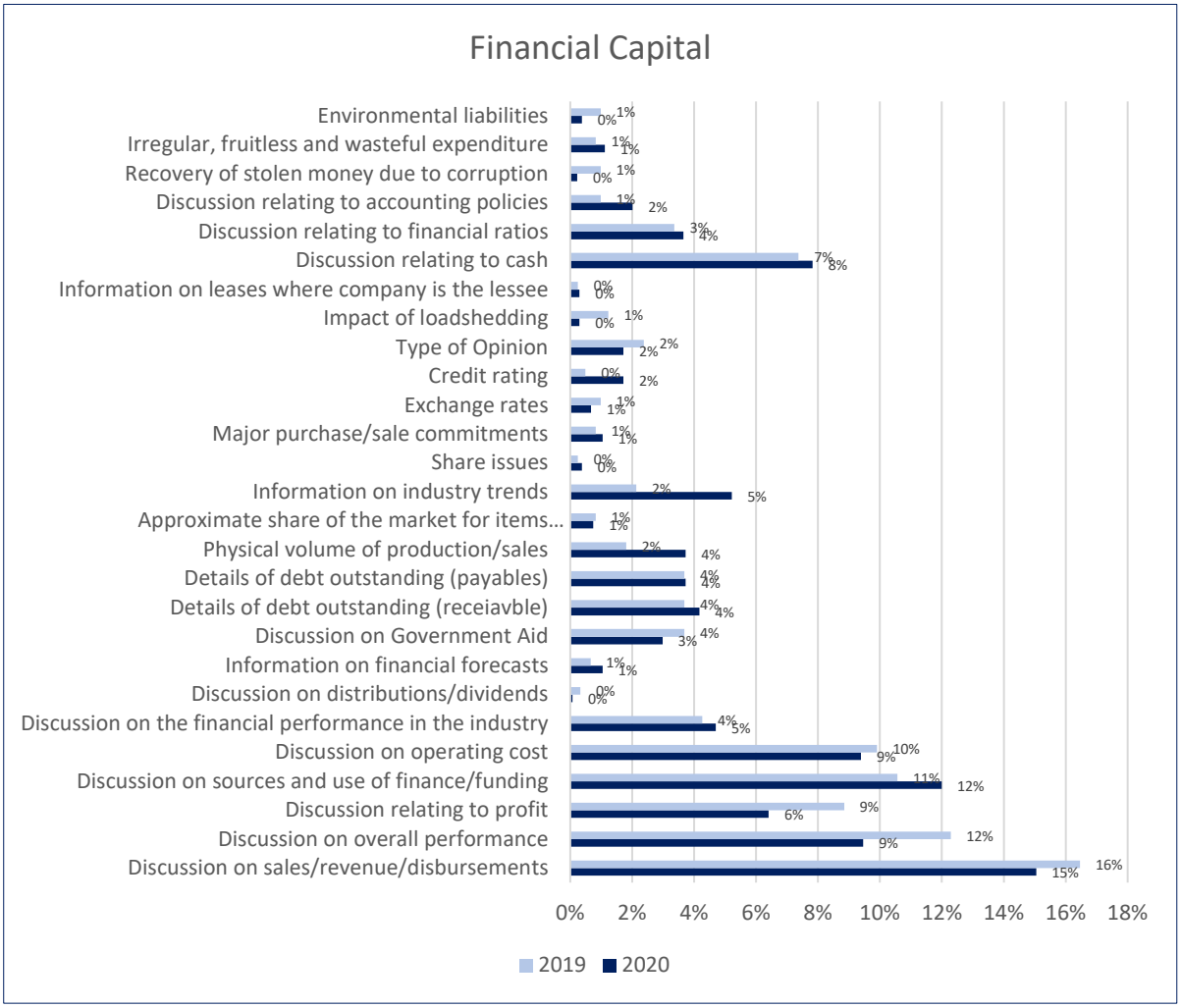
Figure 16: Social capital sub-categories per year



Financial Capital

Figure 17 provides an overview of the sub-categories relating to financial capital. It can be seen that discussion on sales/revenue, sources and use of financing, operating costs, cash and overall performance formed the top five sub-categories disclosed for both 2019 and 2020. This seems reasonable since revenue has been decreasing and costs are rising for the SOEs, and are facing cash constraints and a lack of financing (National Treasury, 2021). It could also be seen that SOEs were not highly reporting on government aid as it could give an impression that they were not financially viable which in turn, negatively affected their image and legitimacy (Kuruppu et al., 2019). Furthermore, many SOEs under this study were embroiled in corruption or irregular expenditure and yet the findings show a mere 1% of disclosures relating to it, this could be an indication that SOEs intentionally do not disclose such in order to protect their image. It is worth noting that information on industry trends had an increase from 2019 (2%) to 2020 (5%) due to the effects of the pandemic on the SOEs (Atkins et al., 2020). This could also be an act of impression management as this could be related to SOEs victimising themselves and their poor performance (Madumi, 2018).

Figure 17: Financial capital sub-categories per year

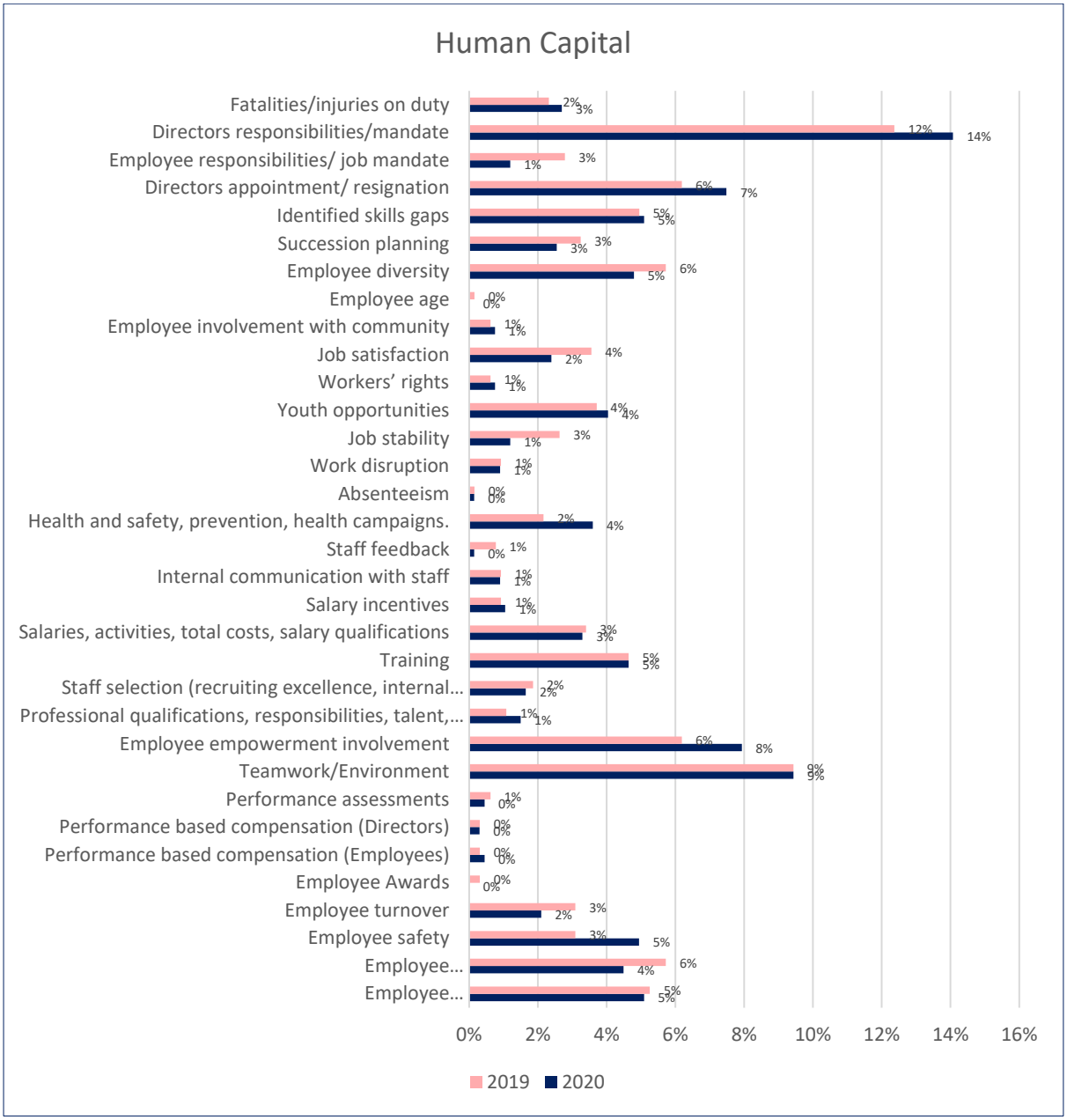


Human Capital

Figure 18 provides an overview of the sub-categories relating to human capital. It can be seen that directors' mandate, teamwork, employee empowerment, directors appointment/resignation and employee diversity formed the top five sub-categories for both 2019 and 2020. Directors' responsibilities and directors' appointment/resignation took the spotlight because many SOEs saw a change in their Boards over the period from 2019 to 2020. Directors are seen as the enforcers of corporate governance and instil policies to achieve organisation cohesiveness (Sartorius et al., 2011). Such appointments and resignations could create disturbances in corporate governance as directors who are meant to be the face of accountability of the SOEs are lacking. Integrated reporting stems from corporate governance principles, a means to report accountability (IIRC, 2013), and with poor succession planning, there would be doubts about the integrated reports presented.

Moving onto the other sub-categories, it was noted that through teamwork, one can create a positive environment for employees, empower them and also show diversity. These were recorded as one of the highest sub-categories because the working environment of SOEs has been unappealing and hence they have implemented measures to rectify this (Merten, 2020). But it should be noted that to address the unappealing work environment, government and union interventions were necessary, and yet the disclosures around such along with disclosures on work disruption were a mere 1% in both years. This could again imply that SOEs created a positive image by disclosing the success to reform and not the actual work issues that employees had over the years. Likewise, the other negative sub-categories of human capital, such as absenteeism (0% for both years) and injuries/fatalities (2019=2% and 2020=3%) were hardly disclosed, implying a thoughtful attempt to create a positive image.

Figure 18: Human capital sub-categories per year



4.4 Disclosures per Report

Table 6: Overall disclosures per Report

YEAR	CEO REPORT		CFO REPORT		CHAIRMAN REPORT		PERFORMANCE REPORT		COMBINED SECTION		TOTAL	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
2019	1081	30,80%	501	14,27%	861	24,53%	976	27,81%	91	2,59%	3510	100%
2020	1320	32,21%	469	11,44%	964	23,52%	1078	26,31%	267	6,52%	4098	100%
Change (2019 to 2020)	22,11%	1,41%	-6,39%	-2,83%	11,96%	-1,01%	10,45%	-1,50%	193,41%	3,92%	16,75%	
TOTAL	**2401**	**31,56%**	**970**	**12,75%**	**1825**	**23,99%**	**2054**	**27,00%**	**358**	**4,71%**	**7608**	**100%**

Table 6 presents the total disclosures relating to the capitals per report analysed. The CEO Report had the most disclosures relating to the six capitals (2019=30.80% and 2020=3 2.21%). An individual increase of 22.11% was noted and overall, there was an increase of 1.41% from 2019 to 2020. A possible explanation could be that CEO Statements are strategic and accountability disclosure vehicles communicating numerous significant aspects of the organisation's status, and prior research has shown that there has been a steady increase in the length of CEO Reports over the years (Patelli & Pedrini, 2014). Furthermore, with many SOEs not publishing a CFO Report in 2019 (n=7) and 2020 (n=8), consequently, the disclosures of the CEO and Chairman Reports increased.

The Chairman Report had an increase of 11.96% individually, however, at an overall level, there was a decrease of 1.01% (2019=24.53% and 2020=23.52%). A likely explanation for this increase is that Chairman Statements have content related to the overall well-being of the organisation on which all stakeholders place high reliance (Moreno et al., 2019). Moreover, the Chairman Reports saw an increase in disclosures relating to the pandemic as the Chairman would have the task to assure stakeholders that the SOEs that had been performing poorly over the years would have the capabilities to confront the severe effects of the pandemic (Atkins et al., 2020). The Performance Report displayed an overall reduction in terms of disclosures of 1.50% (2019=27.81% and 2020=26.31%), although individually an increase of 10.45% was noted. The CFO Report accounted for the least disclosures and also showed an overall reduction in disclosures of 2.83% (2019=14.27% and 2020=11.44%). This was mainly because many SOEs did not publish CFO Reports in their integrated reports (see section 3.4) which led to the Chairman and CEO Reports being used to disclose CFO communications.

The combined [1]CEO, CFO and Chairman section saw an overall increase of 3.92% and a massive individual increase of 193.41% (2019=2.59% and 2020=6.52%). The considerable increase was mainly due to the length of the combined reports. In 2019, six pages of combined reports were published and in 2020, the length increased to 11 pages. In conclusion, all but the CFO Reports showed an increase in the disclosures relating to the six capitals from 2019 to 2020. Overall, the CEO Reports had the most disclosures relating to the capitals in both 2019 (30.80%) and 2020 (32.21%). The CFO Reports had the least disclosures relating to the capitals in both 2019 (14.27%) and 2020 (11.44%).

[1] One SOE's results has been presented as one and contains the CEO, CFO and Chairman Reports

4.5 Six capital disclosure per Report

Table 7 presents the capitals disclosed per report for the year 2019 and Table 8 for 2020.

Table 7: 2019 capitals per report

	2019											
	CEO REPORT		CFO REPORT		CHAIRMAN REPORT		PERFORMANCE REPORT		COMBINED SECTION		TOTAL	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Natural capital	32	2,96%	4	0,80%	28	3,25%	80	8,20%	0	0%	144	4,10%
Manufactured capital	67	6,20%	35	6,99%	24	2,79%	73	7,48%	10	10,99%	209	5,95%
Intellectual capital	183	16,93%	27	5,39%	132	15,33%	143	14,65%	19	20,88%	504	14,36%
Social capital	226	20,91%	65	12,97%	248	28,80%	229	23,46%	17	18,68%	785	22,36%
Financial capital	327	30,25%	336	67,07%	265	30,78%	276	28,28%	17	18,68%	1221	34,79%
Human capital	246	22,76%	34	6,79%	164	19,05%	175	17,93%	28	30,77%	647	18,43%
AGGREGATE	**1081**	**100%**	**501**	**100%**	**861**	**100%**	**976**	**100%**	**91**	**100%**	**3510**	**100%**

Table 8: 2020 capitals per report

	2020											
	CEO REPORT		CFO REPORT		CHAIRMAN REPORT		PERFORMANCE REPORT		COMBINED SECTION		TOTAL	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Natural capital	59	4,47%	6	1,28%	24	2,49%	109	10,11%	0	0%	198	4,83%
Manufactured capital	98	7,42%	28	5,97%	36	3,73%	91	8,44%	16	5,99%	269	6,56%
Intellectual capital	246	18,64%	17	3,62%	158	16,39%	249	23,10%	69	25,84%	739	18,03%
Social capital	331	25,08%	36	7,68%	262	27,18%	194	18,00%	59	22,10%	882	21,52%
Financial capital	405	30,68%	360	76,76%	276	28,63%	247	22,91%	54	20,22%	1342	32,75%
Human capital	181	13,71%	22	4,69%	208	21,58%	188	17,44%	69	25,84%	668	16,30%
AGGREGATE	**1320**	**100%**	**469**	**100%**	**964**	**100%**	**1078**	**100%**	**267**	**100%**	**4098**	**100%**

CEO Reports

Both in 2019 (2.96%) and 2020 (4.47%), natural capital was the least disclosed in the CEO Reports. It is worth noting that natural capital saw the largest individual increase of 84.38%, this could be attributed to the importance of environmental reporting which SOEs have now started to consider. Financial capital was the most disclosed in the CEO Reports for both 2019 (30.25%) and 2020 (30.66%). Seeing that many SOEs communicated CFO findings through the CEO Reports, the findings support this notion as there was a change of 23.85% in the financial capital reporting.

CFO Reports

Both in 2019 (0.80%) and 2020 (1.28%), natural capital was the least disclosed in the CFO Reports, but it is important to point out that there was a 50% individual increase in natural capital disclosures under the CFO Reports. Seeing that this study looked at SOEs in the field of energy, mining, agriculture and water, this finding suggests that CFOs understand the interdependency of financial and natural capital. Furthermore, the findings support prior research that found that CFOs' involvement in sustainability had increased (Deloitte, 2014). This could be an indication of integrated thinking by CFOs and in this case, CFOs of South African SOEs in practice. Given the nature of the CFO Report, it had the most financial capital disclosures in 2019 (67.07%) and 2020 (76.67%), and due to this nature, there was an overall increase of 9.69% as well.

Chairman Reports

Manufactured capital in 2019 (2.79%) and natural capital in 2020 (2.49%) were found to be the least disclosed capitals under the Chairman Reports. Given that the SOEs studied under this report represent many infrastructure SOEs, one would expect the Chairman to address the infrastructure challenges that SOEs have been facing, but seeing such low disclosures is confounding. The findings may indicate that SOEs decisively present fewer disclosures on their problematic manufactured capital. This could be an indication of impression management. Nevertheless, there was a 50% increase in manufactured capital disclosures in the Chairman Reports. Financial capital was the most disclosed in the Chairman Reports for both 2019 (30.78%) and 2020 (28.63%). It is worth noting that social capital was almost equally disclosed as financial capital in 2019 (28.80%) and 2020 (28.63%). This seems reasonable since the Chairman is the pioneer in restoring stakeholder uncertainty around poor-performing SOEs from an independent perspective (Moreno et al., 2019).

Performance Reports

Manufactured capital was the least disclosed in the Performance Reports for both 2019 (7.48%) and 2020 (8.44%). This may imply that SOEs had fewer predetermined objectives to restore the manufactured capital. In 2019, financial capital was most disclosed under the Performance Reports (28.28%) and intellectual capital in 2020 (23.10%). The findings support this as the change in intellectual capital under Performance Reports was a massive 74.13%. The findings may suggest that SOEs are placing a considerable focus on intellectual capital by dedicating predetermined objectives to it.

Combined Section

The combined sections by their nature could not be categorised individually and were presented on a combined basis. For both 2019 and 2020, the combined sections reported nothing on natural capital and the most on human capital for 2019 (30.77%) and 2020 (25.84%). Intellectual capital was also significant with a 263.16% individual increase.

Additional Findings

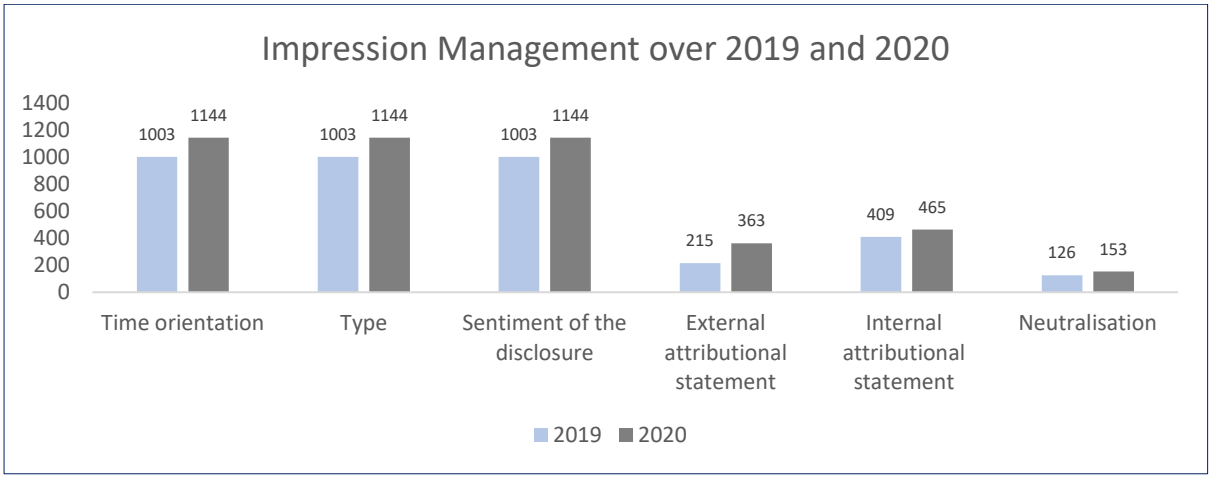
The CEO Reports saw a reduction in human capital disclosures of 26.42%, subsequently, the Chairman Reports saw an increase of 26.83%. The CEO is the direct link between the employees and the board of directors, consequently, the CEO would have the most disclosures on the human capital (Godfrey et al., 2003), but this changed in 2020 when the Chairman had the most disclosures on human capital at 21.58%. This could be due to the changes in CEOs that SOEs saw over the period from 2019 to 2020. Under the CEO Reports, social capital saw an individual increase of 46.46%, suggesting that CEOs are actively participating in stakeholder engagement along with the Chairman (Collewaert et al., 2021).

4.6 Aggregate disclosure of Impression Management

Figure 19 provides an overview of impression management techniques applied for 2019 and 2020. It can be seen that Type, Time, and Sentiment all had the same frequency of 47% and 53% (n=1003 and n=1144) for 2019 and 2020 because these were categories that were present in each causal paragraph. External attribution increased from 37% (n=215) in 2019 to 63% (n=363) in 2020. This could be attributed to the increase in attribution due to the pandemic in 2020 and SOEs attributing events to the pandemic (Atkins et al., 2020). Internal attribution saw a slight increase from 47% (n=409) in to 53% (n=465) in 2020. Neutralisation also increased from 45% (n=126) to 55% (n=153) from 2019 to 2020.

A Mann-Whitney test was used (because the count variables were not normally distributed) to assess whether there was a significant change in the number of impression management techniques from 2019 to 2020. The test revealed that the number of different techniques employed increased significantly ($p<.001$) from 2019 (Mean Rank(MR)=1023.68, n=1005) to 2020 (Mean Rank(MR)=1118.29, n=1142).

Figure 19: Impression management overall



TIME ORIENTATION

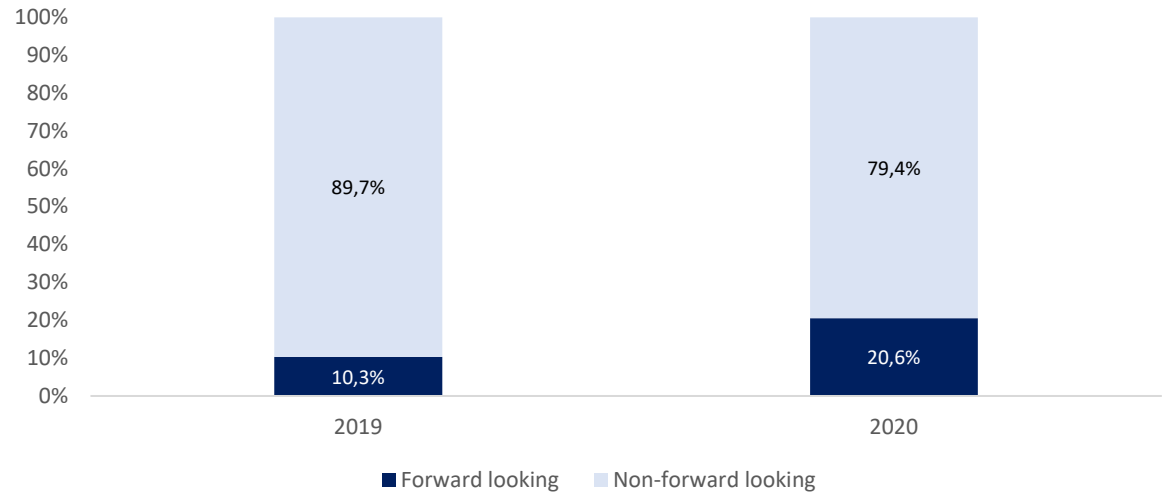
From figure 20, most of the paragraphs for the two years were non-forward looking (2019=89.7% and 2020=79.4%). This finding is in line with prior studies by Melloni et al. (2016); Schleicher and Walker (2010) Beattie, McInnes, and Fearnley (2004) that also found that firms disclose little forward-looking information, the reason being that organisations are considered the stewards of resources and have an obligation to provide the relevant users for current value created, rather than what could materialise in the future, which is in nature, unverifiable (Moloto, 2020). Correspondingly, this steward approach could also be one of the reasons this study found so little forward-looking information. However, another specific reason could be that although the Chairman, CEO and CFO Reports consist of a forward-looking outlook section, it is relatively small in comparison to the whole report that speaks about the past events of the SOE. Performance Reports, due to their nature, mostly present historic achievements, and objectives of the SOE. All this contributed to high non-forward looking findings. However, from 2019 to 2020, an increase in the forward-looking information can be seen as the disclosures increased by 10.3%.

This increase has been noted in prior research (Athanasakou & Hussainey, 2014) that when entities raise debt or have to report on poor earnings, then these entities seek to provide more forward-looking information to validate their actions. Firstly, this could apply to this study as well. SOEs have been at the forefront of receiving funding from the government and have reported poor performance over the years, in such a case, forward-looking information would be required on the use of these funds and a probable turnaround strategy (PWC, 2020). Secondly, this increase in forward-looking narratives could also be due to the pandemic which resulted in many disclosures about what the uncertain times would mean for the SOEs in South Africa in the future (Atkins et al., 2020). The SOEs included narratives

to assure the stakeholders that the future effects of the pandemic on their organisation could be absorbed (Atkins et al., 2020). Lastly, another reason for the increase in forward-looking narratives could be that SOEs may be looking to use the qualitative nature of forward-looking narratives to bring the focus of users on soft and non-earning related matters that are in nature, difficult to verify, which was the case in prior research (Schleicher & Walker, 2010). As such, forward-looking narratives are known to be more prone to impression management, and the increased finding suggests that SOEs may be making use of these to create a more favourable image and appear legitimate.

In conclusion, the findings suggest that SOEs disclose mainly non-forward looking narratives. Comparing the proportions across the years using the Chi-square test of independence, the increase in the forward-looking paragraphs was significant ($p<0.001$) and a significant decrease in non-forward looking paragraphs ($p<.001$). And although prior research, as well as this study, saw few forward-looking narratives, this finding of a significant increase in forward-looking narratives was interesting to note since integrated reports have been criticised for being overly focused on past events and this forward outlook approach would be well received by many users but may also be more susceptible to impression management (Beattie et al., 2004; Melloni et al., 2016; Schleicher & Walker, 2010).

Figure 20: Break down of Time Orientation



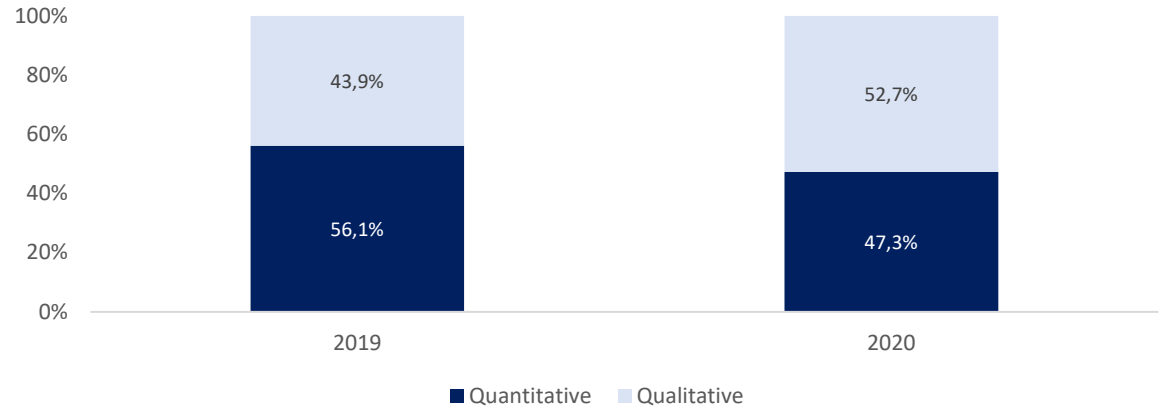
TYPE OF DISCLOSURE

From figure 21, in 2019, the majority of the paragraphs were quantitative (56.1%). Quantitative disclosures being more dominant as the findings suggest is not consistent with prior research by Melloni et al. (2016) and Moloto (2020) which saw a higher frequency for qualitative disclosures. The reason may lie in the nature of these studies as these studies

looked at business model disclosures of organisations, and business model disclosures tend to be highly textual and qualitative (Melloni et al., 2016). Furthermore, looking at prior studies that looked at Chairman and CEO Reports, these studies also found qualitative disclosures to be dominant (Moola, 2016; Schleicher & Walker, 2010; Yasseen et al., 2017). The primary reason why this study saw a majority of quantitative disclosures in 2019 was that although the SOEs Chairman, CEO and CFO Reports consist of narrative disclosures, the CEO and CFO Reports still had significant quantitative disclosures. However, the Performance Report was outright quantitatively disclosed for all the SOEs with minimal narratives which contributed to the increase in quantitative disclosures. Given the fact that quantitative disclosures are not susceptible to impression management, it could be said that SOEs, in 2019, did not make use of the Type category to present a positive image.

However, 2020 did see a sharp increase in qualitative disclosures and was the dominant category at 52.7%. Firstly this could be attributed to the length of some of the reports increasing from 2019 to 2020 mainly due to the pandemic disclosures or disclosure of major events that happened at the SOE (Atkins et al., 2020). Secondly, Performance Reports started to include qualitative narratives, where for each predetermined objective, the measures, status, and reasons for variances started to increase. Previously, SOEs presented the status of achievement only, whereas, in 2020, the quantitative figures were supported with more narratives. Lastly, the Chi-square test found that there is a significant difference in the type of disclosures from 2019 to 2020 ($p<.001$) further proving the rise of qualitative disclosures. Prior research has found that qualitative narratives include 'soft' information about the performance of the entity, which is subjective but relevant to users and can be controlled by organisations to impress users (Chou et al., 2018). As SOEs largely made use of qualitative disclosures in 2020, this may be as seen utilising impression management.

Figure 21: Break down of Type



SENTIMENT OF DISCLOSURE

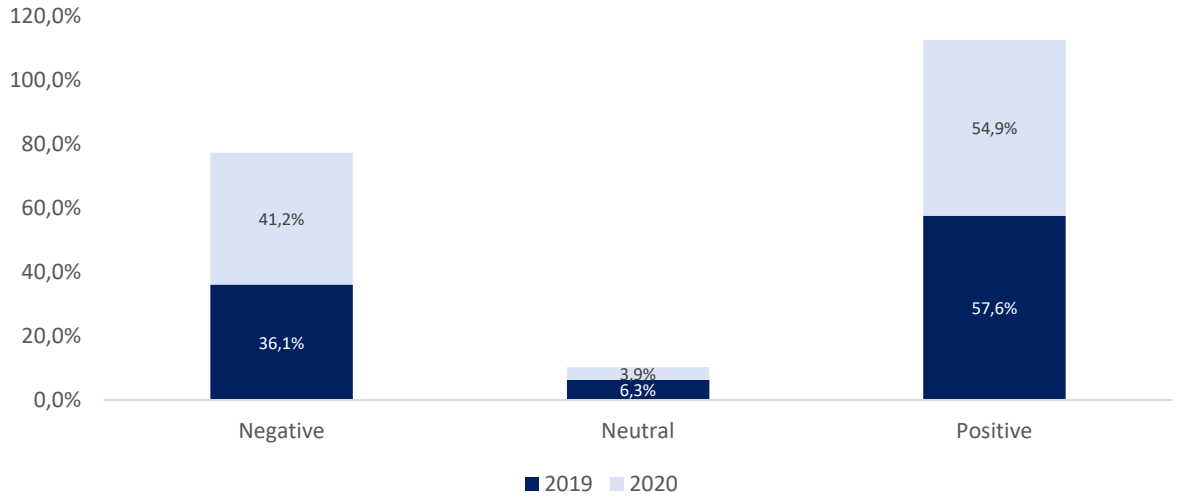
From figure 22, for both 2019 (57.6%) and 2020 (54.9%), positive sentiment was the dominating sentiment. This finding is consistent with prior research that also found the positive tone to be dominating (Schleicher & Walker, 2010). Prior studies used large entities, profit and loss-making entities, risky, and listed entities with various dependents as its sample and found that they provide a more positive tone in their narratives (Schleicher & Walker, 2010). The findings of this study can be said to be consistent with these prior studies as SOEs are large organisations with various stakeholders, and in recent times, have been performing poorly and can be seen as risky to the fiscus (National Treasury, 2021). In such a case, SOEs could have with intention, exhibited a positive tone in their narrative disclosures to create a positive impression.

Moreover, prior research found that loss-making or risky entities do not provide more negative information when performing poorly but prefer to speak about some of the positives they might have achieved during that year (Schleicher & Walker, 2010). The findings of this study reaffirm this notion, even though SOEs have been under the negative spotlight, the positive theme in the integrated reports has been dominant. It was also found that entities that operate in a stringent legal environment, offer more pessimistic and conservative narratives (Chou et al., 2018). However, although South African SOEs operate in a strictly regulated environment supported by the likes of PFMA, Companies Act, King IV, and APA, it does not appear that SOEs were conservative. The positive tone domination by SOEs may be seen as an act of impression management and legitimisation to present themselves in a positive light to remove attention from the numerous difficult issues facing SOEs.

There was, however, a slight decrease in the positive sentiment from 2019 to 2020, and this may not be seen as consistent with prior research that saw a general rise in positive disclosures even when the entity was performing poorly (Melloni et al., 2016; Schleicher & Walker, 2010). In the context of this study, this decrease could be warranted to the edgy environment that the pandemic posed (Atkins et al., 2020) which affected all entities and not just SOEs. Equally, this could also explain the slight increase in the negative sentiment. In addition, the condition of SOEs had not significantly improved from 2019 to 2020 and thus the negative sentiment carried over (National Treasury, 2021). This slight rise in negative sentiment may not be seen as consistent with impression management. For both 2019 and 2020, there were only a few neutral paragraphs (2019=6.3% and 2020=3.9%). Neutral disclosures were minor for both years as they mainly related to introductory paragraphs, closing statements or where no growth was noted. Prior research also found minimal neutral disclosures (Schleicher & Walker, 2010).

In conclusion, the findings suggest that SOEs do use the sentiment technique as a form of impression management as the positive theme is predominant in the disclosures for both 2019 and 2020. Comparing the proportions across the years using the Chi-square test of independence, there were significant changes in negative paragraphs ($p<0.01$), but the positive paragraphs did not change significantly from 2019 to 2020.

Figure 22: Break down of Sentiment



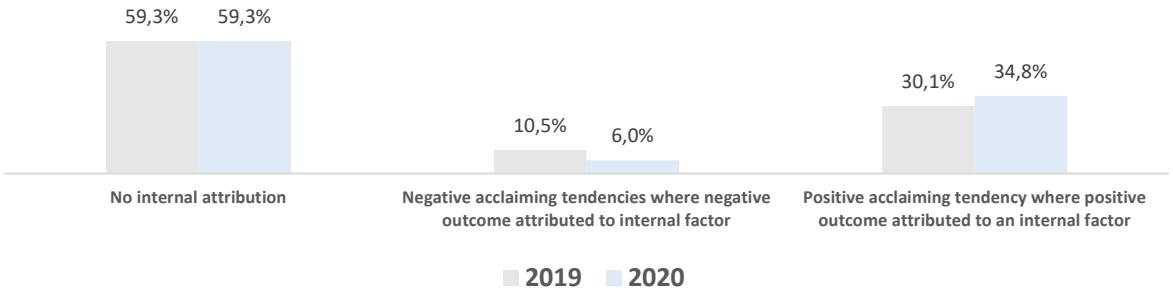
INTERNAL ATTRIBUTION

Figures 23 presents the breakdown of the number of disclosures in aggregate relating to internal attribution. The largest proportion of the paragraphs do not demonstrate internal attribution for both 2019 and 2020 (59.3%). This finding is in line with prior research which identified attributional defensiveness to be moderate to low (Aerts, 2005). This is mainly because the integrated reports are the primary instrument to provide information on the entity and not all information presented has to be attributed to any factor or event (Aerts, 2005). For the remaining 40.7%, a positive acclaiming tendency dominated the internal attribution for both 2019 (30.1%) and 2020 (34.8%). The Chi-square test of independence found that for the positive acclaiming category, there were significant changes in proportions from 2019 to 2020. This is consistent with prior research where performance outcomes were internally positively acclaimed even when the context or environment was negative (Aerts, 2005). SOEs that were in critical situations were generally in a negative environment and the findings prove that they disassociated themselves from negative outcomes to restore their public image. This finding also suggests that SOEs did engage in impression management by attributing the positive outcome to internal factors to appear legitimate.

Negative acclaiming tendencies were marginal at 10.5% and 6% for 2019 and 2020. A decrease in negative acclaiming tendencies from 2019 (10.5%) to 2020 (6%) was observed.

The Chi-square test of independence found that this decrease was significant. This reaffirms prior research that observed a low level of negative acclaiming tendencies from negatively orientated entities (Aerts, 2005; Moloto, 2020; Moola, 2016; Surty et al., 2018; Yasseen et al., 2017). SOEs have been surrounded by negativity and not acclaiming the negativity is consistent with impression management. In conclusion, the findings suggest that SOEs appear to engage in internal attribution as a form of impression management with the year having a significant effect on the internal attribution demonstrated by the paragraphs ($p<.001$).

Figure 23: Break down of internal attribution



EXTERNAL ATTRIBUTION

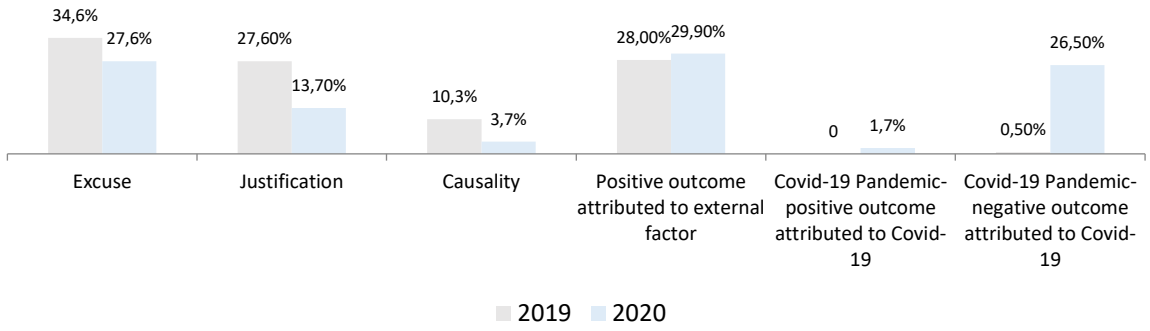
Figure 24 presents the breakdown of the number of disclosures in aggregate relating to external attribution. Within external attribution, in 2019, the largest proportion of the paragraphs made use of the excuse category the most (34.6%). It should be noted that prior research supported a more comprehensive approach and considered excuse, justification and causality together as external attribution rather than individually, which this study adopted (Aerts, 2005). Due to this, the excuse category independently being dominant cannot be confirmed with prior research, but considering the use of excuse in the context of SOEs, it can be seen as reasonable since excuse is the outright condemnation of the external environment, where elaborate reasons are not required (Aerts, 2005) and this is useful because the various interpretations of these reasons could attract more scrutiny from the public. And seeing that SOEs' legitimacy is in question, they would want to avoid scrutiny based on their reasons provided for negative outcomes.

In 2020, positive outcome attributed to external factors was individually dominant at 28%. Comparing this to Figure 23 above, regarding internal positive acclaiming tendencies, there was not a major difference in terms of whether positive outcomes are attributed externally or internally. This is also consistent with prior research confirming that when an entity is facing challenges, it could intentionally portray a positive image by giving credit to external factors

to not appear conceited (Aerts, 2005). Furthermore, prior research has looked into the phenomenon of the 'self-promoters paradox' which highlights that when entities credit themselves excessively for positive outcomes then the stakeholders become less convinced of their actions (Aerts, 2005). In such a case, the attribution to external factors helps SOEs not to exaggerate and come off as self-promoters. In this way, they still create an impression of sophistication (Aerts, 2005). However, the increase in the positive outcomes being attributed to external factors should be read in conjunction with the increase in attribution to the Covid-19 pandemic. This is because the decrease in the justification, excuse and causality category was mostly due to the increase in attribution to the Covid-19 pandemic as seen from the 26.5% attribution to it in 2020. Consequently, the excuse category was reported to be lower in 2020 due to some attribution to the pandemic. The Chi-square test of independence found that the number of instances of Covid-19 Pandemic – negative outcome increased highly significantly 2019 (to 2020 ($p<0.01$). This seems fair because the effects of the pandemic were reported mainly in the 2020 integrated reports and not in 2019.

The Chi-square test of independence found that the number of instances of excuse did not change significantly ($p>0.05$) from 2019 to 2020. But the number of instances of justification decreased significantly ($p<0.01$) from 2019 (27.6%, n=59) to 2020 (13.7%, n=48). The same can be said for causality, where a significant decline from 2019 to 2020 was noted ($p<0.01$) justification is the conscious acknowledgement that the negative event exists, and attention is then diverted to more positive outcomes (Aerts, 2005). With legitimacy at stake, SOEs would not want to acknowledge the negative event and consequently, preserve their image, which may explain the decline from 2019 to 2020. In conclusion, the findings suggest that SOEs were found to engage in external attribution as a form of impression management as 73% of negative outcome was attributed to external events in 2019 and 71.5% in 2020.

Figure 24: Break down of external attribution



		2019	2020
Negative attribution	(Excuse, Justification, Causality, Pandemic negative attribution)	73%	71,50%
Positive attribution	(Positive outcome attributed to external factors and the pandemic)	28%	31,60%

NEUTRALISATION

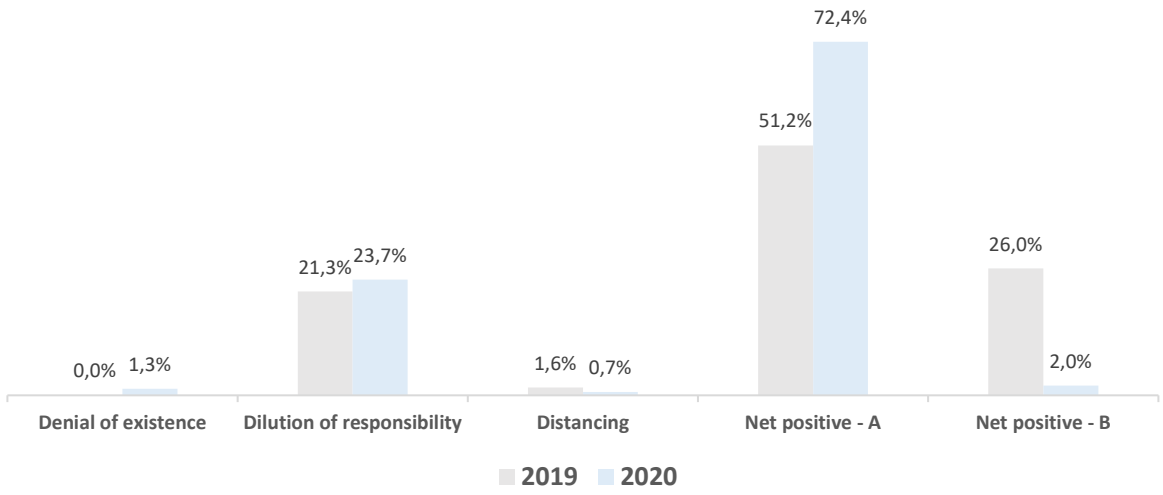
Figure 25 presents the breakdown of the number of disclosures in aggregate relating to neutralisation. Within neutralisation, Net positive A was the most used impression management technique under neutralisation for both 2019 (51.2%) and 2020 (72.4%). This finding was not in line with prior research by Boiral (2016) where Net Positive A was found to be the second most used technique. However, Net Positive A may be strong because the SOE does not essentially deny the possibility of negative impacts but rather claims that these impacts will be corrected, in this way, an optimistic view is created that raises social expectations (Boiral, 2016).

This correlates with the findings that Net Positive B saw a massive decrease from 26% in 2019 to 2% in 2020. This could be due to the technique of Net Positive B that does not create an optimistic and legitimate view for the future because this technique implies that although corrections will be done, they will not restore to their original state (Bolino et al., 2016). The Chi-square test of independence also found that the year had a significant effect on the neutralisation demonstrated by the paragraphs ($p<0.01$). This significant difference was seen in the Net positive A and B categories.

The use of the dilution technique in 2019 was 21.3% and increased slightly to 23.7% in 2020. These findings were close to prior research that observed 18% of the dilution technique (Boiral, 2016). In terms of dilution, SOEs focused on the contribution of other actors to negative circumstances which made the SOE look perfect (Lim, 2002). Distancing was not used much in both 2019 (1.6%) and 2020 (0.7%). This finding is not in line with prior research where a higher figure of 17% was recorded (Boiral, 2016). However, in the context of this study, such low findings indicate impression management as distancing means acknowledging the negative event and to preserve their image and legitimacy, SOEs would not want to acknowledge the negative impact (Boiral, 2016).

In 2019, denial (claiming that no negative impact exists even though other aspects suggest otherwise) was the lowest at 0% (2020=1.3%). This is positive news as it indicates that SOEs are not using the integrated report to deny the negative outcomes. It could also be that because of the widespread publication of the negative outcomes of SOEs, it would not be possible for SOEs to engage in denial. In conclusion, the findings suggest that SOEs were found to engage in neutralisation as a form of impression management, with Net Positive A (negative impact not denied but claims that it will be corrected in future) being the most dominant technique used.

Figure 25: Break down of neutralisation



In conclusion, the findings of this study differed from prior research for thematic manipulation as it was observed that prior studies found that positive sentiment statements are associated with forward-looking information and are used as an impression management technique as forward-looking information cannot be verified immediately (Melloni et al., 2016; Moloto, 2020). This study makes a finding that positive sentiment information is predominantly used in non-forward looking statements. The findings of this study also suggest that SOEs used positive quantitative disclosures in 2019 which was not in line with prior literature but is consistent with the findings this study made above, that SOEs are focusing on highlighting positive impacts on the six capitals using verifiable statements like quantitative disclosures.

Moving on to the category of attribution, under internal attribution, positive acclaiming tendency dominated both years. This finding suggests that SOEs did make use of internal attribution by attributing positive outcomes to internal factors as an impression management technique. For external Attribution, the excuse technique dominated both years. The credibility and legitimacy of SOEs have been fragile and through excuse, the blame on SOEs could be lessened. Lastly, for the category of neutralisation, Net Positive A (negative impact not denied but will be corrected in the future) is the dominating technique for both years. Net Positive A is a strong technique because the SOE does not essentially deny the possibility of negative impacts but rather claims that these impacts will be corrected, in this way, an optimistic view is created that raises social expectations that make the SOE appear legitimate (Boiral, 2016).

4.7 Impression Management per capital

Table 9 provides an overview of which impression management techniques were dominant in the different capitals. In 2019, the main technique used for all the capitals was the internal attribution technique. In 2020, the main technique was again the internal attribution technique except for financial capital. Only financial capital saw a shift from internal attribution to external attribution in 2020 at 10.98%. This could be due to the external financial issues that SOEs faced in 2020 due to the pandemic and in general overall financial performance (Atkins et al., 2020). Seeing that all capitals made use of internal attribution, this implies that SOEs seek to attribute positive and negative outcomes internally.

Prior literature has observed that internal attribution plays to the strength of the entity (Aerts, 2005). As the capitals represent the strengths (inputs) of the SOE, internally claiming the credit would be aligned towards impression management (Leach et al., 2019). Furthermore, expected and intended outcomes are internally attributed since the entity has a higher degree of control over these outcomes (Aerts, 2002). One can say that the six capitals are controlled by the SOEs since they have invested interest in them, and ought to be reasonably aware of the positive outcome each capital could create since it is a critical component of their business model (IIRC, 2021). When the SOEs are aware of the positive outcome that the capital would create, they would take the credit for it, effectively creating a progressive and legitimate image of themselves.

Looking at financial capital, this was noted to be an exception to the other capitals, that found external attribution as the dominating attribution technique in 2020. The reason may lie in the nature of financial capital. Financial capital may be a capital that is more unpredictable due to its complex variables (Chou et al., 2018) and with SOEs struggling to manage their finances, condemning the external environment implies impression management, as the negativity is not absorbed. SOEs did internally take credit for the positive outcomes of financial capital but failed to do so for the negative outcomes, effectively legitimising their actions away from the poor-performing financial capital.

The Chi-square test found that there was a significant difference ($p<0.01$) between capital types regarding the Type of disclosure, Time orientation Sentiment and Internal attribution in 2019. The differences were not significant for Neutralisation in 2019. In 2020, the Chi-square test found that there was a significant difference between capital types regarding Type, Time Orientation, Sentiment, and Internal attribution. Regarding Neutralisation, there were marginally significant differences for Neutralisation ($p<.05$) in 2020. For External Attribution, for both 2019 and 2020, the data was insufficient to support the Chi-square test.

Table 9: Impression Management per capital

Capital	Time		Type		Sentiment		External attributional		Internal attributional		Neutralisation		Total	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
NATURAL														
2019	66	25,98%	66	25,98%	66	25,98%	15	5,91%	30	11,81%	11	4,33%	254	100%
2020	80	25,48%	80	25,48%	80	25,48%	26	8,28%	33	10,51%	15	4,78%	314	100%
TOTAL	**146**	**25,70%**	**146**	**25,70%**	**146**	**25,70%**	**41**	**7,22%**	**63**	**11,09%**	**26**	**4,58%**	**568**	**100%**
MANUFACTURED														
2019	140	25,45%	140	25,45%	140	25,45%	32	5,82%	72	13,09%	26	4,73%	550	100%
2020	187	25,13%	187	25,13%	187	25,13%	66	8,87%	87	11,69%	30	4,03%	744	100%
TOTAL	**327**	**25,27%**	**327**	**25,27%**	**327**	**25,27%**	**98**	**7,57%**	**159**	**12,29%**	**56**	**4,33%**	**1294**	**100%**
INTELLECTUAL														
2019	260	26,00%	260	26,00%	260	26,00%	48	4,80%	130	13,00%	42	4,20%	1000	100%
2020	367	25,70%	367	25,70%	367	25,70%	94	6,58%	184	12,89%	49	3,43%	1428	100%
TOTAL	**627**	**25,82%**	**627**	**25,82%**	**627**	**25,82%**	**142**	**5,85%**	**314**	**12,93%**	**91**	**3,75%**	**2428**	**100%**
SOCIAL														
2019	360	26,12%	360	26,12%	360	26,12%	88	6,39%	159	11,54%	51	3,70%	1378	100%
2020	405	25,38%	405	25,38%	405	25,38%	124	7,77%	207	12,97%	50	3,13%	1596	100%
TOTAL	**765**	**25,72%**	**765**	**25,72%**	**765**	**25,72%**	**212**	**7,13%**	**366**	**12,31%**	**101**	**3,40%**	**2974**	**100%**
FINANCIAL														
2019	458	25,90%	458	25,90%	458	25,90%	143	8,09%	179	10,12%	72	4,07%	1768	100%
2020	545	25,24%	545	25,24%	545	25,24%	237	10,98%	202	9,36%	85	3,94%	2159	100%
TOTAL	**1003**	**25,54%**	**1003**	**25,54%**	**1003**	**25,54%**	**380**	**9,68%**	**381**	**9,70%**	**157**	**4,00%**	**3927**	**100%**
HUMAN														
2019	253	26,27%	253	26,27%	253	26,27%	43	4,47%	137	14,23%	24	2,49%	963	100%
2020	262	25,14%	262	25,14%	262	25,14%	68	6,53%	155	14,88%	33	3,17%	1042	100%
TOTAL	**515**	**25,69%**	**515**	**25,69%**	**515**	**25,69%**	**111**	**5,54%**	**292**	**14,56%**	**57**	**2,84%**	**2005**	**100%**

Table 9: Impression Management per capital continued

MOST DOMINATING TECHNIQUES FOR EACH CAPITAL OVER 2019 AND 2020							
Capital	**Time**	**Type**	**Sentiment**	**External Attribution**	**Internal Attribution**	**Neutralisation**	**Overall**
Natural Capital							
2019	Non-forward looking	Quantitative	Positive	Excuse	Positive Acclaiming Tendency	Net Positive A	Internal Attribution
2020	Non-forward looking	Qualitative	Positive	Excuse	Positive Acclaiming Tendency	Net Positive A	Internal Attribution
Manufactured Capital							
2019	Non-forward looking	Quantitative	Positive	Excuse	Positive Acclaiming Tendency	Net Positive A	Internal Attribution
2020	Non-forward looking	Qualitative	Positive	Excuse	Positive Acclaiming Tendency	Net Positive A	Internal Attribution
Intellectual Capital							
2019	Non-forward looking	Qualitative	Positive	Positive outcomes to external factors	Positive Acclaiming Tendency	Net Positive A	Internal Attribution
2020	Non-forward looking	Qualitative	Positive	Positive outcomes to external factors	Positive Acclaiming Tendency	Net Positive A	Internal Attribution
Social Capital							
2019	Non-forward looking	Qualitative	Positive	Positive outcomes to external factors	Positive Acclaiming Tendency	Net Positive A	Internal Attribution
2020	Non-forward looking	Qualitative	Positive	Positive outcomes to external factors	Positive Acclaiming Tendency	Net Positive A	Internal Attribution
Financial Capital							
2019	Non-forward looking	Quantitative	Positive	Excuse	Positive Acclaiming Tendency	Net Positive A	Internal Attribution
2020	Non-forward looking	Qualitative	Negative	Excuse	Positive Acclaiming Tendency	Net Positive A	Internal Attribution
Human Capital							
2019	Non-forward looking	Qualitative	Positive	Justification	Positive Acclaiming Tendency	Net Positive A	Internal Attribution
2020	Non-forward looking	Qualitative	Positive	Positive outcomes to external factors	Positive Acclaiming Tendency	Net Positive A	Internal Attribution

THEMATIC MANIPULATION

Table 10: Thematic Manipulation in the capitals

Capital	Year	Time				Type						Sentiment				Total
		Forward Looking		Non-Forward Looking		Quantitative		Qualitative		Negative		Neutral		Positive		
		Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency
NATURAL	2019	10	5,05%	56	28,28%	37	18,69%	29	14,65%	18	9,09%	7	3,54%	41	20,71%	198
	2020	23	9,58%	57	23,75%	30	12,50%	50	20,83%	34	14,17%	6	2,50%	40	16,67%	240
Change- Natural		130,00%	4,53%	1,79%	-4,53%	-18,92%	-6,19%	72,41%	6,19%	88,89%	5,08%	-14,29%	-1,04%	-2,44%	-4,04%	21,21%
MANUFACTURED	2019	26	6,19%	114	27,14%	78	18,57%	62	14,76%	60	14,29%	10	2,38%	70	16,67%	420
	2020	59	10,52%	128	22,82%	86	15,33%	101	18,00%	85	15,15%	6	1,07%	96	17,11%	561
Change - Manufactured		126,92%	4,33%	12,28%	-4,33%	10,26%	-3,24%	62,90%	3,24%	41,67%	0,87%	-40,00%	-1,31%	37,14%	0,45%	33,57%
INTELLECTUAL	2019	51	6,54%	209	26,79%	102	13,08%	158	20,26%	59	7,56%	14	1,79%	187	23,97%	780
	2020	115	10,45%	252	22,89%	131	11,90%	236	21,44%	107	9,72%	7	0,64%	253	22,98%	1101
Change- Intellectual		125,49%	3,91%	20,57%	-3,91%	28,43%	-1,18%	49,37%	1,18%	81,36%	2,15%	-50,00%	-1,16%	35,29%	-1,00%	41,15%
SOCIAL	2019	47	4,35%	313	28,98%	164	15,19%	196	18,15%	94	8,70%	22	2,04%	244	22,59%	1080
	2020	111	9,14%	294	24,20%	139	11,44%	266	21,89%	103	8,48%	14	1,15%	288	23,70%	1215
Change- Social		136,17%	4,78%	-6,07%	-4,78%	-15,24%	-3,74%	35,71%	3,74%	9,57%	-0,23%	-36,36%	-0,88%	18,03%	1,11%	12,50%
FINANCIAL	2019	52	3,78%	406	29,55%	266	19,36%	192	13,97%	208	15,14%	35	2,55%	215	15,65%	1374
	2020	145	8,87%	400	24,46%	257	15,72%	288	17,61%	274	16,76%	19	1,16%	252	15,41%	1635
Change- Financial		178,85%	5,08%	-1,48%	-5,08%	-3,38%	-3,64%	50,00%	3,64%	31,73%	1,62%	-45,71%	-1,39%	17,21%	-0,23%	19,00%
HUMAN	2019	21	2,77%	232	30,57%	102	13,44%	151	19,89%	73	9,62%	12	1,58%	168	22,13%	759
	2020	47	5,98%	215	27,35%	85	10,81%	177	22,52%	89	11,32%	7	0,89%	166	21,12%	786
Change- Human		123,81%	3,21%	-7,33%	-3,21%	-16,67%	-2,62%	17,22%	2,62%	21,92%	1,71%	-41,67%	-0,69%	-1,19%	-1,01%	3,56%

From table 10 it can be seen that across all the six capitals, an increase in forward-looking disclosures and a decrease in non-forward looking disclosures were observed. Similarly, an increase in qualitative disclosures and a decrease in quantitative disclosures were noted. Natural, manufactured, intellectual, financial, and human capital noted a larger increase in the negative sentiment and only social capital observed a more positive sentiment increase.

In 2019, natural capital mainly had non-forward looking (28.28%), quantitative (14.65%) and positive disclosures (20.71%). In 2020, the disclosures on natural capital were still mainly non-forward looking (23.75%) and positive (16.67%). A change noted is where qualitative disclosure relating to natural capital increased by 72.41% individually and 6.19% overall and quantitative disclosure decreased both individually and overall. This change was found to be intriguing since prior research has shown that natural capital is usually disclosed quantitatively in terms of metric tonnes for carbon emission or the cubic metre of water drawn (Kundu, 2017). However, prior research has also noted that environmental disclosure is considered 'soft' information that is gaining attention due to environmental pressures and the significance of sustainability that cannot be only explained using 'hard' quantitative information (Chou et al., 2018). Consequently, the shift to a qualitative category may seem appropriate and an indication of SOEs legitimising their sustainability disclosures through impression management.

South African SOEs constitute some of the largest companies in South Africa and their role in the environment cannot be ignored (Mikulcak et al., 2015). A cutting example is where Eskom is the largest emitter of sulphur dioxide in the world, with emissions greater than USA and China combined (Forbes, 2021). Consequently, a rise in the negative may be expected. However, with the findings of this study still seeing a majority of positive sentiments, it may be indicating impression management.

In 2019, manufactured capital mainly had non-forward looking (27.14%), quantitative (18.57%) and positive disclosures (16.67%). In 2020, the disclosures on manufactured capital were still mainly non-forward looking (22.82%) and positive (17.11%). However, there is a shift noted, forward-looking information (4.33%) and qualitative information (3.24%) increased overall. Individually, forward-looking information also increased significantly by 126.92%. Quantitative figures, as noted in prior studies, are seen as 'hard' strong information that may be quantitatively material (Chou et al., 2018). And with SOEs choosing to shift to qualitative reporting of manufactured capital, the 'hard' information about the struggling manufactured capital may be underplayed. A slight increase in negative information is also noted overall (0.87%), although individually there was an increase of 41.67%. The shift to negative sentiment might not be evidence of impression management

because SOEs acknowledge the infrastructure issues with which they have been plagued (Vorster & Konstantinopoulos, 2020). But creating a forward outlook could mean they are downplaying the negativity. Nonetheless, for SOEs that are infrastructure SOEs, findings of a considerable increase in negative shifts can be seen as alarming.

For intellectual capital, for both 2019 and 2020, non-forward looking (2019=26.79% and 2020=24.20%), qualitative (2019=20.26% and 2020=21.44%) and positive disclosures (2019=23.97% and 2020=22.98%) were dominant. Like the above, there is a change observed, overall, there was an increase in forward-looking (3.91%) and qualitative information (1.18%). In terms of forward-looking information, many SOEs had significant investments in intellectual capital but would see it materialise only in the near future. It is also worth noting that although positive sentiment increased individually by 35.29% (2019=187 and 2020=253), the negative sentiment on intellectual capital also had a substantial individual increase of 81.36% (2019 = 59 and 2020 = 107) and an overall increase of 2.15%, suggesting that negative sentiment was on the rise, which may be seen as a counteract of impression management. Furthermore, intellectual capital disclosures saw the largest increase in thematic manipulation at 41.15% (2019=780 and 2020=1101) amongst all the capitals. These findings may indicate that the call for SOEs to shift with the technological change is happening.

For social capital, for both 2019 and 2020, non-forward looking (2019=28.98% and 2020=22.89%), qualitative (2019=18.15% and 2020=21.89%) and positive disclosures (2019=22.59% and 2020=23.70%) were dominant. Once again, forward-looking information (4.78%) and qualitative information (3.74%) increased overall. The change in positive sentiment of 18.03% (2019=244 and 2020=288) may be seen as expected because the various stakeholders of the SOEs are frustrated and the SOEs would need to use a positive outlook to mend their social relations (OECD, 2018). Social capital is the relationship capital, if the stakeholders cannot trust the organisation, the licence to operate in society is relinquished, and as a result, it will not be seen as a legitimate organisation (O'Keefe & Conway, 2008).

Having a good reputation creates value and with SOEs known to be on the downside of reputational damage, to raise confidence, damage control was required (Vorster & Konstantinopoulos, 2020). The findings suggest a dominating positive sentiment by the SOEs was created, where words such as 'corruption', 'fraud', 'state capture' and 'scandal' and so on were used, either minimally or in conjunction with favourable information to create a positive image and to legitimise their existence. The process to rebuild the trust has begun, with corporate culture and ethics taking the centre stage in almost all the SOE Reports. The

Chairman, CEO, and CFO downplaying the scandals and promoting a rebranded approach could be seen as an act of impression management.

In 2019, it was found that for financial capital, non-forward looking (29.55%), quantitative (19.36%), and positive and neutral (15.65% and 15.14%) disclosures were dominant. In 2020, the disclosures on financial capital were still mainly non-forward looking (24.46%). An interesting change is that in 2020, there were more qualitative than quantitative disclosures 3.6% overall. Financial capital is primarily disclosed quantitatively and this slight shift to qualitative reveals that SOEs are using more narratives to present financial capital in the directors' reports. Moreover, integrated reports contain annual financial statements that are quantitatively disclosed, thus Chairman, CEO, and CFO Reports prefer to speak on the use of financial capital (Godfrey et al., 2003). However, seeing that qualitative disclosures are more susceptible to impression management, and poor financial performance can be covered using narrative justifications, this may be an indication of the possible use of impression management.

For human capital, for both 2019 and 2020, non-forward looking (2019=30.57% and 2020=27.35%), qualitative (2019=19.89% and 2020=22.52%) and positive disclosures (2019=22.13% and 2020=21.12%) were dominant. The trend of more qualitative (3.21%) and more forward-looking (2.62%) information is also evident for human capital as there was an overall increase noted. These findings may indicate impression management in human capital. With SOEs facing a human capital predicament, the integrated reports had a restrained approach to disclosing the human capital with a specific focus on the positives such as employee empowerment, diversity, and teamwork rather than absenteeism, union intervention and employee turnover. But it is worth noting that negative sentiment had an individual increase of 21.92% and an overall increase of 1.71% (2019=73 and 2020=89) as SOEs continue to struggle with attracting and retaining employees as well as maintaining an ethical work environment (Vorster & Konstantinopoulos, 2020). The rise in the negative sentiment can be seen as a slight denegation of impression management.

In conclusion, for thematic manipulation, for the separate years, non-forward looking, quantitative and positive information dominated. Based on this, it does appear that sentiment is a possible impression management technique utilised by SOEs. However, when 2019 and 2020 are compared, it does appear that SOEs are using more forward-looking and qualitative information. This may suggest that SOEs are employing alternative techniques when disclosing information to users and this is confirmed by the results of the Chi-square test under section 4.6 of this chapter that noted significant differences in the impression management techniques employed over the six capitals.

ATTRIBUTION

Table 11: Attribution elements in the capitals

Capital	Year	External Attribution												Internal Attribution				Total
		Excuse		Justification		Causality		Positive outcome attributed to external factor		Covid-19 Pandemic-positive outcome attributed to Covid-19		Covid-19 Pandemic-negative outcome attributed to Covid-19		Negative acclaiming tendencies where negative outcome attributed to internal factor		Positive acclaiming tendency where positive outcome attributed to internal factor		
		Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency
NATURAL	2019	9	20,00%	2	4,44%	0	0,00%	4	8,89%	0	0,00%	0	0,00%	6	13,33%	24	53,33%	45
	2020	11	18,64%	3	5,08%	0		7	11,86%	0	0,00%	5	8,47%	5	8,47%	28	47,46%	59
Change- Natural		22,22%	-1,36%	0,5	0,64%	0,00%	0,00%	75,00%	2,98%	0,00%	0,00%	0,00%	8,47%	-16,67%	-4,86%	16,67%	-5,88%	31,11%
MANUFACTURED	2019	20	19,23%	4	3,85%	2	1,92%	6	5,77%	0	0,00%	0	0,00%	22	21,15%	50	48,08%	104
	2020	19	12,42%	8	5,23%	4	2,61%	17	11,11%	1	0,65%	17	11,11%	16	10,46%	71	46,41%	153
Change - Manufactured		-5,00%	-6,81%	100,00%	1,38%	100,00%	0,69%	183,33%	5,34%	0,00%	0,65%	0,00%	11,11%	-27,27%	-10,70%	42,00%	-1,67%	47,12%
INTELLECTUAL	2019	10	5,62%	14	7,87%	2	1,12%	22	12,36%	0	0,00%	0	0,00%	15	8,43%	115	64,61%	178
	2020	14	5,04%	17	6,12%	2	0,72%	31	11,15%	4	1,44%	26	9,35%	15	5,40%	169	60,79%	278
Change- Intellectual		40,00%	-0,58%	21,43%	-1,75%	0,00%	-0,40%	40,91%	-1,21%	0,00%	1,44%	0,00%	9,35%	0,00%	-3,03%	46,96%	-3,82%	56,18%
SOCIAL	2019	19	7,69%	20	8,10%	9	3,64%	40	16,19%	0	0,00%	0	0,00%	29	11,74%	130	52,63%	247
	2020	11	3,32%	11	3,32%	4	1,21%	74	22,36%	5	1,51%	19	5,74%	18	5,44%	189	57,10%	331
Change- Social		-42,11%	-4,37%	-45,00%	-4,77%	-55,56%	-2,44%	85,00%	6,16%	0,00%	1,51%	0,00%	5,74%	-37,93%	-6,30%	45,38%	4,47%	34,01%
FINANCIAL	2019	60	18,63%	40	12,42%	12	3,73%	31	9,63%	0	0,00%	0	0,00%	69	21,43%	110	34,16%	322
	2020	79	18,00%	34	7,74%	10	2,28%	56	12,76%	1	0,23%	57	12,98%	38	8,66%	164	37,36%	439
Change- Financial		31,67%	-0,64%	-15,00%	-4,68%	-16,67%	-1,45%	80,65%	3,13%	0,00%	0,23%	0,00%	12,98%	-44,93%	-12,77%	49,09%	3,20%	36,34%
HUMAN	2019	9	5,00%	19	10,56%	3	1,67%	12	6,67%	0	0,00%	0	0,00%	29	16,11%	108	60,00%	180
	2020	13	5,83%	9	4,04%	0	0,00%	24	10,76%	0	0,00%	22	9,87%	24	10,76%	131	58,74%	223
Change- Human		44,44%	0,83%	-52,63%	-6,52%	-100,00%	-1,67%	100,00%	4,10%	0,00%	0,00%	0,00%	9,87%	-17,24%	-5,35%	21,30%	-1,26%	23,89%

From table 11, overall, under external attribution, positive outcome attributed to external factors and pandemic attribution observed a steady increase over the two years. Mixed results were noted for excuse, justification, and causality. Under internal attribution, Positive acclaiming tendency was observed to increase for all capitals, conversely, negative acclaiming tendency was observed to decrease for all capitals.

For natural capital, for both 2019 and 2020 under external attribution, the excuse category was dominant at 20.00% and 18.64% respectively. Under internal attribution, it was positive acclaiming tendency that was dominant in both 2019 (53.33%) and 2020 (47.46%). The use of excuses and positive acclaiming tendency may indicate the use of impression management in natural capital for both years. Since natural capital is an external capital, external positive attribution would be expected. For manufactured capital, for both 2019 and 2020 under external attribution, the excuse category was dominant at 19.23% and 12.42% respectively. Under internal attribution, it was positive acclaiming tendency that was dominant in both 2019 (48.08%) and 2020 (46.41%).

For financial capital, for both 2019 and 2020 under external attribution, the excuse category was dominant at 18.63% and 18.00% respectively. Under internal attribution, it was positive acclaiming tendency that was dominant in both 2019 (34.16%) and 2020 (37.36%). It is also worth noting that financial capital had the most negative attributions to the Covid-19 pandemic at 12.98%. This may seem reasonable as the pandemic affected the financial operations of SOEs (Atkins et al., 2020). For intellectual capital, both in 2019 and 2020, the most used technique was the category positive outcome attributed to external factors under external attribution (2019=12.36% and 2020=11.15%). The same was observed for social capital (2019=16.19% and 2020=22.36%). A probable reason for this could be that SOEs have many intellectual collaborations with external bodies and to amend their relationship with their various stakeholders, they would want to credit them to capture their confidence (Ecim et al., 2020). Accordingly, the act of crediting the external factors to not appear conceited may also be seen as an act of impression management (Aerts, 2005). Under internal attribution, positive acclaiming tendencies were dominant for both these capitals, intellectual (2019=64.61% and 2020=60.79%) and social (2019=52.63% and 2020=57.10%).

For human capital, under external attribution, the justification category was dominant in 2019 (10.56%) and in 2020 it was the positive outcome attributed to the external factors category (10.76%). This shift was largely due to government and union intervention at the SOEs to create a balanced working environment (National Treasury, 2021). However, under internal attribution, it was positive acclaiming tendency that was dominant in both 2019 (60.00%) and 2020 (58.74%).

NEUTRALISATION

Table 12: Neutralisation in the capitals

Capital	Year	Neutralisation										Total
		Net Positive A		Net Positive B		Denial		Distancing		Dilution		
		Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency
NATURAL	2019	5	45,45%	3	27,27%	0	0,00%	1	9,09%	2	18,18%	11
	2020	8	53,33%	0	0,00%	0	0,00%	0	0,00%	7	46,67%	15
Change - Natural		60,00%	7,88%	-100,00%	-27,27%	0,00%	0,00%	-100,00%	-9,09%	250,00%	28,48%	36,36%
MANUFACTURED	2019	17	65,38%	4	15,38%	0	0,00%	1	3,85%	4	15,38%	26
	2020	18	60,00%	0	0,00%	1	3,33%	1	3,33%	10	33,33%	30
Change - Manufactured		5,88%	-5,38%	-100,00%	-15,38%	0,00%	3,33%	0,00%	-0,51%	150,00%	17,95%	15,38%
INTELLECTUAL	2019	19	45,24%	11	26,19%	0	0,00%	0	0,00%	12	28,57%	42
	2020	40	81,63%	1	2,04%	0	0,00%	1	2,04%	7	14,29%	49
Change - Intellectual		110,53%	36,39%	-90,91%	-24,15%	0,00%	0,00%	0,00%	2,04%	-41,67%	-14,29%	16,67%
SOCIAL	2019	28	54,90%	11	21,57%	0	0,00%	1	1,96%	11	21,57%	51
	2020	32	64,00%	0	0,00%	0	0,00%	1	2,00%	17	34,00%	50
Change - Social		14,29%	9,10%	-100,00%	-21,57%	0,00%	0,00%	0,00%	0,04%	54,55%	12,43%	-1,96%
FINANCIAL	2019	40	55,56%	20	27,78%	0	0,00%	1	1,39%	11	15,28%	72
	2020	65	76,47%	3	3,53%	1	1,18%	1	1,18%	15	17,65%	85
Change - Financial		62,50%	20,92%	-85,00%	-24,25%	0,00%	1,18%	0,00%	-0,21%	36,36%	2,37%	18,06%
HUMAN	2019	12	50,00%	9	37,50%	0	0,00%	1	4,17%	2	8,33%	24
	2020	29	87,88%	0	0,00%	0	0,00%	0	0,00%	4	12,12%	33
Change - Human		141,67%	37,88%	-100,00%	-37,50%	0,00%	0,00%	-100,00%	-4,17%	100,00%	3,79%	37,50%

From table 12, all the capitals made use of Net Positive A (negative impact not denied but will be corrected in the future) category under Neutralisation as its most dominant category in 2019 and 2020. Furthermore, Net Positive A showed an individual increase from 2019 to 2020 for all the capitals. Apart from manufactured capital which showed an overall decline (5.38%), all the remaining capitals displayed an overall increase. This denotes that where negative outcomes did occur regarding any of the capitals in 2019 or 2020, SOEs mostly said it would be corrected in the future, thus, effectively downplaying the negativity. Net Positive B saw major decreases for all the capitals, (both overall and individually), this could be because Net Positive B does not create an optimistic view for the future because this technique implies that although corrections will be done, it will not restore to its original state (Boiral, 2016). Denial of negative impact was seldomly used. Dilution of responsibility (diluted negative impact by saying it is beyond management control or that the negative is as a result of other players) also resulted in increases for all but the intellectual capital.

In conclusion, under thematic manipulation, the majority of the capitals made use of non-forward looking, qualitative, and positive sentiment disclosures for both years. Under external attribution, the excuse and positive attribution categories were dominant amongst all the capitals for both years. Under internal attribution, the positive acclaiming tendency was dominant for all the capitals for both years. Lastly, for neutralisation, the Net Positive A category was dominant for all the capitals in both years. Based on this, it can be concluded that there is some type of impression management technique that is present when the capitals are presented.

4.8 Impression Management per capital per Report

The discussion which follows relates to the impression management techniques which were dominant in the specific reports analysed.

2019 and 2020 CEO Reports

There has been little research on the impact a CEO has on the six capitals and how the CEO Report presents the six capitals. The findings of this study suggest that the CEOs are presenting their organisations' capital in a favourable light to legitimise their duties. For instance, regarding natural capital, CEOs are faced with intense climate governance policies, the findings suggest the CEOs present a positive and narrative view of environmental accountability. This view can be seen as an act of impression management and legitimisation because the South African SOEs have been found to have many environmental challenges, such as failure to deliver clean drinking water to many parts of the country, erratic climate change that surpasses global rates and Eskom being the world's most polluting power company (Forbes, 2021). Regarding manufactured capital, South

African SOEs infrastructure problems have been mentioned throughout this report and yet the CEOs paint a positive picture to appear legitimate. This same notion can be seen with intellectual capital, the way forward for all entities is to be invested in intellectual capital and the SOEs are no different (Doni et al., 2019). The CEOs, to gain and maintain their position, need to capitalise on the rush towards the Fourth Industrial Revolution, hence the positive and qualitative findings.

Regarding social capital, where negativity does arise, it was not excused like other capitals but rather neutralised with statements that it would be corrected in the future. The majority of the positive outcomes were attributed to external factors in an attempt to regain trust, hence this may seem as if impression management was not used. However, due to the nature of social capital, which involves obligations towards other individuals and organisations, crediting them could be an act of impression management as the stakeholders feel appreciated and confident (Hooghiemstra, 2000). This study found many financial capital-related disclosures narrated through the CEO Reports in the absence of CFO Reports. The financial capital of SOEs has been in dire condition (National Treasury, 2021) and yet CEOs create positive sentiment. Despite a bleak outlook noted by the President of South Africa and the National Treasury, the CEOs neutralise their disclosures by saying amends will be made in the future (Parliament, 2015) with negative outcomes attributed to the pandemic or other external factors.

2019 and 2020 CFO Reports

The role of CFOs has shifted from just managing finances to a more involved attitude (Witzel, 2010). Due to their broader involvement, there is now higher importance placed on the CFOs' words (Johnsson, 2021). CFOs have started to consider the environment in their roles as financers (Witzel, 2010). Prior research has shown that as the environmental impact increases, the scrutiny increases around the legitimacy of the disclosures (Pitrakkos & Maroun, 2019). And as SOEs have an undeniable environmental impact, even the CFOs are now taking an interest in it in creating an image of being environmentally responsible and pursuing sustainability. The CFO has a critical role in the manufactured capital of SOEs because only through various infrastructures can the mandate of the SOE be achieved (Lemanski, 2020). With SOEs facing infrastructure challenges, the findings indicate impression management, as a positive narrative, is created by the CFOs.

As the digital evolution arcs business operations, CFOs have started to invest and use intellectual capital in their financing roles (Johnsson, 2021). Seeing that intellectual capital shifted to positive, qualitative, and forward-looking, this possibly indicates impression management. CFOs leveraging intellectual capital to generate licencing income prove that

intellectual capital is now central to the success of a CFO (Lemanski, 2020). CFOs at SOEs have been at the forefront of human capital strategy in terms of retrenchments, severance packages and performance metrics after the wrongs of state capture (Lemanski, 2020).

CFOs did not attempt to thematically manipulate these difficulties as findings suggest the use of a negative and non-forward looking narrative. Furthermore, justifications and external positive attribution rather than excuses further disprove the use of external attribution. Only internal acclaiming tendencies and neutralisation were employed. Regarding social capital, as CFOs continue to climb the social hierarchy, their positive sentiment and internal acclaiming tendency may be seen as an act of accountability to the stakeholders (Johnsson, 2021). Lastly, for the troubled financial capital, although a positive picture was not portrayed, some credit was internally claimed.

2019 and 2020 Chairman Reports

Since the content of the Chairman Reports focuses on past achievements, future events, growth and operating philosophy (Moreno et al., 2019), it encompasses the elements of the six capitals. The Chairmen of SOEs created a positive narrative for all the capitals despite the mentions throughout this report of some of the capital issues that SOEs face. This can be an indication of the use of impression management. Prior research found that when the organisation is performing poorly, there is an increase in qualitative disclosures to conceal the negative quantitative factors (Moola, 2016). Due to the increased environmental pressures that SOEs face due to their size and impact, when the natural capital policies were found to be flawed, the Chairman blamed the external environment or claimed it would be corrected in the future through neutralisation. The Chairman must be actively involved with the general employees to understand the dynamics of the business from the bottom up (Yasseen et al., 2017). The findings relating to human capital indicate that positive outcomes were attributed to external factors such as help from unions, and this would not be seen as an act of impression management.

2019 and 2020 Performance Reports

Regarding the Performance Report, it was found that the majority of the SOEs do not provide many textual narratives to support the key predetermined objectives. Mostly, the lists of objectives were displayed and whether these were achieved or not. Due to this, attribution and neutralisation were noted to be lower than in the other Reports as the relationship could not be analysed due to the limited information provided. Furthermore, comparability over the two years could not be achieved in the results of some of the SOEs since they changed the layout and structure of the Performance Reports. For both years, the Performance Reports mostly presented non-forward looking and quantitative disclosures regarding all the capitals.

CHAPTER V: CONCLUSION

The purpose of this study is to analyse whether impression management techniques were employed by South African SOEs in their integrated reports to improve their legitimacy, given the public scrutiny. The study also considered how impression management techniques are applied to the six capitals of value creation. The sections of the integrated report analysed are the CEO, CFO, Chairman and Performance Reports. The study focused on SOEs listed in Schedule 2 of the PFMA and the years ending 2019 and 2020.

Starting with the category of Thematic Manipulation, it was observed that for Time, the majority of the disclosures for both years were non-forward looking. Regarding Type, in 2019, quantitative disclosures were dominant, however, in 2020, this moved to qualitative disclosures. In terms of Sentiment, for both 2019 and 2020, positive sentiment was the dominating sentiment. Prior studies have found that positive sentiment statements are associated with forward-looking and qualitative information to avoid accountability as forward-looking and qualitative information cannot be verified immediately, making it more susceptible to manipulation (Melloni et al., 2016; Moloto, 2020). It can be summarised that positive sentiment in non-forward looking and quantitative information is predominantly used by South African SOEs. This implies that the focus has shifted to highlighting the positives of the entity regardless of the timing or whether the statement can be verified. Overall, by observing the results of Thematic Manipulation, it can be explained that by the deliberate focus placed on positive and past performance, the SOEs can claim those victories and effectively portray themselves in a positive legitimate light.

Moving on to the category of Attribution, under Internal Attribution, a positive acclaiming tendency dominated for both years. This finding suggests that SOEs did make use of internal attribution by attributing positive outcomes to internal factors. SOEs have been in the spotlight for various misdoings, and to protect and enhance their image, would credit themselves, consequently solidifying their legitimacy. For External Attribution, the excuse technique dominated both years. The credibility and legitimacy of SOEs have been fragile and through excuse, the blame on SOEs could be lessened. By carefully attaching the blame to external factors that are not within the control of SOEs, the SOEs could defend a fault, avoid accountability and appear legitimate (Samkin & Schneider, 2010).

Lastly, for the category of Neutralisation, Net Positive A (negative impact not denied but will be corrected in the future) was the dominating technique for both years. Net Positive A is a strong technique because the SOE does not essentially deny the possibility of negative impacts but rather claims that these impacts will be corrected, in this way, an optimistic view

is created that raises social expectations that make the SOE appear legitimate (Boiral, 2016).

Looking at the capitals at a granular level, the Chi-square test found that there was a significant difference between capitals regarding Type, Time, Sentiment, and Internal attribution for 2019 (neutralisation was not found to be significant). In 2020, the trend was similar, the Chi-square test again found that there was a significant difference between capital types regarding Type, Time, Sentiment, and Internal attribution. However, a marginally significant difference for Neutralisation in 2020 was noted. These findings highlight that although the main technique used for all the capitals for both years was the internal attribution technique, the capitals observed different levels of impression management techniques employed over the two years. This is because even though the six capitals are interdependent, they are distinct in nature (IIRC, 2013d) and would change per the changes in the circumstances of the SOEs and what the SOEs want to present to users.

In terms of impression management techniques employed per Report, it was observed that most capitals within the four Reports were non-forward looking, positive, and qualitatively disclosed. Under External Attribution, all Reports had some form of negative external attribution for both 2019 and 2020, either through excuse, justification, causality, or negative pandemic attribution. For Internal Attribution, the Reports had a majority of the positive acclaiming tendency in use. For Neutralisation, the Reports made use of at least one type of neutralisation technique when disclosing all the capitals with Net Positive A being recorded the highest. Linking these findings to RQ2, impression management techniques remained similar for most capitals over the two years within each Report, however, the impression management techniques employed across the Reports differed slightly. Where financial capital, for example, was positively presented in the CEO Reports and negatively in the CFO Reports.

Overall, the findings of this study highlight that SOEs engage in some form of impression management (either through thematic manipulation, attribution, or neutralisation) when presenting the six capitals. SOEs employ assertive impression management through the technique of thematic manipulation to gain legitimacy and employ defensive impression management through the techniques of attribution and neutralisation to repair legitimacy (O'Keefe & Conway, 2008). Despite the challenges that SOEs have faced over the two years, the narratives disclosed create a notion of optimism, a conception of trust, and a sense of accountability, all to achieve legitimacy, and this is intricately achieved by managing the impression of the words in the Chairman, CEO, CFO and Performance Reports.

Further Research

The focus of this study was on Schedule 2 SOEs in the PFMA. Further research can be conducted by expanding the scope and studying the remaining SOEs in the PFMA. The study period could be extended for more than two years as it could provide for a better understanding of how the use of impression management changes over the years. This study can also be adopted by other developing countries like South Africa.

This study was limited to the Chairman, CEO, CFO and Performance Reports, further studies could expand and consider the additional reports that SOEs are publishing. One of the shortcomings of this research was that this study did not look at the quality of the six capital disclosures which future studies can do. Lastly, this study controlled for disclosures relating to the Covid-19 pandemic but did not profoundly research how crisis communication would be affected by impression management. Further studies could explore in detail how SOEs use crisis communication strategies as a form of impression management to control their organisational legitimacy status.

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APPENDICES

Appendix 1: PFMA Schedule 2 SOEs

PFMA Schedule 2 Major SOEs
1.Air Traffic and Navigation Services Company
2. Airports Company
3. Alexkor Limited
4. Armaments Corporation of South Africa
5. Broadband Infrastructure Company (Pty) Ltd
6. CEF Pty (Ltd)
7. DENEL
8. Development Bank of Southern Africa
9. ESKOM
10. Independent Development Trust
11. Industrial Development Corporation of South Africa Limited
12. Land and Agricultural Bank of South Africa
13. SA Broadcasting Corporation Limited
14. SA Forestry Company Limited
15. SA Nuclear Energy Corporation
16. SA Post Office Limited
17. South African Airways Limited
18. South African Express (Pty) Limited
19. Telkom SA Limited
20. Trans-Caledon Tunnel Authority
21. Transnet Limited

Reference: (National Treasury, 2017)

Appendix 2: The definition of the six capitals and sub-categories of the six capitals checklist

Capitals	Details
Financial	The pool of funds available to the organisation obtained through debt, equity, grants, operations, or investments
Human	Individuals' competencies, capabilities, experience, and their motivations to innovate
Social	Institutions and relationships within and between groups of stakeholders, between communities, and the ability to share information to enhance individual and collective well-being
Intellectual	Organisation's knowledge-based intangibles
Environmental	All renewable and non-renewable environmental resources and processes that provide goods or services that support past, current, and future prospects of the organisation
Manufactured	The physical objects that are available for use in the production of goods or service provision

Reference: (IIRC, 2021)

NATURAL CAPITAL	MANUFACTURED CAPITAL	INTELLECTUAL CAPITAL	SOCIAL CAPITAL	FINANCIAL CAPITAL	HUMAN CAPITAL
Discussion on Land/ Agriculture	Plant and equipment	Brand/Image/Reputation	Employment opportunities	Discussion on sales	Employee expertise
Discussion on Water	Physical IT infrastructure	Distribution channels	Equity programs	Discussion on overall performance	Employee numbers
Air	Location	Business collaborations/partnerships	Regional development	Discussion relating to profit/loss	Employee safety
Water	Access to raw material	Licensing agreements	Gifts and sponsorships	Discussion on sources of finance/funding	Employee turnover
Sea	Capital infrastructure investments	Customer satisfaction	Health and safety programs	Type of Audit Opinion received	Employee Awards
Ecosystem/Environment	Material goods	Market share	Product-related-incidents	Discussion on operating cost	Performance-based compensation
Solar wind and hydro energy		Customer numbers	Products in development and environment	Discussion on the financial performance in the	Performance-based compensation
Minerals / earth elements/		Customer acquisition	Business ethics	Discussion on distributions/dividends	Performance assessments
Greenhouse emissions		Customer retention	Strategic alliances	Information on financial forecasts	Teamwork
Greenhouse emission targets		Customer training and education	Community involvement	Discussion on Government Aid	Employee empowerment involvement
Greenhouse emissions reduction		Company awards	Customer relations	Credit rating impact	Professional qualifications, responsibilities talent, innovation,
Hazardous substances on site		Research collaborations	Supplier relations	Details of debt outstanding (receivable)	Staff selection (recruiting excellence,

NATURAL CAPITAL	MANUFACTURED CAPITAL	INTELLECTUAL CAPITAL	SOCIAL CAPITAL	FINANCIAL CAPITAL	HUMAN CAPITAL
Recycling and plans to reduce		Intellectual property	Company culture	Details of debt outstanding (payables)	Training
Climate change discussion		Information systems	Company norms	Physical volume of production and sales	Salaries, activities, total costs, salary
Policies relating to the management		Management processes	Company spirits	Approximate share of the market for items sold/services	Salary incentives.
		Management Philosophy	Engagement with stakeholders (communication/	Information on industry trends	Internal communicatio n with staff
		Innovation	Relations with political leadership	Share issues	Staff feedback.
		Information and communications technology (ICT)	Relationship with regulators	Major purchase/sale commitments	Health and safety, prevention,
		Customer support function	Relationship with lobby groups	Information on leases where the company is the	Absenteeism
		Quality management and improvement/effici encies		Discussion relating to cash	Work disruption
		Accreditation (Certificate)		Discussion relating to financial ratios	Job stability
		Networking		Discussion relating to accounting policies	Youth opportunities
		Distribution network		Recovery of stolen money due to corruption	Workers' rights.
		Research and development		Irregular, fruitless, and wasteful expenditure	Job satisfaction
		Supply Chain		Environmental liabilities	Employee involvement with
				Exchange rate discussion	Employee age
				Impact of load shedding	Employee diversity
					Succession planning
					Identified skills gaps
					Directors' appointment/ resignation
					Employee responsibilities /job mandate
					Director's responsibilities /mandate
					Fatalities/injuri es on duty

Reference: (Achtenhagen, Melin, & Naldi, 2013; IIRC, 2013a, 2016a, 2021; Nilsson, 2016; Sheveleva, 2018)