

Research objectives:

5. To use empirical research to establish whether a number of South African companies listed on the Johannesburg Stock Exchange (JSE):
 - follow an *integrated* approach (in terms of management and organisation) to financial communication.
6. To identify similarities and/or differences between the results of this study and results of three similar studies conducted previously in the USA, United Kingdom and Europe.

CHAPTER 8

Research findings - an integrated approach to financial communication

For two hundred years people have founded and built companies around Adam Smith's brilliant discovery that industrial work should be broken down into its simplest and most basic tasks. In the post industrial age we are now entering, corporations will be founded and built around the idea of re-unifying those tasks into coherent business processes. - Hammer & Champy (in Hope & Hope, 1996:77)

8.1 Introduction

In Chapter 7, the results of the empirical research related to the construct “an *inclusive* approach to financial communication”, were reported and interpreted. This chapter deals with the results related to the construct “an *integrated* approach to financial communication” and addresses the following research objectives:

5. To use empirical research to establish whether a number of South African companies listed on the Johannesburg Stock Exchange (JSE):
 - follow an *integrated* approach (in terms of management and organisation) to financial communication.
6. To identify similarities and/or differences between the results of this study and results of three similar studies conducted previously in the USA, United Kingdom and Europe.

As noted in Chapter 7, the study is exploratory, but quantitative in nature. An electronic questionnaire survey was used to collect data from the Top 300 South African listed companies, ranked according to market capitalisation. A response rate of 12,7% was

obtained. The majority of responses (60,5%) were received from the Top 100 South African companies listed on the Johannesburg Stock Exchange (JSE). Please refer to Tables 7.1, 7.2 and 7.3 (in Chapter 7) for more information regarding company and respondent profiles.

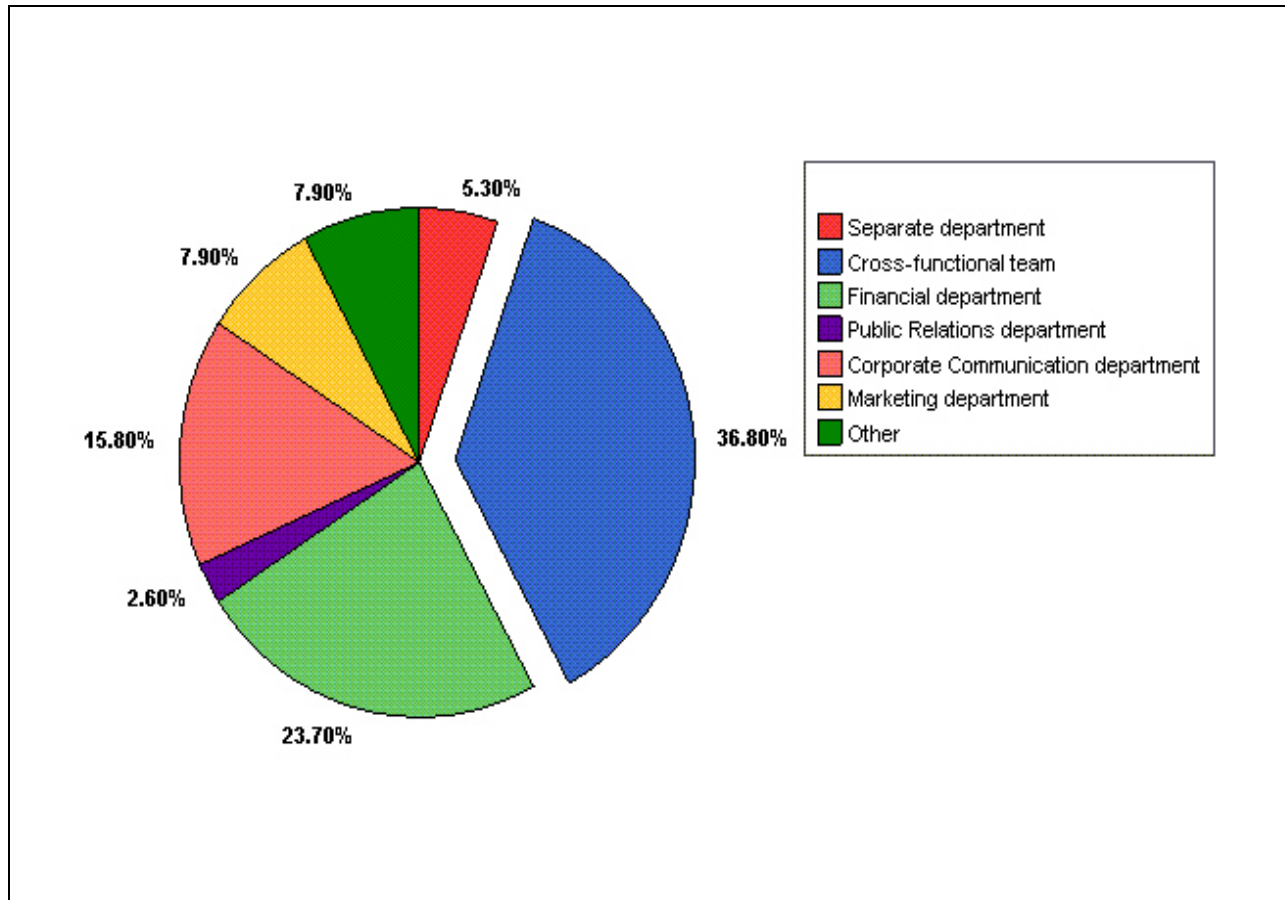
8.2 Findings regarding an integrated approach to financial communication

The second construct underlying this study (integrated approach to financial communication), is understood in terms of the management and organisation of the financial communication process. In the theoretical discussion in Chapter 2, a distinction is made between *organisation* on the functional and departmental level, and reporting relationships and senior management involvement (*management*). The same framework was used in the empirical component of this study.

8.2.1 Organisation of financial communication

Questions 11, 12, 13 and 14 were designed to investigate how companies organise (or co-ordinate) financial communication efforts (see Appendix 3 for a copy of the questionnaire). Is financial communication a function or department on its own, does a cross-functional team take responsibility, or is it part of the responsibilities of another department or function? The purpose of Question 11 was to provide answers to these questions. A multiple choice, single response scale was used and therefore yielded nominal data. The results (in percentages) are portrayed in Figure 8.1, while the frequency distribution of responses is depicted in Table 8.1.

Figure 8.1 Responsibility for the coordination of financial communication efforts



The largest percentage of respondents (36,8%) indicated that a cross-functional team takes responsibility for financial communication. The Financial department was the second most popular arrangement (23,7%), with Corporate Communication in third place. Three respondents selected the “Other” option. One indicated that the Financial Director took responsibility, with assistance from the Chief Executive Officer and “Marketing Person”, while another indicated that the company’s executive directors coordinated financial communication. The third respondent did not provide details.

Table 8.1 Coordination of financial communication - frequency distribution

VARIABLE	FREQUENCY	%	CUM. %
Separate department	2	5,3	5,3
Cross-functional team	14	36,8	42,1
Financial department	9	23,7	65,8
Public Relations department	1	2,6	68,4
Corporate Communication department	6	15,8	84,2
Marketing department	3	7,9	92,1
Other	3	7,9	100
Total	n = 38	100	

Respondents that selected the “separate department” option were directed to Question 12, where they had to provide the name of the department. The two respondents who selected this option, both indicated that the department was known as the Investor Relations department. (The decision not to use the term “investor relations” anywhere in the questionnaire is explained in Chapter 6.) In Question 13, another follow-up question, respondents were requested to indicate the main field of expertise of the manager of the separate department. One respondent selected the “Economics” option. The other respondent selected the “Investment” option, but also indicated that the manager is a chartered accountant.

In Chapter 2, the results of similar studies conducted previously are reported. Although this study did not replicate any of these studies, there are certain similarities. For example, Marston (1996), Marston and Straker (2001) and Petersen and Martin (1996) used questions similar to Question 11, to investigate the organisation / position of investor relations in the organisational hierarchy. Because different variables (categories) were used, it is not possible to draw a comparison between the results of this study and the ones conducted previously. However, there are some similarities and differences that can be highlighted. In Table 8.2, variables used in Question 11, that

were also used in some of the other studies, are listed. The percentages of respondents that selected these variables are indicated for each study.

Table 8.2 Results of this study and three similar studies conducted previously

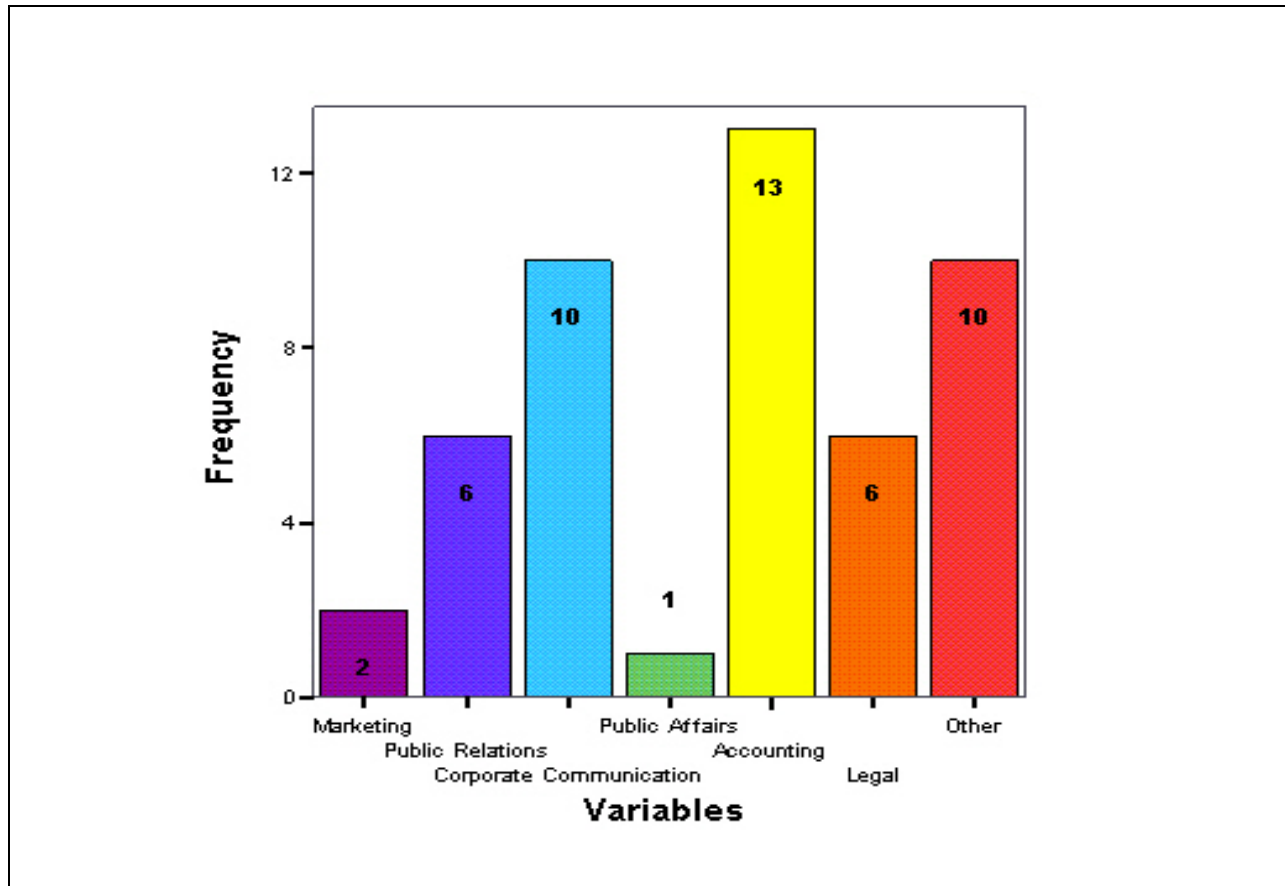
VARIABLE	THIS STUDY – SA (2003)	MARSTON & STRAKER – EUROPE (1998)	PETERSEN & MARTIN – USA (1994)	MARSTON – UK (1991)
Separate department	5,3%	53,8%	-	8,9%
Cross-functional team	36,8%	-	-	-
Financial department	23,7%	30,8%	63%	35,9%
PR/Corp. Comm.	18,4%	4,6%	12%	19,9%
Marketing	7,9%	-	7%	-

Note that not all variables used in the different questions were included in Table 8.2. The variables used in this study were used as guideline. Marston (1996) and Marston and Straker (2001) included the Company Secretary’s department, while Petersen and Martin (1996) included the Legal Affairs department and outside consultants in their list. None of these variables were used in this study. Also note that the dates in brackets indicate the year in which the study was actually conducted, not the year in which the results were published.

The purpose of Table 8.2 is not to draw any definite conclusions, but merely to emphasise some of the similarities and differences between the results. What makes this study different from the others is the inclusion of the cross-functional team variable. This in itself makes absolute comparisons impossible. However, it is interesting to note that the Financial department was a popular arrangement in all the studies - it either obtained the highest or the second highest percentage. The fact that the majority of respondents in this study selected the cross-functional team option suggests that there are indications of an integrated approach to financial communication. However, the absence of this variable in the other studies does not necessarily mean that the same is not currently happening in other countries. In fact, it would be very interesting to conduct research of this kind in future, but in different countries simultaneously.

Respondents that selected the cross-functional team option in Question 11 were directed to Questions 14 and 15. In Question 14, respondents had to indicate which functions were represented in the cross-functional team, by selecting *all* appropriate options from the list given. An “Other” option was included to ensure exhaustiveness. Seven functions were listed, plus the “Other” option. This means that any number of combinations was possible. However, it was decided not to analyse all the different combinations, but to calculate how many times each variable was selected. This would give an indication of how important respondents considered the inclusion of each function in the cross-functional team. The frequencies for each variable are depicted in Figure 8.2

Figure 8.2 Inclusion of function in cross-functional team - number of cases



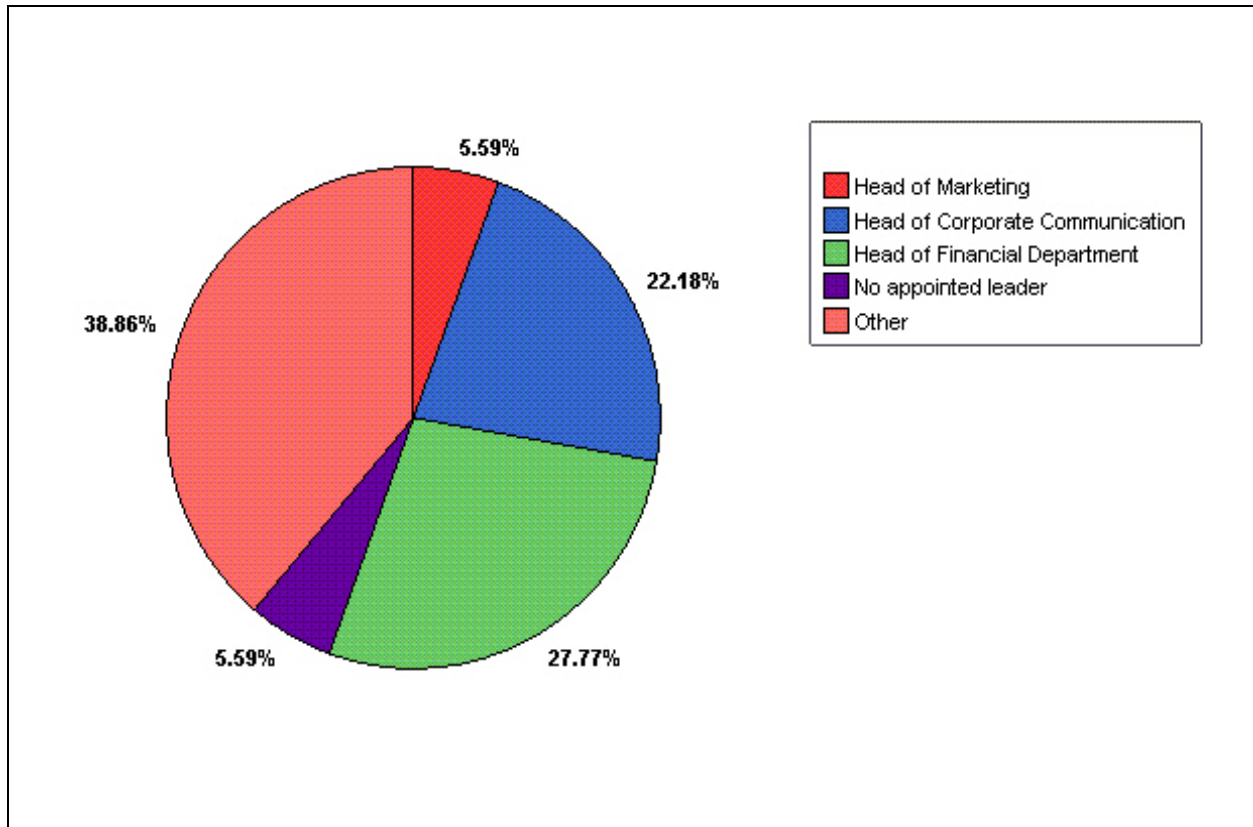
Thirteen of the 14 respondents who answered Question 14, selected the Accounting function. A fourteenth respondent only selected the “Other” option, but nevertheless indicated that the Finance Department is also part of the cross-functional team. It is also apparent from Figure 8.2 that respondents regarded the involvement of communication functions such as Public Relations and Corporate Communication as important. Another interesting aspect is that only six of the fourteen respondents indicated that the Legal function is part of the cross-functional team. A large component of financial communication messages are regulated by legal and statutory requirements. One would therefore have expected this variable to be selected more frequently.

Only two respondents selected the “Marketing” option. This is even more interesting, when it is taken into account that only three respondents indicated that the Marketing department took *sole* responsibility for financial communication (in Question 11). In Chapter 2 it was mentioned that there is a growing body of literature that suggests that investor relations is a marketing function. However, it should be kept in mind that one cannot generalise these findings to the entire population of South African listed companies. A more extensive survey, with a higher response rate, might reveal a totally different situation.

Ten respondents selected the “Other” option. Both the Investor Relations department and involvement of Board members were mentioned four times. Other functions or individuals included in the cross-functional team, were the Human Resources department, the Company Secretary, the company’s Transfer Secretaries and advisors.

In Question 15, respondents had to indicate who was the leader of the cross-functional team. The results (in percentages) are depicted in Figure 8.3. Table 8.3 represents the frequency distribution for each variable.

Figure 8.3 Leader of the cross-functional team



Besides those respondents that selected the “Other” option (38,9%), the second largest percentage of respondents (27,8%) indicated that the Head of the Financial Department is the leader of the cross-functional team.

Table 8.3 Leader of the cross-functional team - frequency distribution

VARIABLE	FREQUENCY	%	VALID %	CUM. %
Head of Marketing	1	2,6	5,6	5,6
Head of Corporate Communication	4	10,5	22,2	27,8
Head of Financial department	5	13,2	27,8	56,6
No appointed leader	1	2,6	5,6	61,1
Other	7	18,4	38,9	100
Total	18	47,4	100	
Missing (Not applicable)	20	52,6		
Total	n = 38	100		

Note that three variables (Head of Public Relations, Head of Public Affairs and Head of Legal department) were not selected by any of the respondents. Furthermore, the frequencies of two variables (“Head of Corporate Communication” and “Head of Financial department”) are very close to each other. This highlights the diverse approaches to the management of financial communication. Responses to the “Other” option add to this diversity. For example, six of the seven respondents who made use of this option, indicated that a member of the Board of Directors was the leader of the cross-functional team. This also highlights the fact that financial communication is regarded as a strategically important function. One respondent indicated that the Head of Investor Relations was the leader of the cross-functional team.

The following comments serve to conclude this section about the organisation of financial communication. In the first place, the majority of companies surveyed used a cross-functional team to co-ordinate financial communication efforts. This is encouraging, as it indicates that there is recognition of the interdisciplinary nature of financial communication. The important contribution of both the Accounting and Communication disciplines are also evident from the results of Question 14 (inclusion of functions in the cross-functional team).

However, the “cross-functional team” option in Question 11 is the only one that represents a truly integrated approach to financial communication. In other words, 55,3% of respondents (63,2% minus the 7,9% that selected the “Other” option) indicated that one department (such as the Financial, Corporate Communication or Marketing department) took sole responsibility for financial communication. By looking at the results in this way, it becomes clear that an integrated approach to financial communication is still lacking (at least amongst the companies surveyed).

8.2.2 Management of financial communication

Although several role players in the financial communication process were included as variables in the questionnaire items, the study as a whole focuses on only two: the most senior financial manager (accountant) and the most senior public relations/corporate communication manager (from now on referred to as the most senior communication manager). The purpose of Questions 16 and 17 was to investigate the degree of involvement of these two executives in various aspects of the financial communication process. The same variables were used in both questions and represented different aspects of the financial communication process.

However, financial communication is a highly specialised function. According to the investor relations literature, consultants provide various services and should be used for their knowledge and expertise (Coyle, 1990; McBride & McBride, 2001). It was therefore decided to use the same variables in Question 18, as those used in Questions 16 and 17, to investigate the level of consultant involvement.

Please note that the variables used in these three questions (aspects of financial communication) differ slightly from the steps in the model for an integrated approach to financial communication as set out in Chapter 5. The variables only deal with the process involving the *output* of the accounting information system, not with the design of the accounting information system itself.

The mean and standard deviation was calculated for all seven variables, for all three questions. The results are summarised in Table 8.4. When studying the standard deviation values for all the variables and questions, it becomes clear that there is no consensus regarding the degree of involvement of either the most senior financial manager, the most senior communication manager or consultants, in the financial communication process. There is not a single standard deviation value less than 1,5 for any of the variables or questions. It is therefore necessary to study the results of each question separately, to identify whether a particular role player achieved higher mean values on certain variables than the other role players.

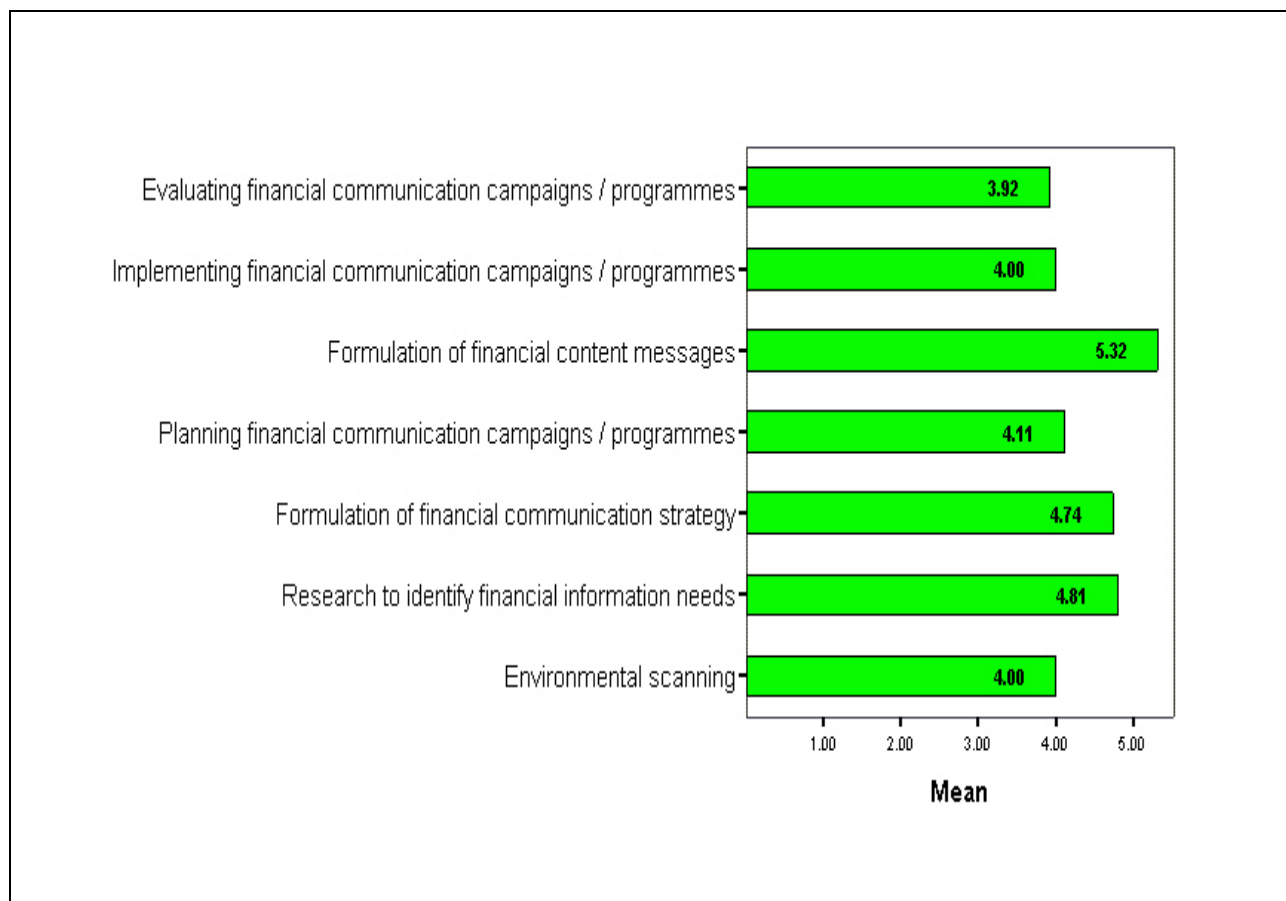
Table 8.4 Summary of descriptive statistics - importance of involvement of the most senior financial manager, most senior communication manager and consultants in financial communication

VARIABLE	SNR FIN MAN			SNR PR/CC MAN			CONSULTANTS		
	n	\bar{x}	S	n	\bar{x}	S	n	\bar{x}	s
Environmental scanning	37	4,00	1,700	30	5,07	1,552	37	3,19	2,066
Research to identify financial information needs	37	4,81	1,729	31	4,71	1,829	36	3,58	2,075
Formulation of financial communication strategy	38	4,74	1,913	30	4,93	1,760	36	2,61	1,712
Planning financial communication campaigns/programmes	37	4,11	1,912	30	5,13	1,592	36	2,67	1,897
Formulation of financial content messages	38	5,32	1,629	30	4,47	1,995	36	2,47	1,781
Implementing financial communication campaigns/programmes	38	4,00	1,801	30	5,37	1,629	37	2,81	1,868
Evaluating financial communication campaigns/programmes	38	3,92	1,880	30	5,00	1,781	37	3,08	2,087
Valid n (listwise)	37			30			36		

Question 16 focused on the involvement of the most senior financial manager in the financial communication process. The mean values for each variable in this question are depicted in Figure 8.4. The three variables with the highest means values are:

1. Formulation of financial content messages ($\bar{x} = 4,93$)
2. Research to identify the financial information needs of stakeholders ($\bar{x} = 4,71$)
3. Formulation of a financial communication strategy ($\bar{x} = 4,74$)

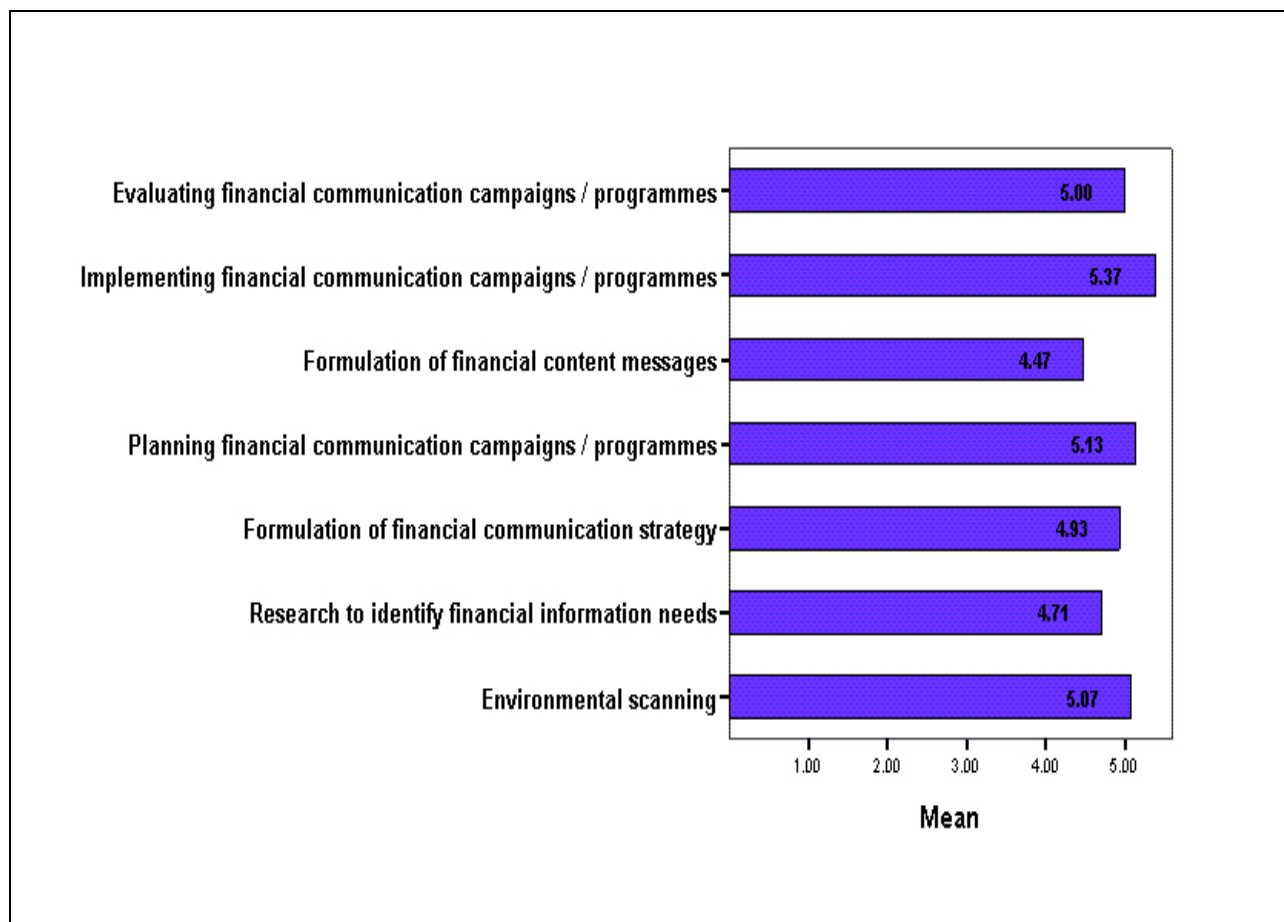
Figure 8.4 Importance of the involvement of the most senior financial manager in various aspects of the financial communication process



In Question 17, respondents were asked to rate the importance of the most senior communication manager's involvement in the financial communication process. The mean values for each variable are depicted in Figure 8.5. The three variables with the highest mean values are:

1. Implementing financial communication campaigns / programmes ($\bar{x} = 5,37$)
2. Planning financial communication campaigns / programmes ($\bar{x} = 5,13$)
3. Environmental scanning to identify issues and the stakeholders involved ($\bar{x} = 5,07$)

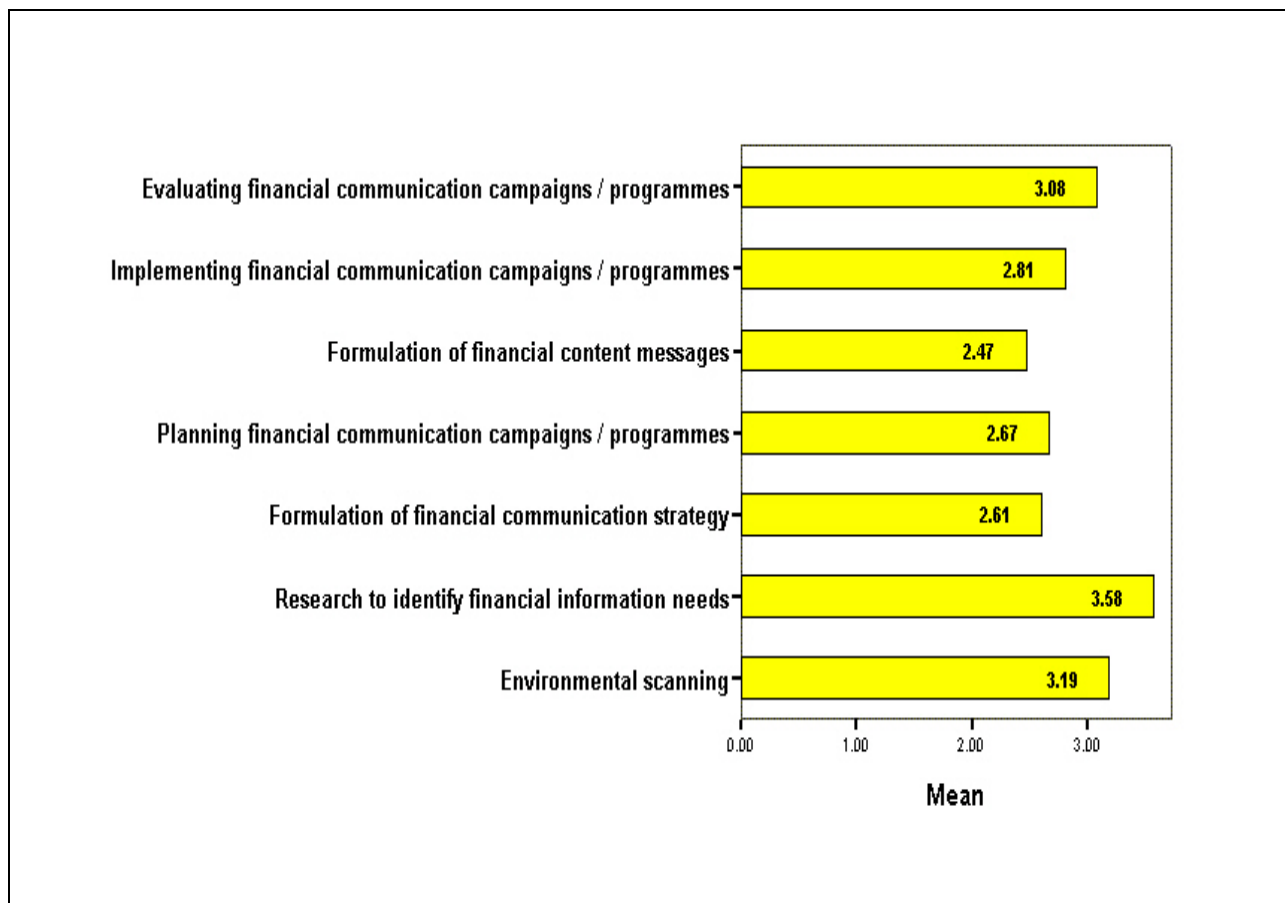
Figure 8.5 Importance of the involvement of the most senior communication manager in various aspects of the financial communication process



Question 18 applied to the involvement of consultants in the financial communication process. Surprisingly, none of the aspects of financial communication (variables) were outsourced to a large extent (see Figure 8.6). To the contrary, all of the variables obtained mean values of below four. However, three aspects were outsourced to a greater extent than others, namely:

1. Research to identify the financial information needs of stakeholders ($\bar{x} = 3,58$)
2. Environmental scanning to identify issues and the stakeholders involved ($\bar{x} = 3,19$)
3. Evaluating financial communication campaigns/programmes ($\bar{x} = 3,08$)

Figure 8.6 Importance of the involvement of consultants in various aspects of the financial communication process

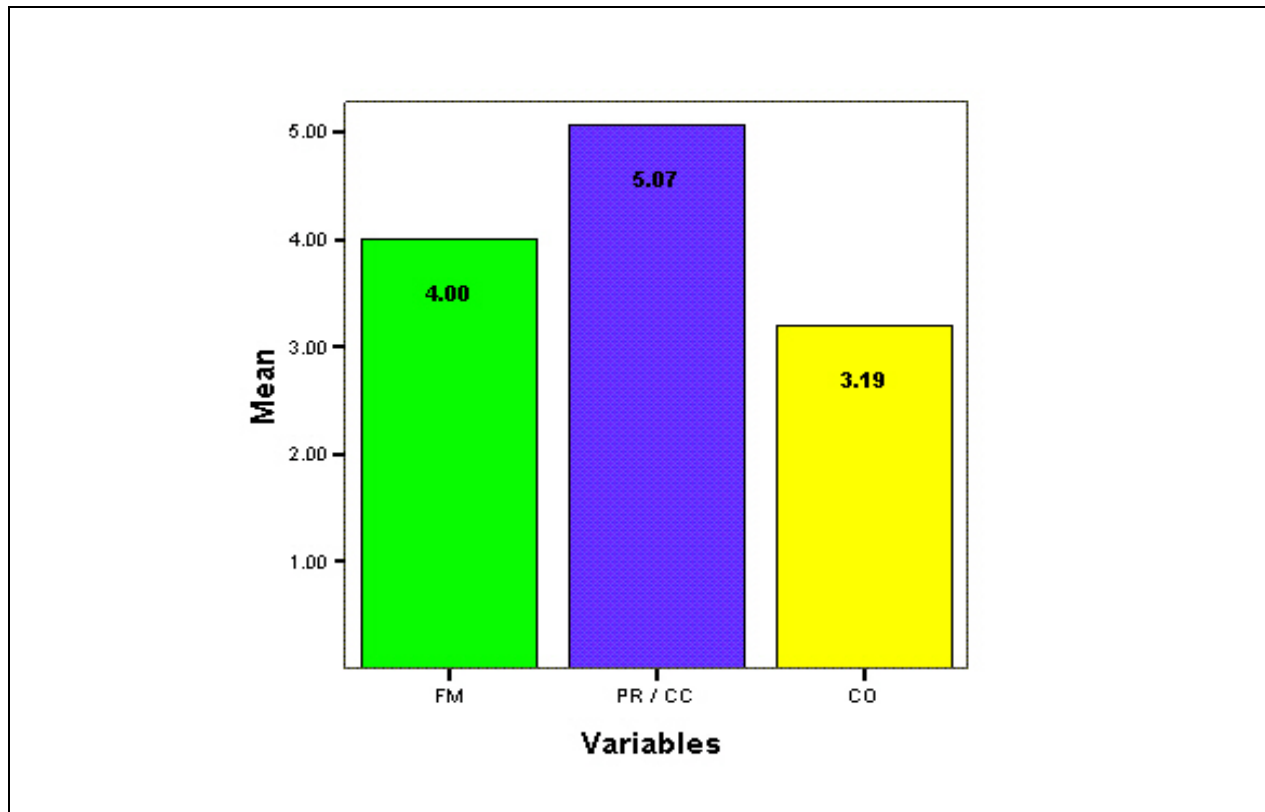


Before any further conclusions can be made, it is necessary to compare the results of Questions 16, 17 and 18, variable for variable. This is done in Figures 8.7 - 8.13.

- **Environmental scanning to identify issues and the stakeholders involved**

This variable was one of the three with the highest mean values in Question 17 (most senior communication manager). From Figure 8.7 it is also evident that the involvement of the most senior communication manager (PR / CC) is regarded as more important than the involvement of the other two role players. It must be noted, though, that the mean value for this variable in Question 18, was the second highest. Thus, the contribution of consultants (CO) is recognised, but is not as important as the involvement of the other two role players.

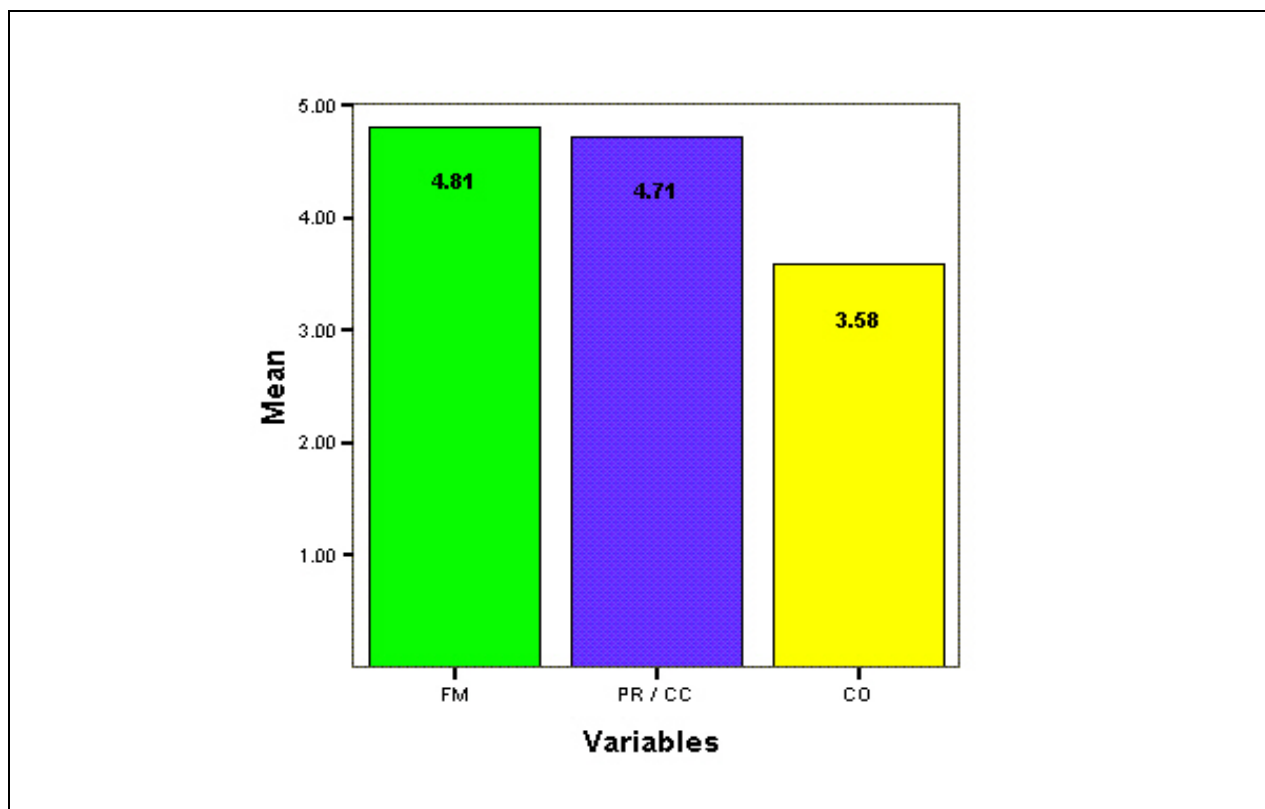
Figure 8.7 Importance of involvement in environmental scanning



- **Research to identify the financial information needs of stakeholders**

This variable yielded the highest mean value in Question 16 (most senior financial manager - FM in Figure 8.8). It was also higher than the mean values for the same variable in Questions 17 and 18. However, the mean value for this variable in Question 17 (most senior communication manager) is only slightly lower than in Question 16 (see Figure 8.8). It can therefore be said that the involvement of both the most senior financial manager and the most senior communication manager is regarded as important in this aspect of financial communication. Although this variable obtained a much lower mean value in Question 18 (consultant), its mean was the highest, in comparison with the other variables in this question. This indicates that consultants are involved in this aspect of financial communication, but to a lesser extent than the other role players.

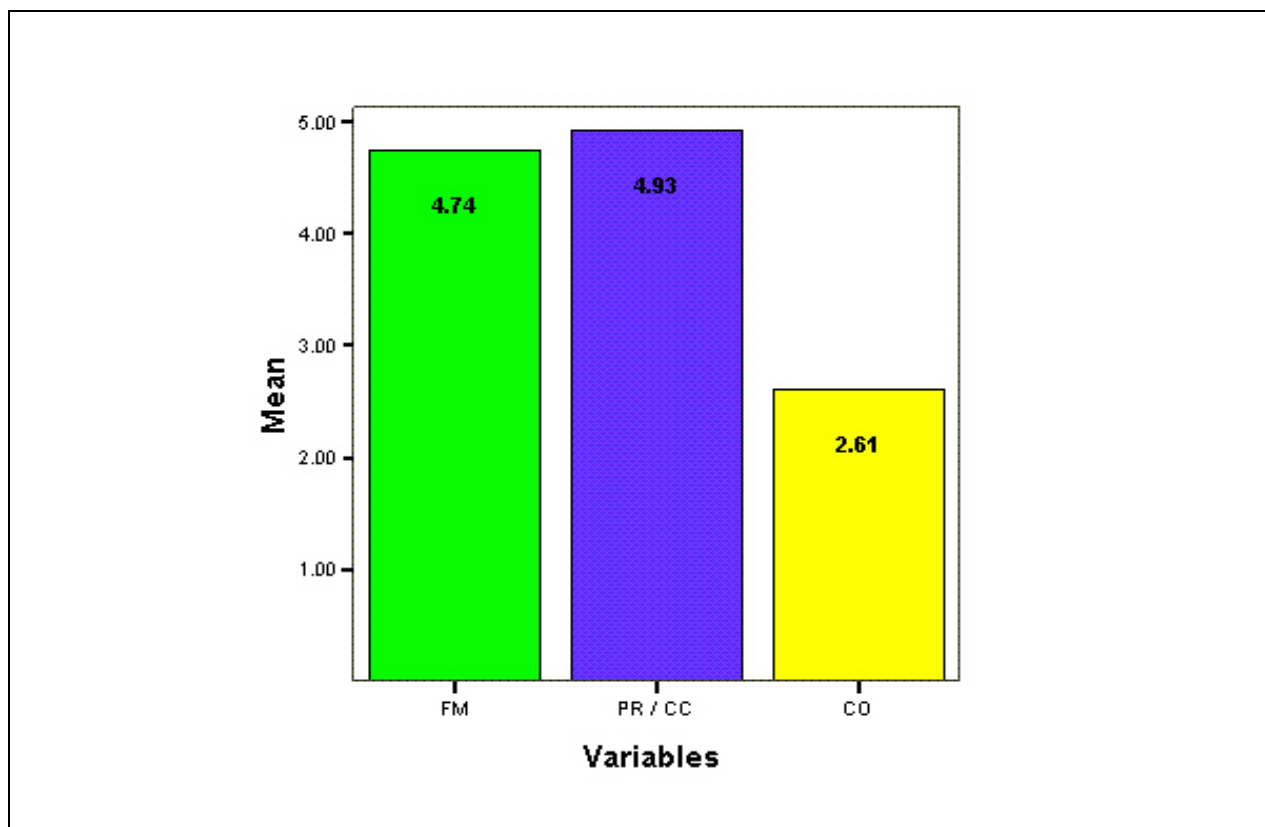
Figure 8.8 Importance of involvement in research to identify financial information needs



- **Formulation of a financial communication strategy**

Interesting results were obtained from this variable (see Figure 8.9). In the first place, this variable yielded the third highest mean value in Question 16 (most senior financial manager). However, the mean value for this variable is higher in Question 17 (most senior communication manager), but only the fifth highest in that particular question. It can therefore be concluded that the involvement of the most senior financial manager in this aspect of financial communication is important in comparison with other aspects, but not in comparison with the most senior communication manager's involvement.

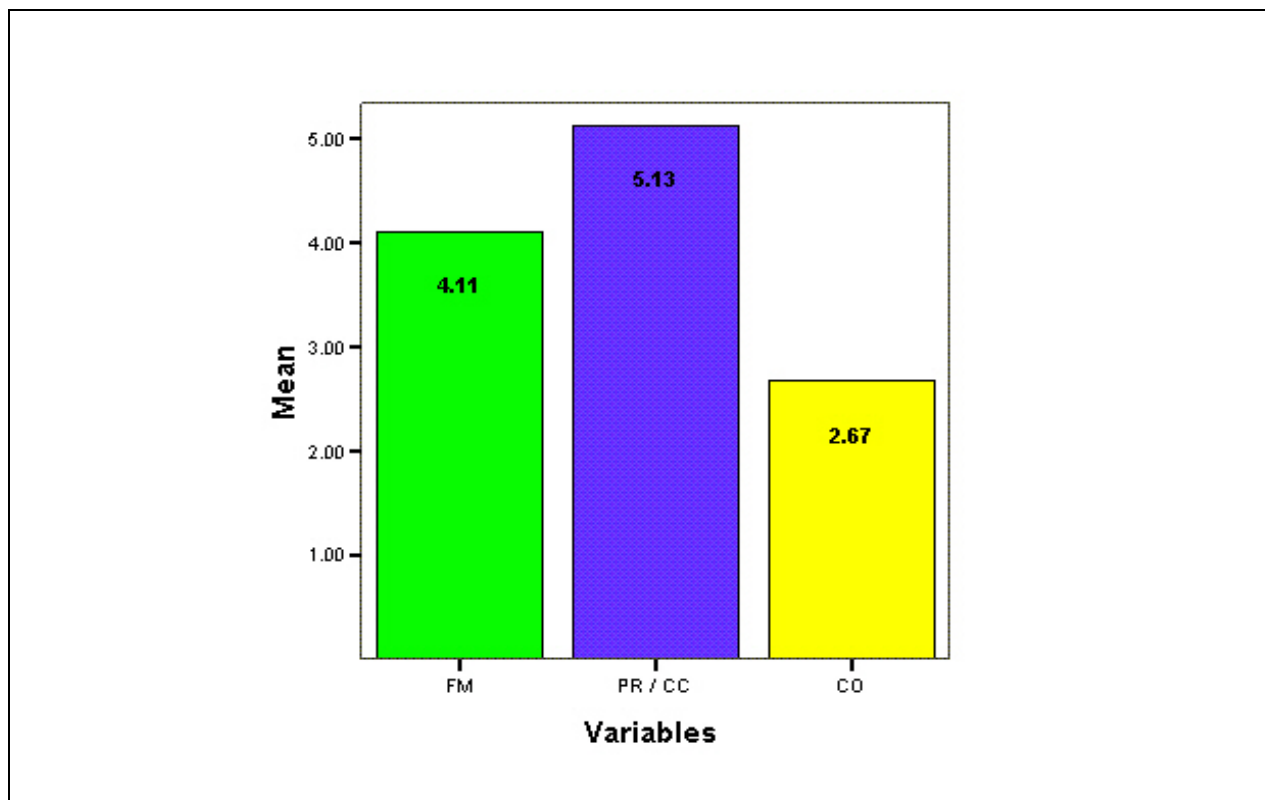
Figure 8.9 Importance of involvement in the formulation of a financial communication strategy



- **Planning financial communication campaigns / programmes**

In comparison with the other two role players, the involvement of the most senior communication manager is the most important in this aspect (see Figure 8.10). The variable also obtained the second highest mean value in Question 17. Thus, the involvement of the most senior communication manager is very important in the planning of financial communication campaigns/ programmes.

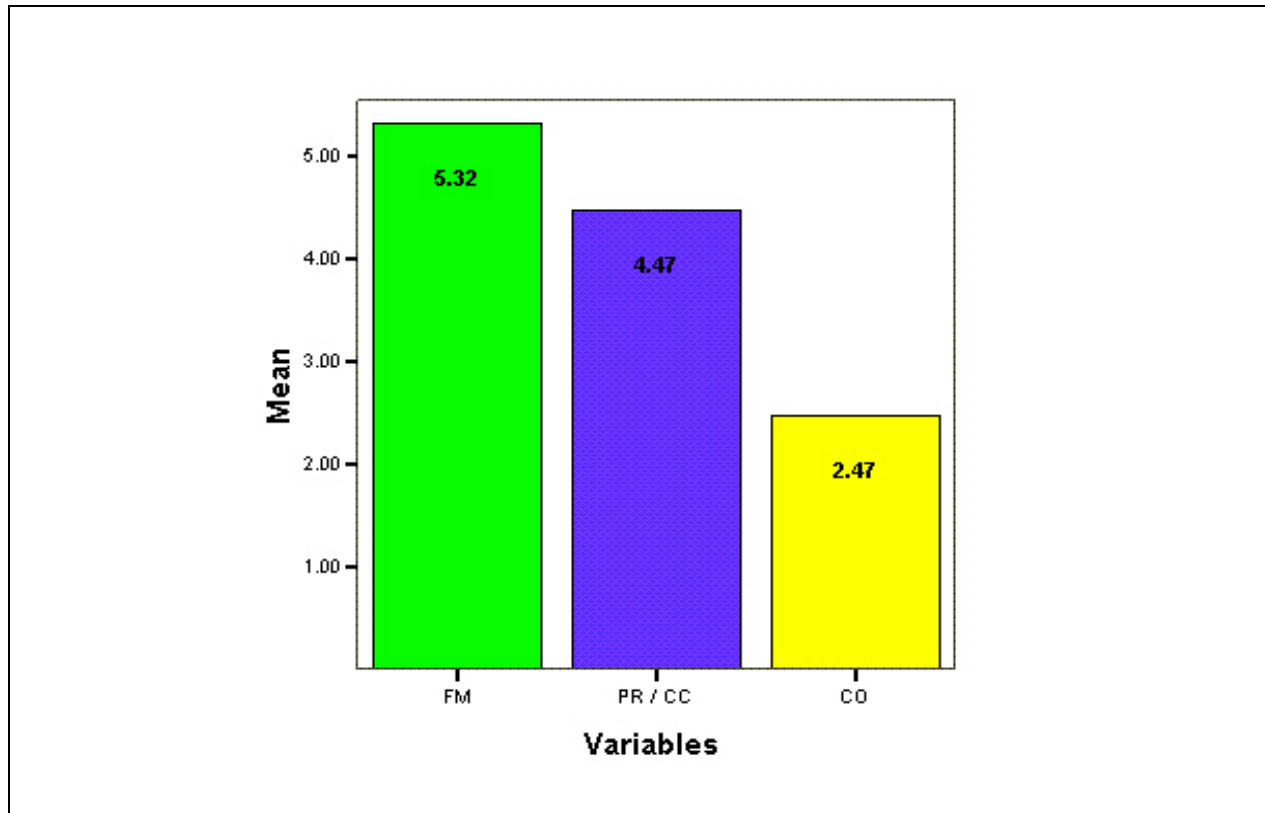
Figure 8.10 Importance of involvement in planning financial communication campaigns / programmes



- **Formulation of financial content messages**

It is evident from Figure 8.4, as well as from Figure 8.11 below that the formulation of financial content messages is regarded as the main responsibility of the most senior financial manager. This variable obtained the highest mean value in Question 16 and is also higher than the mean values for the same variable in Questions 17 and 18.

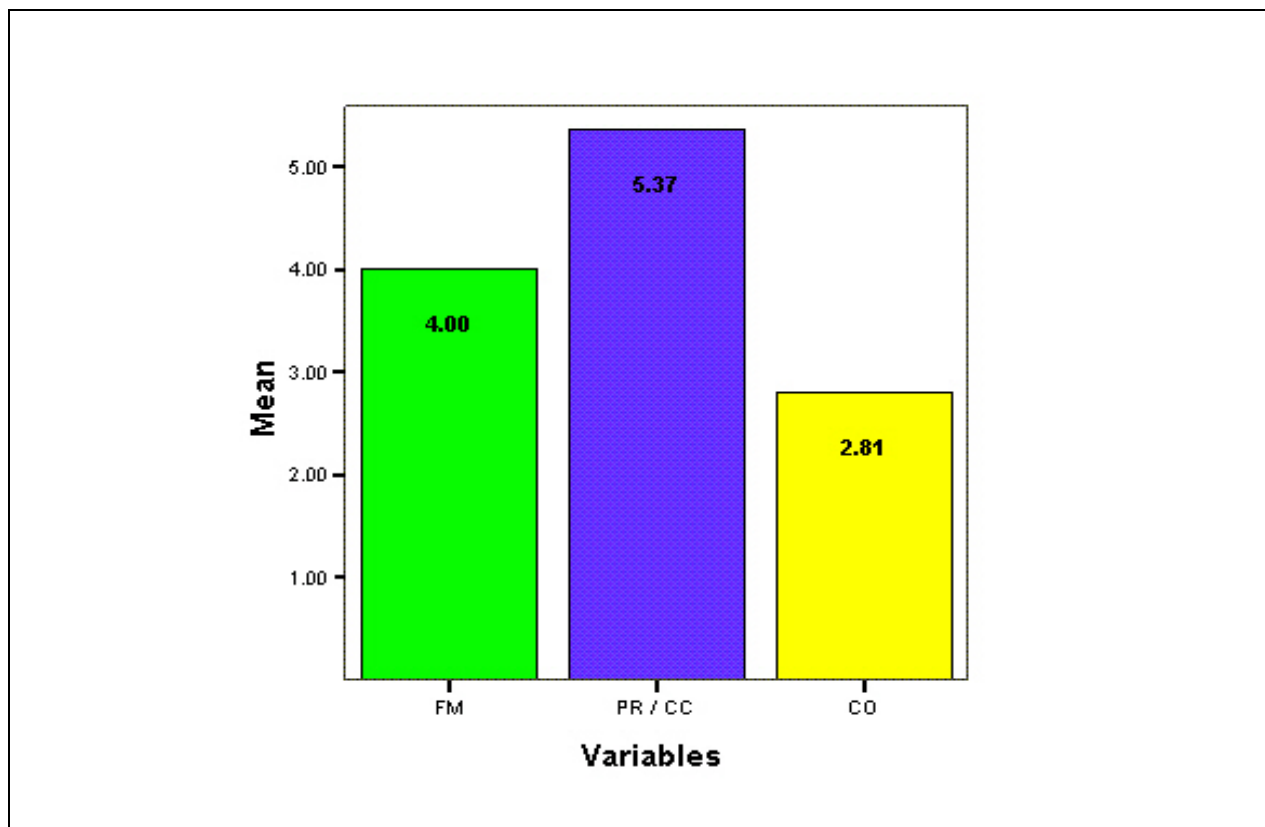
Figure 8.11 Importance of involvement in formulation of financial content messages



- **Implementing financial communication campaigns / programmes**

This is the most important aspect in terms of the most senior communication manager's involvement in financial communication (see Figures 8.5 and 8.12). From the relatively low mean values for this variable in the other two questions it is apparent that implementing financial communication campaigns/programmes is seen as the main responsibility of the most senior communication manager.

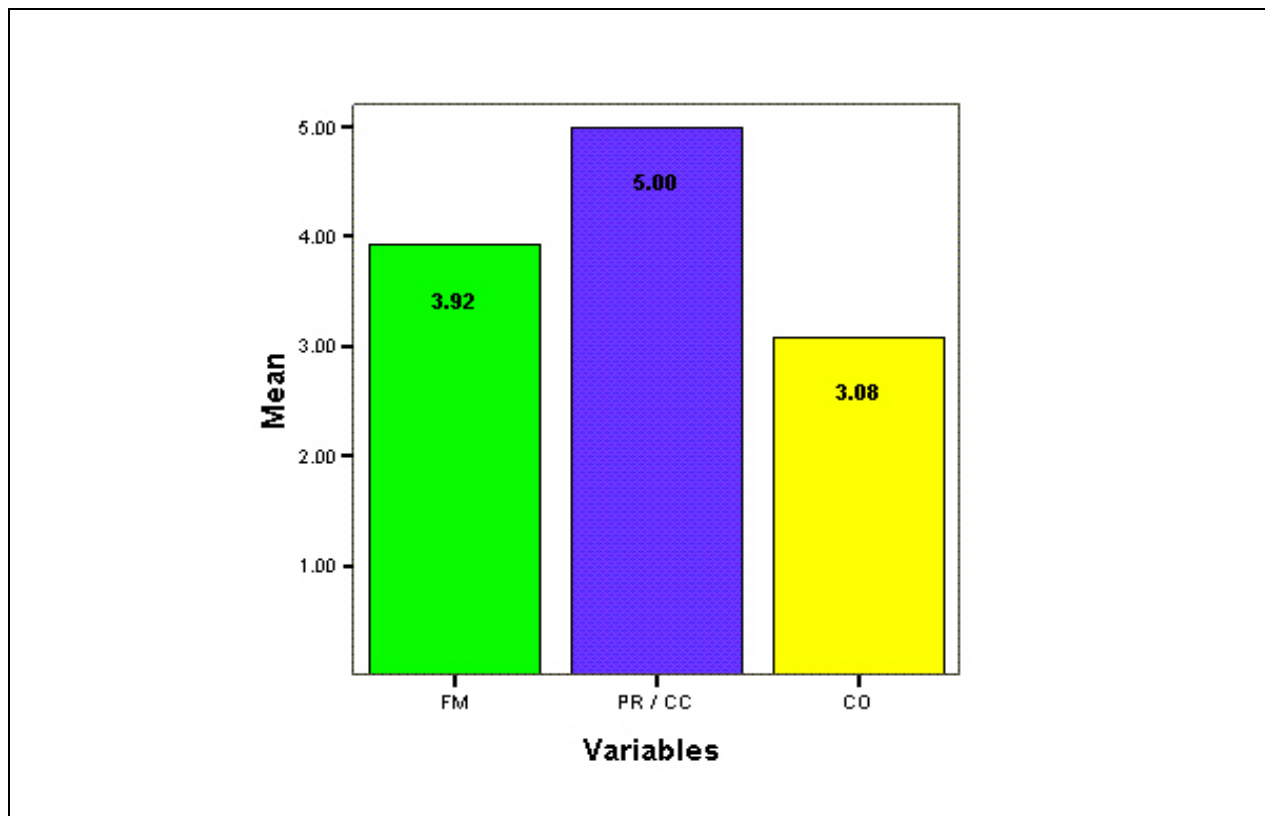
Figure 8.12 Importance of involvement in implementing financial communication campaigns / programmes



- **Evaluating financial communication campaigns / programmes**

This variable obtained the second highest rating in Question 18 (consultants), but the mean value is still significantly lower than the one scored on the same variable in Question 17 (see Figure 8.13). In comparison with the other variables in Question 17, the involvement of the most senior public relations/corporate communication manager is not considered as very important. However, the mean value of 5,00 in Question 17 is relatively high, and much higher than the one in Question 16. In other words, the involvement of the most senior communication manager is considered to be more important, than the involvement of the other two role players (most senior financial manager and consultants).

Figure 8.13 Importance of involvement in the evaluation of financial communication campaigns / programmes



Based on the foregoing, it is possible to assign specific aspects of the financial communication process to specific role players. This argument is set out in Table 8.5.

Table 8.5 Assignment of roles to specific role players

ASPECT OF FINANCIAL COMMUNICATION	ROLE PLAYER
Environmental scanning to identify issues and the stakeholders involved	1. Most senior communication manager 2. (Consultants)
Research to identify financial information needs	1. Most senior financial manager 2. Most senior communication manager 3. (Consultants)
Formulation of a financial communication strategy	1. Most senior communication manager 2. Most senior financial manager
Planning financial communication campaigns/programmes	1. Most senior communication manager
Formulation of financial content messages	1. Most senior financial manager
Implementing financial communication campaigns/programmes	1. Most senior communication manager
Evaluating financial communication campaigns/programmes	1. Most senior communication manager 2. (Consultants)

Note that “consultants” are put in brackets next to the three variables that yielded the highest mean values in Question 18. The brackets indicate that the involvement of consultants in these aspects of financial communication is not considered to be very important.

8.2.3 Additional perspectives regarding the management of financial communication

The isolation of the Public Relations function from financial communication efforts is discussed in the literature review. In Chapter 5, it is suggested that the public relations function should be “brought back into the picture”. This is to ensure a more inclusive approach to financial communication.

In the preceding section it was shown that the involvement of the most senior communication manager was considered to be most important in five of the seven aspects (variables) of financial communication. In one aspect (research to identify stakeholder financial information needs) this executive’s involvement was considered almost as important as that of the most senior financial manager. The only aspect where the communication executive’s involvement was not considered to be important, was in the formulation of financial content messages.

These results came as a surprise, because they contradict the public relations and investor relations literature. It must be borne in mind, though, that only a small number of companies of the total population participated in this survey. A more extensive survey might yield different results. Nevertheless, when the questionnaire was designed, it was anticipated that the results would reflect the same trend as described in the literature - limited involvement of the communication manager in the financial communication process. Therefore, Questions 3, 4, 5 and 6 were included to investigate the position and role of this executive in the organisation. The initial idea was to draw comparisons between the results of these questions and the results of Questions 16, 17 and 18, in order to explain the limited involvement of the communication manager.

However, the results of Question 17 (involvement of the most senior communication manager) are still very interesting (see Figure 8.5). The seven variables used in Questions 16, 17 and 18 can be roughly related to the three roles of public relations

practitioners, as identified by Steyn and Puth (2000:20-21). The *strategist* role involves monitoring (or scanning) the environment for developments that might have an effect on the organisation and its relationships with stakeholders. The second role, that of the *manager*, involves developing a communication strategy and policy for the organisation, as well as deciding what should be communicated to stakeholders. Campaigns and programmes are then derived from the strategy. During and after implementation, these campaigns and programmes also need to be evaluated. The *technician* role involves the actual implementation of the campaigns and programmes. Table 8.6 indicates which variable represented which role, as well as the mean values for each.

Table 8.6 Roles of the most senior communication manager in financial communication

RANK IN TERMS OF IMPORTANCE	VARIABLE	\bar{x}	ROLE
1	Implementing financial communication campaigns/programmes	5,37	Technician
2	Planning financial communication campaigns/programmes	5,13	Manager
3	Environmental scanning to identify issues and the stakeholders involved	5,07	Strategist
4	Evaluating financial communication campaigns/programmes	5,00	Manager
5	Formulation of a financial communication strategy	4,93	Manager
6	Research to identify financial information needs	4,71	Strategist
7	Formulation of financial content messages	4,47	Manager

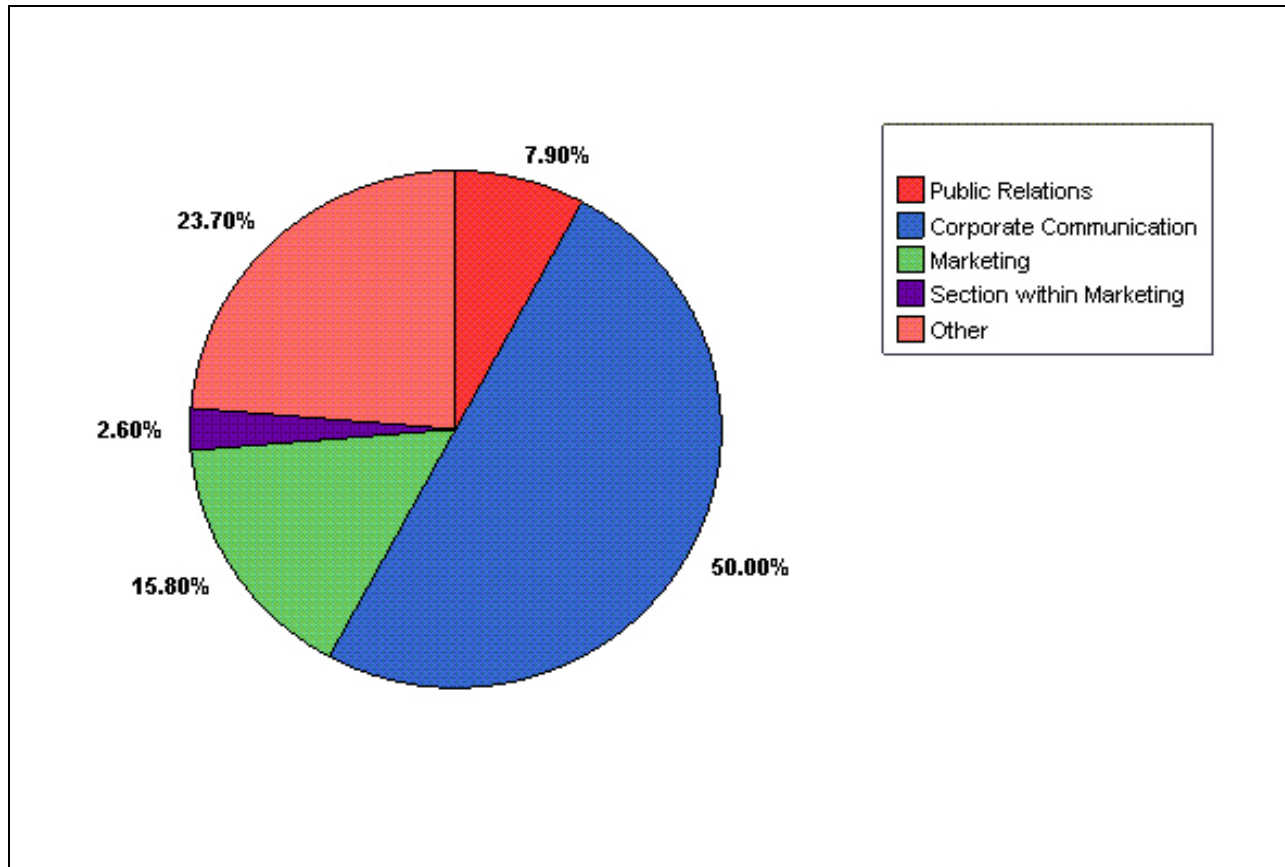
Although the mean values for all seven variables are relatively close to each other, it is interesting that the respondents indicated that the most important role of the most senior communication manager in financial communication, is that of technician. It must be noted, however, that variables representing the roles of manager and strategist obtained the second and third highest values respectively.

Why did respondents regard the technician role of the most senior communication manager as so important? Did it have anything to do with the overall position and role of this executive in the company? The results of Questions 3, 4, 5 and 6 might shed some light on this question.

In Question 3, respondents had to indicate which department co-ordinated their company's public relations/corporate communication efforts. The main purpose of the question was to establish whether there was a separate department, or whether another department took responsibility for public relations/corporate communication. Frequencies and percentages were calculated for each variable. The results (in percentages) are depicted in Figure 8.14.

The vast majority of respondents indicated that a separate department, such as Corporate Communication (50,0%) or Public Relations (7,9%) co-ordinated the company's communication. None of the respondents selected the "Public Affairs" option, although one respondent referred to the Corporate Affairs department under the "Other" option. The Marketing department co-ordinated public relations/corporate communication efforts in 15,8% of the cases, while only 2,6% of respondents indicated that Public Relations/Corporate Communication was a special section within the Marketing department.

Figure 8.14 Coordination of public relations/corporate communication efforts

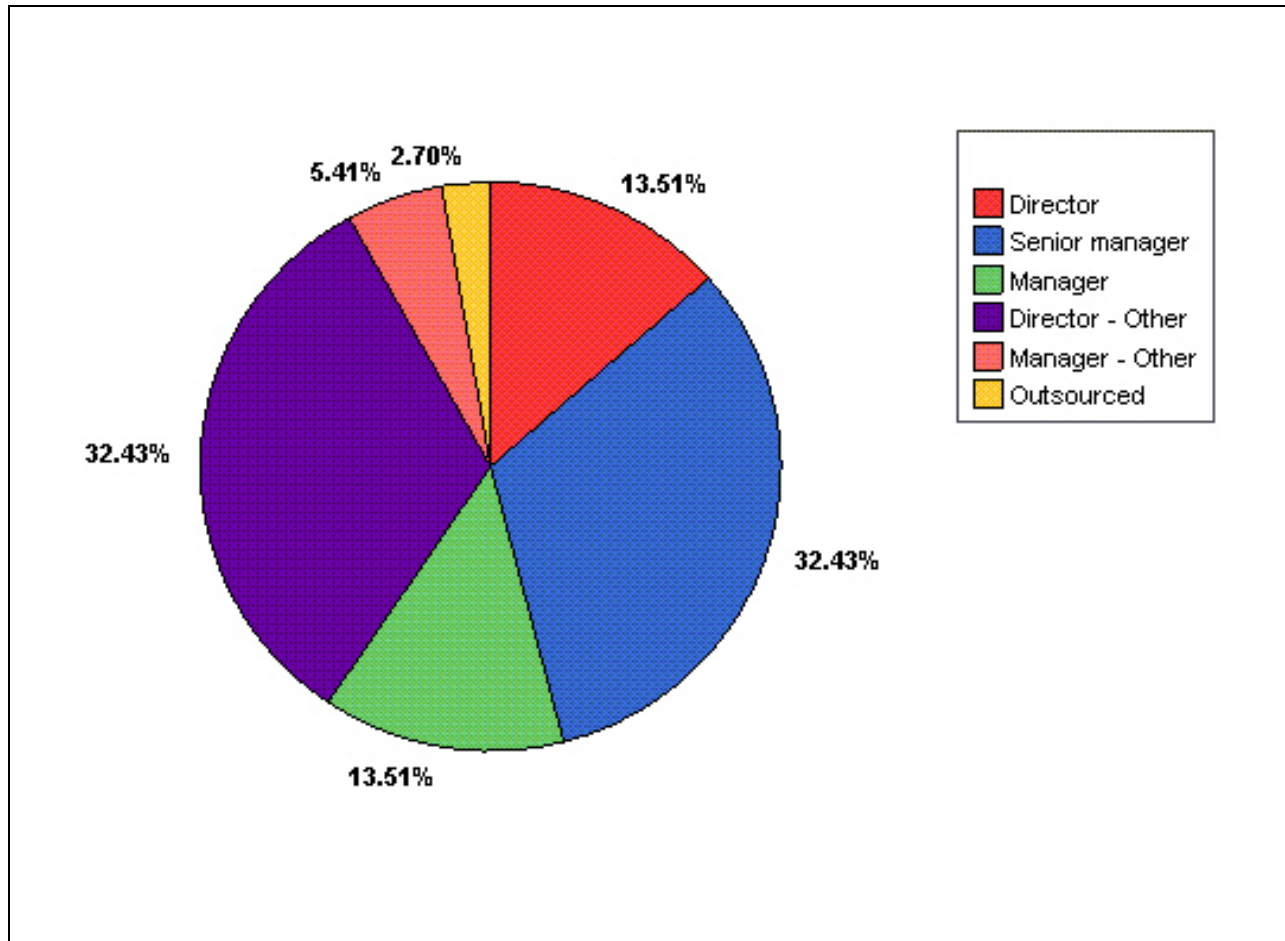


The “Other” option was chosen by 23,7% of respondents. One respondent indicated that a combination of the CEO and the Marketing department co-ordinated the company’s public relations/corporate communication efforts. Two other respondents also made reference to the role of members of the Board of Directors. In three cases, responsibility for public relations / corporate communication efforts was outsourced to consultants. Two responses were quite puzzling - it was indicated that the Financial Director took responsibility for public relations / corporate communication efforts. However, both these respondents were Financial Directors. They probably misread or misunderstood the question and thought that it applied to *financial* communication.

It can therefore be concluded that the Public Relations / Corporate Communication functions are regarded as important enough to justify a separate department.

The purpose of Question 4 was to establish the level of seniority of the most senior communication manager. Respondents had to indicate whether this person was a director, a senior manager or a manager. A distinction was made between public relations, corporate communication and public affairs on all three levels. However, this question proved to be problematic. Titles of communication executives vary widely. Therefore, 42,1% of respondents chose the "Other" option and provided a wide array of titles. When analysing the results it was therefore decided to focus only on the level of seniority and not on the titles. Responses therefore had to be recoded in the SPSS data file. The first nine categories (variables) were collapsed into three new categories, namely "Director", "Senior manager" and "Manager". Three additional categories were created to accommodate the responses to the "Other" option, namely "Director - Other", "Manager - Other" and "Outsourced". These categories yielded nominal data and frequencies and percentages were therefore calculated for each. The results (in percentages) are depicted in Figure 8.15.

Figure 8.15 Level of seniority of the most senior communication manager



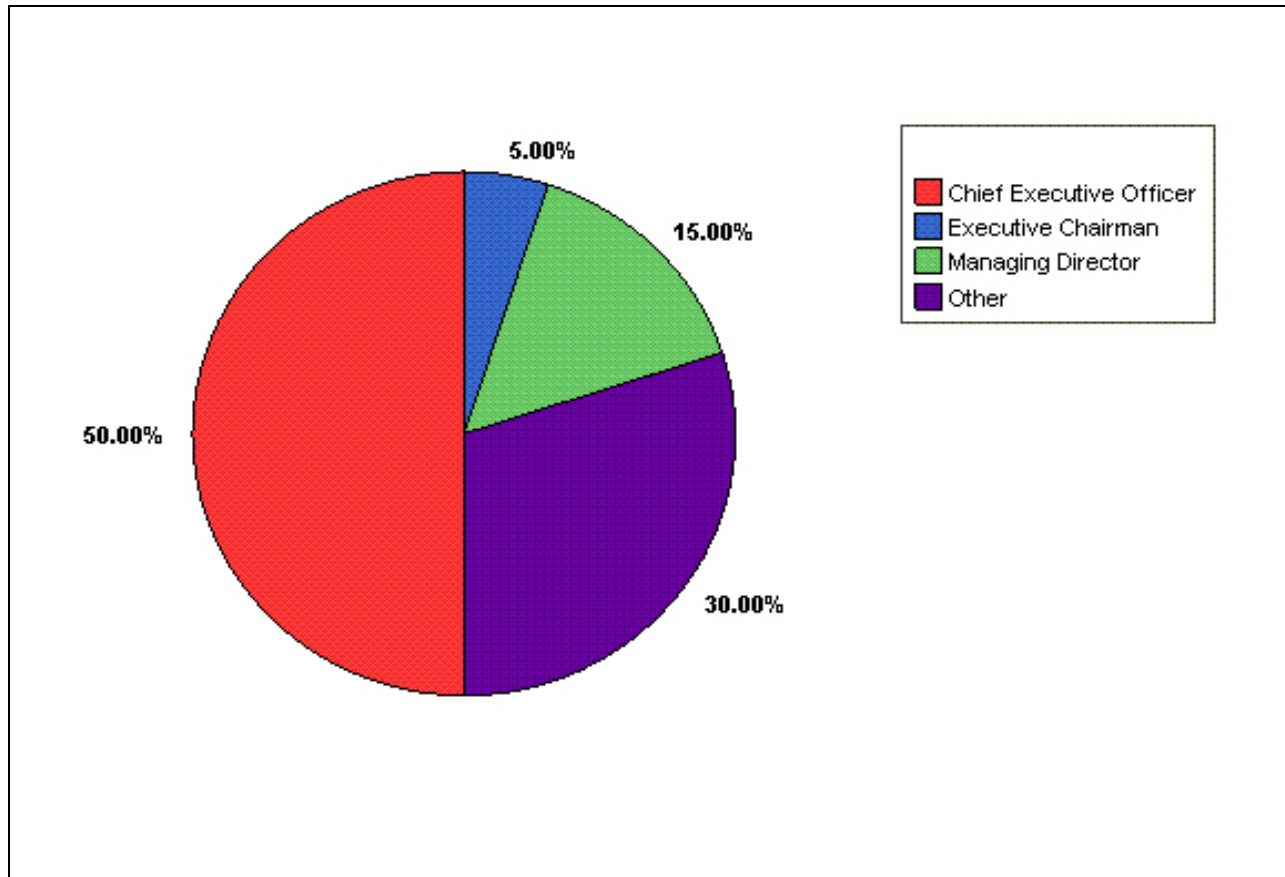
The red, blue and green slices of the pie chart in Figure 8.15 represent the level of seniority of the most senior public relations / corporate communication / public affairs manager. Only a limited number of these managers are directors (13,5%), while the majority are senior managers (32,4%). Interestingly, 32,4% of the respondents indicated that other directors took responsibility for the coordination of communication efforts. This is more than double the number of respondents that indicated that a director of a purely communication function took responsibility. The responses included the Marketing Director, the Executive Chairman, and the Financial Director. Once again, the respondents that provided the latter piece of information were all Financial Directors or Managers and probably misread or misunderstood the question.

It is obvious from the above that Communication Directors are still in the minority. Most managers of communication functions are senior managers. When designing the questionnaire, results of this kind were anticipated. However, it was also anticipated that the involvement of the most senior communication manager in financial communication would be limited. The results of Question 17 suggest otherwise. Therefore, instead of focusing on the negative side of the results, the following can be said:

Despite the fact that most of the communication managers of the companies surveyed are not directors, their involvement is generally regarded as important in most of the aspects of financial communication.

Respondents that indicated that the person in charge of the company's communication is a senior manager or manager were directed to Question 5, a follow-up question. In this question, respondents had to indicate who was the immediate supervisor of the most senior communication manager. The results (in percentages) are depicted in Figure 8.16.

Figure 8.16 Immediate supervisor of the most senior communication manager (not directors)



The most important observation that can be made from Figure 8.16 is that although a large number of communication managers are not directors, they all report to a Board member. The majority report directly to the Chief Executive Officer.

Besides determining the *position* of the most senior communication manager in the company hierarchy, it is also important to determine the *role* played by this individual. In Question 6, respondents had to indicate to what extent the most senior communication manager assumed the role of strategist, manager and technician. These roles were explained in a previous section. The results of the analysis are summarised in Table 8.7. The variables are ranked from the most important to the least important. It is also indicated which variables represented which role.

Table 8.7 The roles of the most senior communication manager

RANK	VARIABLE	ROLE	\bar{x}	s
1	Developing a communication strategy for the company	Manager	5,97	1,404
2	Deciding what should be communicated to stakeholders	Manager	5,78	1,396
3	Implementing communication plans/campaigns	Technician	5,58	1,461
4	Monitoring environmental developments	Strategist	5,11	1,785
5	Providing inputs into the company's strategy	Strategist	4,94	1,689

The *manager* role was regarded as the most important, with the *technician* role close behind. Although the *strategist* role was also regarded as relatively important, it was regarded as the least important in comparison with the other two roles. It must be noted, though, that the diversity of the respondents in terms of position/affiliation in the company influenced the results to a certain extent. See Appendix 9 for a summary of the mean and standard deviation values for each variable, according to position/affiliation in the company. However, in most cases, respondents in the same category had very different opinions about each variable. Interestingly, respondents in the “communication” category rated only one role higher than respondents in the other categories, namely “Providing inputs into the company’s strategy formulation process”. This probably means that communication managers themselves recognise their role as strategist, but that Top Management and members of other functions do not.

When one compares the results of Question 17 (as portrayed in Table 8.7) with the results of Question 6 (in Table 8.6), the following observation can be made:

The most senior communication manager's roles as manager and technician were considered to be more important than his/her role as strategist (both in terms of a company's overall communication, and financial communication in particular). A tentative conclusion could therefore be that the most senior communication manager's position and role in the company is related to his/her role in the financial communication process.

8.3 Conclusion

The following research objectives were addressed in this chapter:

5. To use empirical research to establish whether a number of South African companies listed on the Johannesburg Stock Exchange (JSE):
 - follow an *integrated* approach (in terms of management and organisation) to financial communication.
6. To identify similarities and/or differences between the results of this study and results of three similar studies conducted previously in the USA, United Kingdom and Europe.

Regarding Objective 5, the following conclusions can be made:

- The fact that a cross-functional team co-ordinates financial communication in 36,8% of the cases, proves that there are indications of an integrated approach to financial communication. However, the overall results suggest that there is still a lack of integration.
- The roles of both the Accounting / Financial function and the Communication function (Public Relations / Corporate Communication / Public Affairs) in financial communication, are recognised. However, the Accounting / Financial function

still dominates. The latter observation corresponds with the theory, as well as results from previous studies (see the results of Questions 11 and 14).

- Results concerning the involvement of the most senior communication manager contradict contemporary public relations and investor relations theory. Instead of limited or no involvement, the results of Question 17 suggest that the involvement of this executive is regarded as very important in most aspects of financial communication.
- Of particular interest is the fact that the involvement of the most senior financial manager was considered to be more important than the involvement of the most senior communication manager, *in only two aspects*. These are 1) research to identify stakeholder financial information needs and 2) the formulation of financial content messages. Thus, in terms of the *management* and *organisation* of financial communication, the Accounting / Financial function and executive still dominate. However, in terms of the various aspects of the financial communication *process*, the involvement of the most senior communication manager seems to be more important.

Regarding Objective 6, it was found that there are indeed similarities between the results of this study and the results of the studies conducted by Marston (1996), Marston and Straker (2001) and Petersen and Martin (2001). For example, in all four studies, either the largest or second largest percentage of respondents indicated that the Financial department takes responsibility for the coordination of financial communication efforts. The main difference is that this study included the variable “cross-functional” team in the question about the organisation of financial communication, while none of the three overseas studies did.

Finally, it must be constantly borne in mind that this study is exploratory in nature. The results obtained cannot be generalised to the entire population of South African companies listed on the JSE. However, in combination with the results reported in Chapter 7 and the conceptual model for an inclusive and integrated approach to

financial communication, these results provide a broad framework, or point of departure, for future research.