

**MANAGING FINANCIAL COMMUNICATION:
TOWARDS A CONCEPTUAL MODEL**

by

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DECLARATION

I declare that the Master's dissertation, which I hereby submit for the degree MCom Communication Management at the University of Pretoria, is my own work and has not previously been submitted by me for a degree at another university.

Norlé Schoonraad

Signature: _____

Date: _____

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Life is a journey, not a destination.

Enrolling for, and completing a degree, is the same as embarking on a journey. This dissertation is merely a product of a learning experience, academically and personally, like none before.

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SYNOPSIS

The research problem this study seeks to address is that confusion exists regarding the nature, management and organisation of financial communication. Six objectives guide the research efforts.

Theoretical perspectives surrounding investor relations, public relations and accounting are used to describe the current approach to financial communication (Objective 1). Two main shortcomings of the current approach are identified (Objective 2):

- a lack of integration in the management and organisation of financial communication; and
- a narrow focus on communication with the financial community alone.

This leads to Objective 3 (theoretical justification for an inclusive approach to financial communication). Perspectives from the corporate governance, corporate social responsibility, stakeholder and public relations as relationship management literature are used to prove that organisations need to engage in financial communication with all relevant stakeholders, not only “financial” stakeholders.

In order to achieve Objective 4, the theoretical perspectives mentioned above are used to develop a conceptual model for an inclusive and integrated approach to financial communication. The model provides a point of departure for future research.

The empirical component of the study supplements the theoretical component. Quantitative, exploratory survey research is done to establish whether a number of South African companies listed on the Johannesburg Stock Exchange follow an inclusive and integrated approach to financial communication (Objective 5).

The main conclusions are:

- that there are indications of an inclusive approach to financial communication, although respondents varied in their opinions; and
- that there are indications of an integrated approach to financial communication, although the majority of respondents indicated that a single department takes responsibility for financial communication.

Similarities and differences between the results of this study and those of studies conducted previously in the USA, United Kingdom and Europe, are also identified (Objective 6).

Finally, the limitations of both the theoretical and empirical components are used to formulate recommendations for future research. It is recommended that future efforts concentrate on the contributions that disciplines such as marketing, law, economics and financial management can make to financial communication. The research strategy (qualitative or quantitative) also needs to be carefully considered.

SINOPSIS

Die navorsingsprobleem wat hierdie studie aanspreek is dat verwarring bestaan oor die aard, bestuur en organisasie van finansiële kommunikasie. Ses doelwitte rig die navorsingspogings.

Teoretiese perspektiewe rondom aandeelhouer-betrekkinge, openbare betrekkinge and rekeningkunde word gebruik om die huidige benadering tot finansiële kommunikasie te beskryf (Doelwit 1). Twee belangrike tekortkominge van die huidige benadering word geïdentifiseer (Doelwit 2):

- 'n gebrek aan integrasie in die bestuur en organisasie van finansiële kommunikasie; en
- 'n beperkte fokus op kommunikasie slegs met die finansiële gemeenskap.

Bogenoemde lei tot Doelwit 3 (teoretiese regverdiging vir 'n inklusiewe benadering tot finansiële kommunikasie). Perspektiewe vanuit die literatuur oor korporatiewe regering (*corporate governance*), korporatiewe sosiale verantwoordelikheid, belangegroepe en openbare betrekkinge (met die klem op verhoudingsbestuur) word gebruik om te bewys dat organisasies in finansiële kommunikasie met alle relevante belangegroepe betrokke moet raak, nie net met "finansiële" belangegroepe nie.

Om Doelwit 4 te bereik, word bogenoemde teoretiese perspektiewe gebruik om 'n konseptuele model vir 'n inklusiewe en geïntegreerde benadering tot finansiële kommunikasie te ontwikkel. Die model kan dien as 'n vertrekpunt vir toekomstige navorsing.

Die empiriese komponent van die studie vul die teoretiese komponent aan. Kwantitatiewe, verkennende opname-navorsing word gedoen om vas te stel of 'n aantal maatskappye wat op die Johannesburgse Aandelebeurs genoteer is, 'n inklusiewe en geïntegreerde benadering tot finansiële kommunikasie volg (Doelwit 5).

Die belangrikste gevoltrekkings is:

- dat daar aanduidings van `n inklusiewe benadering tot finansiële kommunikasie is, alhoewel respondente verskillende opinies huldig; en
- dat daar aanduidings van `n geïntegreerde benadering tot finansiële kommunikasie is, alhoewel die meeste respondente aandui dat `n enkele departement verantwoordelikheid neem vir finansiële kommunikasie.

Ooreenkomste en verskille tussen die resultate van hierdie studie en dié van studies wat voorheen in die VSA, Verenigde Koninkryk en Europa gedoen is, word ook geïdentifiseer (Doelwit 6).

Laastens word die beperkinge van beide die teoretiese en empiriese komponente gebruik om aanbevelings vir toekomstige navorsing te formuleer. Dit word aanbeveel dat toekomstige navorsingsprojekte konsentreer op die bydraes wat ander dissiplines soos bemarking, die regte, ekonomie en finansiële bestuur kan lewer tot finansiële kommunikasie. Die navorsingstrategie (kwalitatief of kwantitatief) behoort ook versigtig oorweeg te word.

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