

Prevalence of investor and analyst presentations on investor relations webpages – an industry analysis

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ABSTRACT

Recent behavioural research indicate that non-textual cues are relayed during investor and analyst presentations that influences investors' judgement. The first objective of this study was to investigate to what extent Johannesburg Stock Exchange (JSE) listed companies provide media from these presentations on their investor relations webpages. A second objective was to determine whether industry differences exist in the availability and usability of these presentations on the webpages. Findings indicate that although many companies provided PDFs of slides and handouts of presentations, very few provided audio or visual recordings of these events. No significant industry association could be discerned, although Basic Resources companies performed best. This study highlights that JSE-listed companies were not making the most of available investor communication channels to convey subtle non-textual information cues. Institutional investors and analysts participating in presentations have informational advantages over retail investors who have to rely on textual reports, if any.

INTRODUCTION

Verbal communication is used daily by billions of people for various purposes. Laughlin (1995: 78) suggests that we "use language to make public what we are doing and why we are doing it and, where we need to convince". If language is used for general communication, then accounting is "a special-purpose tool for communicating about financial status and performance" (Bloomfield, 2008: 433). Investors use value-relevant information provided by companies themselves, investment analysts and the financial press to make buy, hold or sell decisions.

Information is the lifeblood of the capital markets. Investors risk their hard-earned capital in the markets in great measure based on information they receive from their target companies. They need reliable information on a timely basis. They want it in language they can understand, and they should receive it in formats they can easily use for analysis. (DiPiazza Jnr & Eccles, 2002: 9).

Hedlin (1999) argues that companies use the internet for communicating with investors in ways that cannot be achieved with printed reports alone. This can be achieved by providing audio and video information on the website, as well as hyperlinks between information, e.g. loans in the balance sheet linked to the note describing duration and interest rates. Institutional

investors, such as pension funds and insurance companies have access to analysts' reports about the prospects and risks of the companies they invest in. Institutional investors are invited to presentations by the company to the investment community. Analysts have conference calls with management after release of periodic results where there are question-and-answer sessions about the results and future prospects of the company. Historically, retail investors were not privy to these information sessions.

Following financial scandals such as Enron and Parmalat, regulations have been implemented in most equity markets since the early 2000s to provide equal and simultaneous access to information to all shareholders. The Organisation for Economic Co-operation and Development (OECD) proposes in their *G20/OECD Principles of Corporate Governance* that "simultaneous reporting of material or required information to all shareholders in order to ensure their equitable treatment" is an important principle (OECD, 2015: 37). They also caution that "In maintaining close relations with investors and market participants, companies must be careful not to violate this fundamental principle of equitable treatment" (OECD, 2015: 37).

Changes in internet technology now enables companies to archive audio and visual recordings of results announcements and roadshows with institutional investors on their websites where it is accessible by anyone. This is in line with the OECD's principle that "Channels for disseminating information provide for equal, timely and cost-efficient access to relevant information by users" (OECD, 2015: 44).

The purpose of this paper is thus to determine to what an extent Johannesburg Stock Exchange (JSE) listed companies provide archives of interactions with institutional investors and analysts on their investor relations (IR) webpages. This analysis also entails noting the format in which this information is provided and the ease of use (or usability) of the information provided. Secondly, it investigated whether industry differences exist in the prevalence of the presentations on the IR webpages. The study was executed by visiting webpages of a sample of JSE-listed companies and comparing it to best practices for investor presentations on the internet. Companies were coded by industry and analyses of variances were conducted to determine if significant industry variances exist. The rest of the paper consists of the literature review, the research questions, the methodology followed, the discussion of results, practical recommendations to management and conclusions.

LITERATURE REVIEW

This study's theoretical foundation is based on the theories around information asymmetry. Shareholders of a large listed company are not involved in the day-to-day management of the company, and hence they lack detailed knowledge of the company's operations, strategies, markets and finances. In the case of a company, there are two forms of information asymmetry. The first form arises between different investors in the company, for example, when existing shareholders want to sell their shareholding because they are aware of certain adverse trading conditions, but potential buyers of this shareholding are not aware of these conditions. A second form of information asymmetry occurs between the owners of a company (current and potential shareholders) and its managers (the board of directors and other managers). Companies communicate with the capital market participants to reduce information asymmetry.

Akerlof (1970) demonstrated how information asymmetry in the form of uncertainty regarding quality could lead to *adverse selection* where the under-informed buyer would only be willing to pay a *lower* average price for a product or service in an attempt to minimise potential future losses (in case the product/service turns out to be of low quality). Akerlof (1970) further found that the number of market participants declines when information about quality is uncertain or scarce, which in turn implies that a seller may have to accept a lower price in conditions of

illiquidity or in an inactive market. The discount on the optimal price (which could have been achieved between two fully informed participants) is referred to as the cost of information asymmetry. It follows then that management of a company would want to disclose more information to the capital market to indicate the good quality of the company, its management and its prospects in order to improve the share price and its trading liquidity.

Spence (1973) added to Akerlof's (1970) work by showing how management could incur *signalling costs* by voluntarily communicating more information to under-informed parties (current and potential shareholders, and debt providers). Examples of these signalling costs include paying a dividend (signalling confidence about the future cash flow generation capability of the company), employing a Big 4-audit firm (signalling high quality reporting mechanisms), or holding investor days to communicate with investors and analysts, or investing in a good IR website and annual report (signalling transparency). Holland, Krause, Provencher and Seltzer (2018: 263) comment that "[t]ransparency has long been considered a normative goal for organizations to pursue in the interest of acting ethically, demonstrating accountability, and building positive reputational and experiential relationships with stakeholders". How, what, to whom and when a listed company communicates with the capital market is regulated by the exchange on which its equity is listed.

Comparing the disclosure regime of the SEC to the JSE

Historically, institutional investors (investment funds, pension funds), block-holders, and analysts had access to sources of information such as analyst presentations (via road shows), conference calls, and one-on-one meetings with the management of the investee company, while private or individual shareholders did not have such access. These "back room" or private channels of communication were criticised for denying individual (or private) shareholders access to relevant information (exacerbating information asymmetry between investors) and for delays before privileged (value relevant) information was made public (Solomon & Soltes, 2015; Bushee, Matsumoto, & Miller, 2004). The Securities and Exchange Commission (SEC) in the US, and the Johannesburg Stock Exchange (JSE) Listings Requirements addressed the issue of unequal access with revised regulations in the early 2000s.

Regulation Fair Disclosure (US)

Following the financial scandals of Enron and Worldcom, the SEC in the US implemented Regulation Fair Disclosure (known as Reg FD) on 23 October 2000 (SEC, 2000). This prohibits companies from privately disclosing value-relevant information to selected securities markets professionals without simultaneously disclosing the same information to the public. Rule 101(e) stipulates that the company's website and the internet (for example, webcasting or a conference call) may be used as part of a process to provide equal and simultaneous access to material information (SEC, 2000).

Various researchers have studied the effect of Reg FD on voluntary disclosure via private channels. Ke, Petroni and Yu (2008) established that transient institutional investors (short-horizon) previously sold off shares a quarter before bad news broke (after a series of quarterly earnings increases). However, after Reg FD came into effect, the abnormal selling off before the breaking of bad news stopped. Like Ke *at al.* (2008), Ramalingegowda (2014) reported that long-horizon institutional investors sold off significantly fewer investments in companies where bankruptcy was imminent after the implementation of Reg FD than before. In the period before Reg FD, these investors would use their private information to project potential bankruptcy, and sell their holdings at least a quarter before the bankruptcy filing took place.

Other studies found that the public information environment was enriched after Reg FD came into effect. Lee, Strong and Zhu (2014) found that the mispricing of US stocks declined after

the implementation of Reg FD. This effect was stronger for companies that had a poor information environment before the regulation was implemented. Kirk and Vincent (2014) reported that companies with established professional IR departments more than doubled their public disclosure after the implementation of Reg FD. These companies also experienced a post-Reg FD increase in analyst following, institutional shareholders, and liquidity.¹

Despite some of the positive findings described here, other researchers had lingering doubts about whether the private disclosure channels had really been shut off. Soltes (2014:259) comments:

Despite the passage of Reg FD, analysts can still become more informed by speaking with management. While Reg FD restricts managers' ability to convey material information, analysts are legally permitted to acquire pieces of nonmaterial information from management. When used in conjunction with an analyst's other sources of information, this information may become material in an information 'mosaic'.

Brown, Call, Clement and Sharp (2015), found that information gathered by sell-side analysts during private conversations (mostly telephone calls) with management was more useful for their earnings forecast accuracy than their own primary research (Brown *et al.*, 2015: 10). One can conclude that despite the implementation of Reg FD in the US, retail shareholders in the US might still not face a level playing field with analysts and institutional investors.

Disclosure regulations of the JSE

Similar to Reg FD, the JSE also prohibits companies from releasing information that might influence the share price to selected parties only. This is stipulated in Regulations 3.4 to 3.8 of the JSE Listings Requirements, which came into effect on 1 September 2003 (JSE, 2011). If information is released, it should be released via a public medium accessible to everybody at the same time. Furthermore, Regulation 3.46 of the JSE Listings Requirements determines that after publishing announcements via the Stock Exchange News Service (SENS), companies are allowed to post the information on their websites and in the general news media (JSE, 2011). The use of the company website as a channel for disseminating information is also supported by the OECD (2015: 44).

The prohibition of private disclosure was recently reinforced with specific guidance on how management should handle discussions with financial journalists and investment analysts without releasing value-relevant information by chance (JSE, 2015). Of particular relevance are the following guidelines:

- During discussions with analysts, issuers are allowed to expand on information already in the public domain or discuss the markets/industry in which they operate, provided that such expanded disclosure does not qualify as price sensitive information. Therefore, issuers must decline to answer questions from analysts where the answer would lead to divulging price sensitive information. In responding to certain comments or views from analysts which appear to be inaccurate, issuers should respond with information drawn from information released publicly to the market through SENS (JSE, 2015:2).
- Issuers must not correct draft reports from analysts which are sent to them with a view to commenting on financial figures and/or assumptions. The issuer may consider the financial figures and/or assumptions and discuss them with the analyst, in broad terms and without providing any price sensitive information.

¹ For a comprehensive discussion of the many studies on the effect of Reg FD, see the literature review by Lee *et al.* (2014).

Issuers can of course correct information in relation to financial figures and/or assumptions that do not constitute price sensitive information and drawn from information released publicly to the market through SENS (JSE, 2015:3).

- Body language: Spokespersons must be mindful of body language when answering questions. As an example, the shake of a person's head in a 'yes' or 'no' gesture or showing thumbs up or down in a 'positive' or 'negative' gesture, does constitute communication when answering questions although not in a verbal format (JSE, 2015:3).
- Responding to financial projections and reports: Issuers must confine comments on financial projections by analysts to errors in factual information and underlying assumptions that do not constitute price sensitive information. Avoid any response which may suggest that the current projections of an analyst are incorrect (JSE, 2015:4).

The JSE further recommends that companies institute a written policy for handling confidential and price sensitive information (JSE, 2015: 3). Provisions against insider trading are also contained in sections 77 to 82 of the *Financial Markets Act, No. 19 of 2012* (RSA, 2012). The JSE's Regulations 3.4 to 3.8 and 3.46 paved the way for the company's website to become a channel for simultaneous "publication" (after publication via SENS) of value-relevant information, as well as a "repository" of previous SENS and other news releases.

Corporate governance of boards in South Africa was also strengthened by the principles contained in the King III Code of Governance Principles, effective from 1 March 2010 (IoD, 2009). Principle 8.4 requires that "Companies should ensure equitable treatment of shareholders" and Recommended Practice 8.4.2 specifically requires that "The board should ensure that minority shareholders are protected". In terms of communication, Principle 8.5 states that "Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence". Recommended Practice 8.5.3 proposes that "The board should adopt communication guidelines that support a responsible communications programme". In the spirit of King III, I argue that a responsible company would protect the interests of its minority shareholders (including retail or private shareholders) by communicating in a way that does not disadvantage them, in this case by providing access to media and other recordings of interactions with institutional investors and analysts.

Effect of tone and other non-textual cues on investor judgement

The regulations described above necessitate disclosures in written format first (or only), by posting a SENS text announcement and then announcements in the financial press. Various studies, however, indicate audio and visual communication have an effect on investor judgment about a company. Basoglu and Hess (2014: 82) manipulated corporate IR webpages in a 2 x 2 experiment (high vs no online media content, while keeping financial information constant) and found significantly increased trust and perceptions of investment quality in companies with a higher media content on their IR webpages. Lee (2016) analysed the conference calls of US companies and found that where management stuck to a predetermined script and lacked spontaneity in answering questions, it invoked a negative sentiment with the analysts that results in a downward forecast of future earnings (Lee, 2016: 247). Borochin, Cicon, DeLisle and Price (2018) analysed the tone of management and the analysts' discussions in quarterly earnings conference calls of US companies. It was found that where the tone (e.g. positivity) differs between management and analysts, it contributes to market uncertainty (Borochin *et al*, 2018: 15). Investors were also less willing to invest when the CEO was humble during a conference call *vis-à-vis* bragging, but the opposite occurred when the communication channel was Twitter (Grant, Hodge & Sinha, 2018: 7).

PROBLEM INVESTIGATED

Assuming retail investors have access to the same *textual* information as institutional investors and analysts (reports, press announcements), prior studies indicate that *other information cues* might be conveyed during results announcements, conference calls, investor roadshows etc. that affect investors' judgements (Borochin *et al*, 2018; Grant, Hodge & Sinha, 2018; Lee, 2016; Basuglo & Hess, 2014). By providing an audio and/or video recording of these presentations on their IR webpages, companies are increasing transparency and levelling the playing field for retail investors. The purpose of this study was to determine whether, and to what extent, JSE-listed companies archive these recordings and related information on their IR webpages.

RESEARCH OBJECTIVES

The first research objective was to determine to what extent JSE-listed companies use their IR webpages to archive investor presentations. Apart from posting value-relevant information via the JSE SENS and press releases (JSE, 2011), companies are not under any obligation to archive investor presentations in any format. This paper argues that willingness to do so, speaks to the company's commitment to be transparent and accessible to retail shareholders as well as to institutional investors. The second research objective was to determine whether industry differences exist in the prevalence of investor and analyst presentations on the IR webpages.

RESEARCH METHODOLOGY

This study used secondary data collected during a larger study. The websites of 205 JSE-listed companies were visited during July to mid-September 2012 to collect the data². This period is of interest as it coincided with the first or second financial years after the implementation of King III with its requirements for equitable treatment of all shareholders and transparent communication (IoD, 2009).

Websites were analysed, based on best practice recommendations by the Investor Relations Society (IRS) in the UK (IRS, 2012) as well as that of Loranger and Nielsen (2009). The presence of an item or format type was coded "1" and the absence of it "0". A score/percentage was obtained by dividing the number of available items by the total best practice criteria for that category. Separate scores were obtained for presentations relating to Results Announcements (six criteria), Conference Calls (four criteria), Roadshows (five criteria) and Annual General Meetings (AGMs) (six criteria). Usability features for presentations on the websites were also assessed (eight criteria). Lastly, an overall presentation score/percentage was calculated for all presentation types and usability of the available formats (denominator = 29).

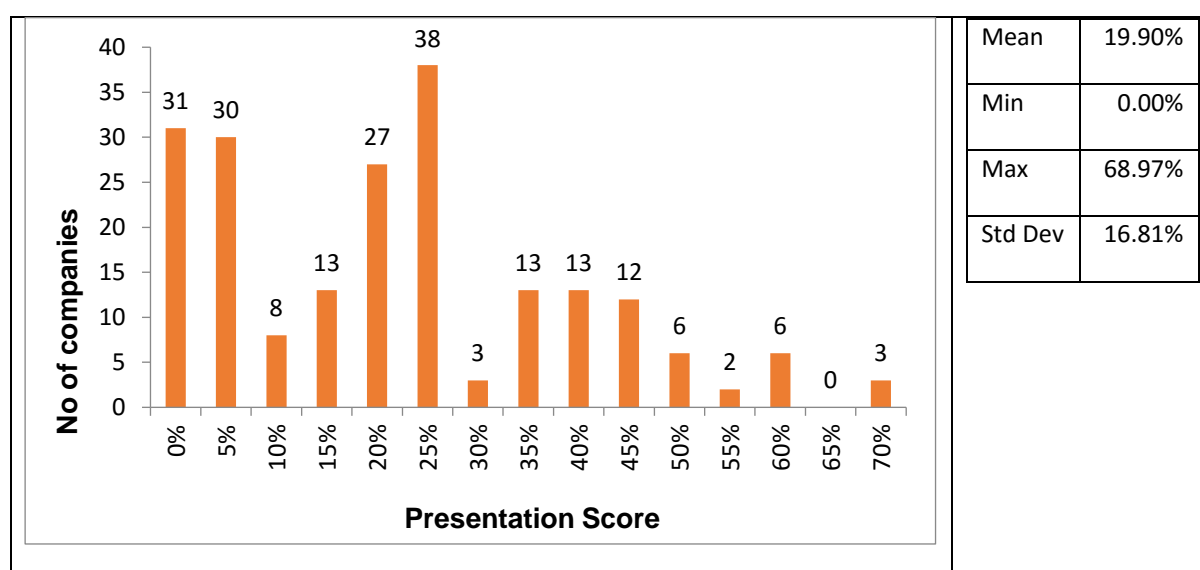
Industry data for each company was obtained from the IRESS database. Telecommunications (three companies), oil and gas (two companies), and health services (seven companies) had too few cases to justify being in separate industry classes. These companies' main segments were reviewed in their annual reports, and reclassified into industrial, technology, or consumer services. The final statistical analyses were therefore done with six industry classifications. Statistical analyses were conducted in SPSS 24.

² Selective investor relations data were initially reported in Esterhuyse & Wingard (2016). Refer to Esterhuyse & Wingard (2016) for more detail about the sampling process.

RESULTS AND DISCUSSION

The mean score for the prevalence of investor and analysts presentations on IR webpages of the 205 JSE-listed companies came to 19.90 per cent. Thirty-one companies scored zero with no presentation formats available on their websites. It is encouraging that 85 per cent of companies did provide some information relating to investor presentations, although it is clear that best practices are not followed. The highest presentation score was 69.97 per cent for Sasol Ltd. From the frequency distribution in Figure 1, we can see that the distribution is positively skewed and with quite a wide standard deviation of 16.81 per cent. The mode is composed of 38 companies that achieved presentation scores of between 20 and 25 per cent.

FIGURE 1:
Frequency distribution of presentation scores



Source: Own from SPSS

TABLE 1:
Availability of presentations per industry

	No presentations	Presentations	Total
Basic Materials	5	37	42
	11.9%	88.1%	100.0%
	16.1%	21.3%	20.5%
Consumer Goods	0	22	22
	0.0%	100.0%	100.0%
	0.0%	12.6%	10.7%
Consumer Services	8	34	42
	19.0%	81.0%	100.0%
	25.8%	19.5%	20.5%
Financials	8	32	40
	20.0%	80.0%	100.0%
	25.8%	18.4%	19.5%
Industrials	6	41	47
	12.8%	87.2%	100.0%
	19.4%	23.6%	22.9%
Technology	4	8	12
	33.3%	66.7%	100.0%

	No presentations	Presentations	Total
	12.9%	4.6%	5.9%
	31	174	205
Total sample	15.1%	84.9%	100.0%
	100.0%	100.0%	100.0%

The 1st row in every industry represents the number of companies with/without presentations.
The 2nd row represents the proportion of companies in that **industry** with/without presentations.
The 3rd row represents the proportion of companies in the **column** with/without presentations (shaded).
Source: Own from SPSS

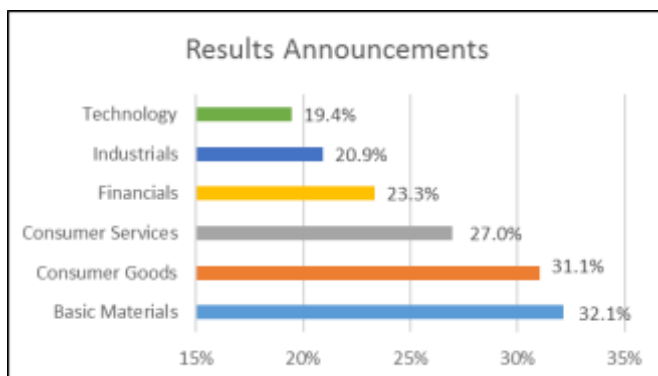
I now turn to a discussion of the results of the different types of investor and analyst presentations. Companies release their periodic financial results via press releases and in many cases via webcasts by management. Table 2 indicates that just under half of the sample provided at least a PDF copy of the press release in the financial press on their website. Next popular was the Powerpoint slides of the results announcement at 40.49 per cent. Only about a fifth of the companies provided an audio or video track of the results announcement, and only eleven companies provided a transcript of the presentation. The means score for Results Announcements on IR webpages is 25.93 per cent, driven mostly by the Basic Materials and Consumer Goods industries, as can be seen from Figure 2. The lowest mean score is in the Technology industry at 19.4 per cent. However, a one-way ANOVA indicates no significant differences between the industries for Results Announcements ($F(5, 199) = 1.647, p = 0.149$) assuming equal variances.

TABLE 2:
Results announcements on websites

Criteria	Available	(N = 205) %
Results announcements as audio	45	21.95
Results announcements as video	41	20.00
Results announcements as PPT	83	40.49
Results announcements as PDF of press release	99	48.29
Results announcements as HTML of press release	40	19.51
Results announcement audio track transcription	11	5.37
Mean score		25.93

Source: Own from SPSS

FIGURE 2:
Industry means for results announcements



Source: Own from SPSS

Many companies hold separate conference calls with analysts the day after the results were announced, or for other announcements. From Table 3 we can see that the prevalence of archiving these calls on the company's website is very low. Only ten companies provided a

podcast/audio recording of the conference call and only four had it transcribed. From Figure 3 we can see that once again, the Basic Materials industry is doing the best, and the Technology industry was second best. The one-way ANOVA, rejecting equal variances, indicates that there were no significant industry differences (Welch $F(5, 199) = 1.825$, $p = 0.121$).

TABLE 3:

Conference calls on websites

Criteria	Available	(N = 205) %
Dial in to conference call with analysts	10	4.88
Dial in to conference calls for other events	8	3.90
Podcast of conference call available	10	4.88
Conference call transcribed	4	1.95
Mean		3.90

Source: Own from SPSS

FIGURE 3:

Industry means for conference calls



Source: Own from SPSS

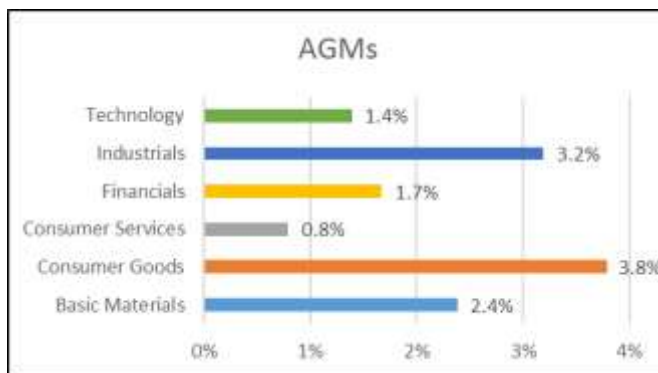
A company's AGM is open to all registered shareholders or their proxies. This is an important event as the results for the past year are discussed and directors and auditors are up for re-elections and re-appointment. Other business decisions might also be voted upon at the AGM. Table 4 indicates that very few companies provide a recording of the AGM on their website. As with the Results Announcement, the most prevalent item is the PDF of the handout or booklet. Only six companies provided the results of the voting that took place on their website and even less provided an audio or video recording of events. This is disappointing, as one would think that companies could at least provide recordings for the AGM as important decisions are made regarding the management of the company. Figure 4 indicates that the Consumer Goods and Industrial companies performed better in this area. The one-way ANOVA, rejecting equal variances, indicates that there were no significant industry differences (Welch $F(5, 199) = 0.542$, $p = 0.744$).

TABLE 4:
AGMs on websites

Criteria	Available	(N = 205) %
AGMs as audio	3	1.46
AGMs as video	2	0.98
AGM's PPT	5	2.44
AGM's PDF of handout/booklet	10	4.88
Results of voting: For/Against	6	2.93
AGM audio track transcription	1	0.49
Mean		2.20

Source: Own from SPSS

FIGURE 4:
Industry means for AGMs



Source: Own from SPSS

Roadshows, or investor conferences, are held by companies to “sell” their company as an investment proposition to institutional investors. This might be undertaken if the company is looking for capital to fund expansion plans. The prevalence of these type of presentations on the IR webpages is considerably more. Table 5 indicates that a third of companies posted their Powerpoint presentation on their website and a further 16.59 per cent made the handout/booklet available. A few companies did provide an audio or video recording, but only five provided the transcription. The mean score for Roadshows is 13.37 per cent, which is still low.

TABLE 5:

Roadshows on websites

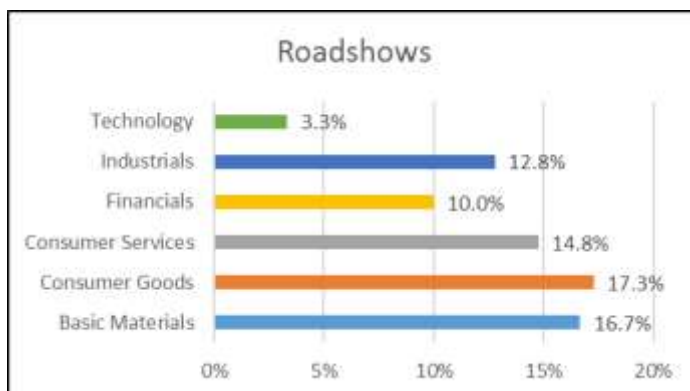
Criteria	Available	(N = 205) %
Roadshows as audio	17	8.29
Roadshows as video	13	6.34
Roadshow's PPT	68	33.17
Roadshows PDF of handout/booklet	34	16.59
Roadshow audio track transcription	5	2.44
Mean		13.37

Source: Own from SPSS

From Figure 5 we can see that Technology are once again performing poorly. The one-way ANOVA, rejecting equal variances, indicates that there were indeed significant industry differences (Welch $F(5, 199) = 3.494, p = 0.007$). The Games-Howell post-hoc tests reveal that the significant differences in means arise between the Basic Resources and Technology industries.

FIGURE 5:

Industry means for roadshows



Source: Own from SPSS

The last grouping of criteria relate to the usability of the formats of the presentations. ISO 9241-11 (ISO, 1998) defines usability as “the extent to which a system can be used by specified users to achieve a specified goal with effectiveness, efficiency and satisfaction in a specified context of use”. Using the information on the website should be easy for visitors. The results are available in Table 6. About a quarter of the companies in the sample complied with the criteria relating to indicating the length of the webcast recording, splitting the audio/video file in smaller sections and using auto detect to determine the visitor’s media player. With this information available on the website, visitors can decide upfront if they want to download large files or not. A fifth of companies had their Powerpoint slides of the presentation run synchronously with the audio/video of the speaker, which makes it easier to follow. Half of the companies grouped all materials of the same event together so that visitors do not need to “jump around” on the website to find it. About sixty per cent of the sample complied with the criteria relating to the handouts/slides. Overall, usability was the area where companies scored the best, with a sample mean of 40.73 per cent.

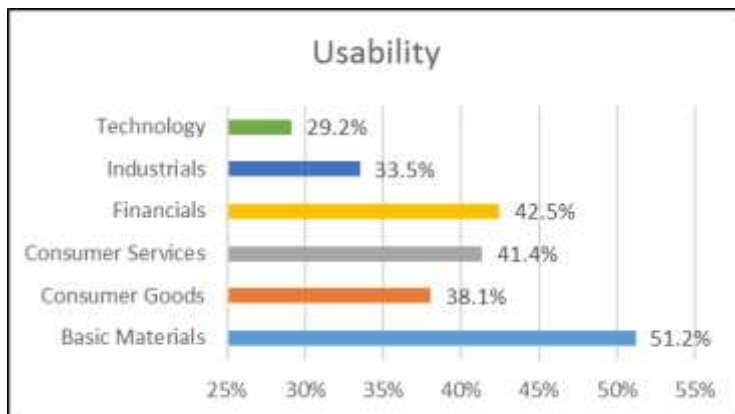
TABLE 6:
Usability of presentation files

Criteria	Available	(N = 205) %
Webcast: Duration/length	51	24.88
Webcast: Divided in sub-sections	49	23.90
Webcast: Use auto detect for player	52	25.37
PPT slides synchronised to audio track	45	21.95
Groups materials of same event together	101	49.27
PPT or booklets' default font size readable	126	61.46
Total number of pages/slides and current progress	122	59.51
Avoids dark colours for background	122	59.51
Mean		40.73

Source: Own from SPSS

From Figure 6 we can see that Basic Materials once again performed the best with a score of 51.2 per cent. Financial companies had the second highest score with a mean of 42.5 per cent. Technology companies again achieved the lowest compliance score of only 29.2 per cent. The one-way ANOVA, assuming equal variances, indicates that there were no significant industry differences ($F(5, 199) = 1.563, p = 0.172$).

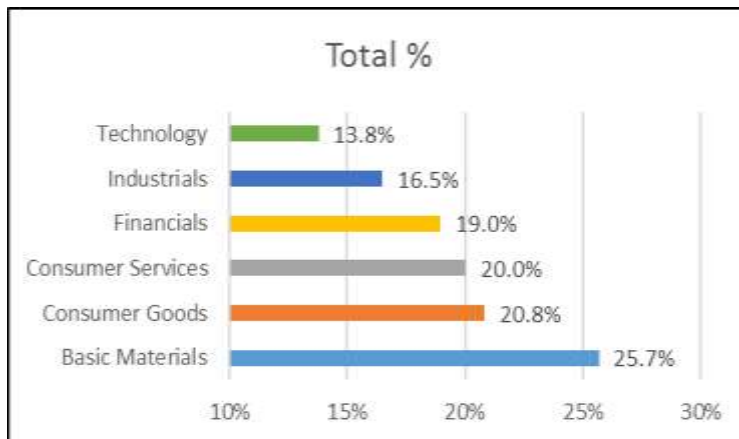
FIGURE 6:
Industry means for usability



Source: Own from SPSS

FIGURE 7:

Industry means for total presentation score



Source: Own from SPSS

Lastly, Figure 7 provides an industry analysis of the total presentation score. From the previous discussions of the different types of investor presentations, it is not surprising to see that the Basic Materials industry had the highest mean score of 25.7 per cent and that the Technology industry had the lowest mean score of 13.8 per cent. Esterhuysen and Wingard (2016: 227) also reported that six of the top ten online IR scores in their comprehensive study were obtained by Basic Materials companies. Finally, the one-way ANOVA, assuming equal variances, indicates that there were no significant industry differences ($F(5, 199) = 1.771, p = 0.120$) in the prevalence of investor and analyst presentations on IR webpages for the sample of JSE-listed companies.

PRACTICAL MANAGERIAL IMPLICATIONS AND RECOMMENDATIONS

The low mean score of 19.90 per cent and the fact that 31 companies had no information regarding presentations or meetings with investors is worrying. One of the key roles of the CEO, CFO and Investor Relations Officer (IRO) is to communicate with the capital market. Although the sample companies may comply with the letter of the JSE Listings Requirements regarding disclosure of value-relevant information via SENS and press releases, it seems that most are not concerned with being more transparent and accessible to retail investors by also making available on the company's IR webpages information communicated via other fora.

By perpetuating a state of information asymmetry, it seems that many boards of JSE-listed companies are not complying with good corporate governance in terms of King III's (IoD, 2009) Principle 8.5, which states that "Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence". It is interesting to note that Steinhoff International was included in this study and performed very poorly.

It is recommended that the IROs familiarise themselves with best practices (IRS, 2012; Loranger & Nielsen, 2009) for hosting Results Announcements, Conference Calls, AGMs and Roadshows, including usability aspects surrounding archiving these communications on the website. Although PDF copies of Powerpoint presentations or handouts are provided by more companies, very few companies provided audio or video recordings. That means that institutional investors and analysts that attend these presentations, or dial in to the conference calls, are privileged to receive non-textual cues that prior research indicated influence investment decisions, yet this is not available to retail investors. Bandwidth has increased during the last few years, enabling even retail investors to download and listen to/view media files with ease on their laptops and smartphones. Furthermore, by archiving recordings and other material related to these investor and analyst presentations, they are also available for

future use by institutional investors and analysts that did not attend the presentations, or decided at a later stage to research the company as a potential investment.

CONCLUSIONS, LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

Information asymmetry arises when one party has qualitatively better information than another party, and in some cases receives it earlier than another party. Information asymmetry can arise between management of the company and all current and potential investors. Information asymmetry also occurs between investors themselves, based on their access to information provided by management and own research efforts. In order to reduce information asymmetry, companies communicate additional information voluntarily. The first objective of this study was to determine the prevalence of investor and analyst presentations on IR webpages as one means of communicating information to capital market participants. Although PDF slides and handouts were provided in many cases, very few JSE-listed companies provided audio and/or video recordings of these presentations and conference calls. The second objective was to determine whether industry classification played a role in the prevalence of investor and analyst presentations on companies' IR webpages. Results indicate that although the Basic Resources industry performed the best in most areas, and the Technology industry the worst, there was no statistically significant difference in the association of presentation score and industry.

This study contributes to the literature about alternative disclosure channels used by companies to reduce information asymmetry in the capital market and compliance with corporate governance guidelines for communication practices to be equitable. Although Hedlin (1999) propagated for companies to employ the unique features of the internet to enhance their communication with investors beyond that which can be achieved with written text, only a few companies listed on the JSE made use of this channel. Institutional investors and analysts may still gather additional signals from these investor presentations based on behavioural cues in the verbal communication from management and questions asked by analysts. Preventing retail investors from accessing the same verbal and non-verbal cues as institutional investors and analysts, even if by omission rather than deliberate intent, is also a contravention of the spirit of good corporate governance practices.

Future areas for research can be gleaned from the limitations of this study. The websites of the JSE-listed companies were surveyed in 2012. Companies could have improved their IR practices in the meantime and a follow-up study is recommended. The current study investigated industry differences in trying to explain the prevalence or absence of investor presentations on the IR webpages. Future studies could endeavour a more comprehensive analysis by incorporating other elements that are associated with disclosure quality in general, such as size (market capitalisation), ownership concentration, foreign ownership, listing on more than one exchange, and auditor quality.

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