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Managing Trade-Offs Between Environmental, Social, Governance and Financial Sustainability in State-Owned Enterprises: Insights from an Emerging Market

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Concerns remain about how companies will reconcile environmental, social and governance (ESG) issues with their core mandates. This is one reason why many organisations did not initially subscribe to sustainable investing, reporting and accounting, especially where it is not mandatory, despite growing stakeholder pressure to do so. This paper examines how state-owned enterprises (SOEs) with social and commercial mandates in South Africa, where sustainability reporting is mandatory, balance ESG practices and financial sustainability to fulfil their mandates. This article proposes and evaluates propositions about SOEs adopting and reporting ESG components using a survey questionnaire and semi-structured interviews with important SOE stakeholders to show that its sustainability accounting approach benefits policy and non-policy observers. More than half of the studied SOEs have embraced and disclosed their ESG practices, yet there appears to be no systematic way in which they balance ESG practices and financial sustainability, resulting in conflict. This paper appears to be the first SOE study on this topic. In this regard, this study offers novel insights into how sustainability practices may be incorporated into the social and commercial objectives of SOEs, which in most cases are conflicting, while still allowing SOEs to be financially sustainable and depend less on state bailouts, which is often the case, especially in Africa and in countries that face a high level of corruption. Considering the characteristics and mandates of SOEs, part of being socially responsible is utilising public resources in the form of taxpayers' money in an efficient, effective and accountable manner. The discussion in this paper indicates that paying attention to ESG issues is part of a broader accountability mechanism expected from SOEs. Also, the choice of South Africa and of SOEs in South Africa has implications for theory and practice since SOEs in South Africa have social and commercial objectives such that they are expected to be agents of social responsibility.

There were initial concerns and there are still concerns regarding how organisations, in our case state-owned enterprises (SOEs) (Argento et al. 2019), will balance environmental, social and governance (ESG) issues with their core mandates, especially in for-profit organisations (Hák et al. 2016; Burritt et al. 2023). Political and economic unpredictability, declining commodity prices and sluggish global development continue to be detrimental to businesses. Corruption, crime, infrastructure deficits and arbitrary legislation all have a negative impact on businesses in large markets. Net private capital flows to significant emerging markets continue to decline, resulting in a decline in the prices of trade and commodities relative to manufactured products, which impacts firm profits (Thorpe and Prakash-Man 2017; Natalucci et al. 2022). These account for part of the reasons, such as budgetary incorporation of sustainability and sustainable development goals (SDGs) (Bryan 2022), why many organisations did not initially subscribe to sustainable investing, reporting and accounting (Mio et al. 2016), and why many organisations are not yet part of the movement, especially where this sustainable investing, reporting and accounting are not mandatory (Abhishek and Divyashree 2019).

Accounting researchers must be lauded for their attention to sustainability/ESG accounting, reporting and disclosure, albeit in private sector enterprises (PSEs). However, compared to that relating to PSEs, there is a paucity of research on sustainability/ESG accounting, reporting and disclosure in the public sector, especially in SOEs, with the only notable study being that of Argento et al. (2019). In this context, this paper explores the means by which SOEs in South Africa, where

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Accepted for publication 29 December 2023.

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sustainability reporting is mandatory for SOEs but SOEs do not necessarily adhere to the provisions of their corporate governance code, such as the Protocol on Corporate Governance in the Public Sector and the KING IV Corporate Governance Code, manage trade-offs between ESG and financial sustainability in the course of fulfilling their mandates. We follow Lee et al. (2022) in defining financial sustainability in the context of SOEs as an indication of whether SOEs can continue to operate without wasting taxpayers' monies and requiring state bailouts, as is often the case. The fact that SOEs in South Africa are mandated to fulfil both social and commercial objectives (Department of Public Enterprises 2017) indicates that conducting such a study on SOEs promises useful insights. This is premised on the reasoning that the focus on sustainable reporting translates to businesses and organisations being socially and environmentally responsible in their real activities, given that the focus on reporting the six capitals (human, financial, manufactured, intellectual, natural and social), among other things, shapes organisations' activities (Malola and Maroun 2019). The main issue with South African SOEs is that most of them do not operate sustainably, are involved in fruitless and wasteful expenditures and usually require state bailouts (Ackers and Adebayo 2021). Following the observation above that sustainability accounting and reporting shape organisations' activities positively (Malola and Maroun 2019), we expect that South African SOEs' attention to ESG factors (especially with regards to social and governance factors) will better position them to operate efficiently and effectively without recourse to state bailouts (Lee et al. 2022) and in the right condition to fulfil their mandates of providing public goods and services (Ackers and Adebayo 2021) S1.

Social and environmental issues have recently become high on the agendas of policymakers, firms, investors and academics worldwide (Liu et al. 2019; de Villiers and Dimes 2023). As part of incorporating this in South Africa, organisations, including SOEs, are mandated to prepare integrated reports (IR). The fact that SOEs are mandated to prepare IR indicates that there is an increased focus on social and environmental issues by the oversight bodies of these SOEs in South Africa (Qian and Yang 2023). Further, the importance of sustainability accounting has led to the recent formulation of the International Sustainability Standards Board (ISSB) by the International Financial Reporting Standards (IFRS) Foundation (de Villiers and Dimes 2023), a body whose emergence has been tipped to trouble the existence of integrated reporting (de Villiers and Dimes 2023). The key point here is that the subject of sustainability reporting is becoming more and more important with the passage of time, and the formulation of ISSB is a welcome development in this context.

The above discussion appears to indicate the importance of examining how SOEs manage trade-offs between ESG issues and financial sustainability. This is key, especially considering that these SOEs are mandated to fulfil social and commercial objectives, which often conflict. Masekoameng and Mpehle (2018) argue that poor financial management, reporting and governance, a lack of skills and a shortage of competent managers, soft budget constraints (SBC), and a lack of emphasis on profitability and efficiency are among the factors contributing to poor financial sustainability in SOEs. Thus, while there is evidence regarding the extent of adoption and reporting of ESG practices, as well as the factors positively and negatively influencing such adoption and reporting in PSEs (Imperiale et al. 2023; Zaccone and Pedrini 2020; Liu et al. 2022), there is none on SOEs. Thus, in addition to exploring how SOEs manage trade-offs between ESG activities and financial sustainability, this paper is also motivated by the paucity of research on the adoption, reporting and factors influencing the adoption and reporting of ESG in SOEs and the need to bridge this gap. Thus, it samples SOEs in South Africa to achieve its objectives.

It uses SOEs in South Africa for a number of reasons. First, South Africa has the highest number of SOEs in Africa (United States of America 2022); thus findings will have implications for other African and developing countries. Second, SOEs in South Africa cover different sectors, including social as well as developmental SOEs (Ackers and Adebayo 2021). Third, SOEs in South Africa have both social and commercial objectives – constituting a tensional terrain for accomplishing both objectives (Thomas 2012). Fourth, South African SOEs are managed by private sector role players, indicating that the results of this study have implications for policy, practice and research. And finally, South Africa is strategically positioned in the academic discourse on ESG issues, featuring consistently in research studies on integrated reporting, CSR and ESG – mostly for reasons that IR originated from the country (Dumay et al. 2016) – making it the only African country considered in Singhania and Saini (2023). In this context, South Africa serves as a reporting role model for a number of countries, especially African countries, such as Namibia, which have been positively influenced by its reporting standards.

Findings from the survey questionnaire and semi-structured interviews indicate that even though a considerable number of SOEs in South Africa have adopted and do report their ESG practices, there is tension between social and commercial objectives in the SOEs such that there is less attention paid to ESG practices in reality than indicated. Among other things, it was revealed that increased public sector bureaucrat representation in the management and board membership of SOEs may increase the adoption and reporting of ESG practices as well as reduce the tension regarding the focus on social

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and commercial factors. This latter finding is in order considering that there is usually much pressure in relation to information disclosure, as sustained by stakeholder theory. This excessive pressure on additional information is to take account of issues of accountability and visibility, which are deemed much more important in non-profit organisations than in for-profit organisations (Greiling and Grüb 2014).

This paper contributes to the existing literature in the following ways. First, it responds to a further call for understanding the determinants and consequences of accounting for ESG practices with regards to social and environmental practices in SOEs. Secondly, it enhances the understanding of how organisations internally manage sustainability issues, thereby enriching the literature on ESG/sustainability accounting and reporting in SOEs. Thirdly, it further contributes to the existing literature on corporate governance of SOEs by documenting how SOEs may be structured to balance the focus on both social and commercial objectives without losing track of or favouring one over another. Finally, it contributes to the literature on SOEs and ESG by documenting the planning and control practices that are most effective in improving social and environmental practices adopted by SOEs.

Institutional Context – South Africa

The Public Finance Management Act No. 1 of 1999, as amended (PFMA), which was enacted to regulate financial management in the national and provincial governments of South Africa to ensure that all revenue, expenditure, assets and liabilities are managed efficiently and effectively, does not specifically name or classify SOEs as a type of entity (South Africa 1999). Schedule 2 of the PFMA covers 'Major Public Entities', whereas Schedule 3B covers 'Other State-Owned Enterprises' (National Government Business Enterprises). Schedules 2 and 3 (A and B) are the two primary categories of SOEs in the Public Finance Management Act No. 1 of 1999, as amended (PFMA), which was enacted for the purpose of regulating financial management in the national and provincial governments in order to ensure that all revenue, expenditure, assets and liabilities are managed efficiently and effectively (Bekker 2009; South Africa 1999). The difference between Schedule 2 and Schedule 3 SOEs is that Schedule 2 SOEs are expected to raise money to finance their operational activities and programs of expansion (Thomas 2012), while Schedule 3 SOEs are not expected to raise money.

South African SOEs are owned under centralised and decentralised organising models. In the centralised model, SOEs are organised under a special ministry for SOEs, and in the decentralised model, SOEs are owned by their respective line ministries; for example, a power-generating SOE (such as ESKOM) is owned by the Department of Energy. As of this writing in 2023, the shareholder ministry in South Africa (Department of Public Enterprises) is responsible for seven SOEs: Alexkor, DENEL, ESKOM, SAA, SAE, SAFCOL and Transnet. The bulk of South Africa's SOEs have a dual focus on social and commercial objectives. Because of the way they are structured, it may be said that they prioritise social welfare over profit maximisation. Over 700 SOEs operate at the federal, state and local levels in South Africa today, as stated in a report on the country's investment climate published by the US Department of State in 2022 (United States of America 2022).

Literature Review

To cater for the multidisciplinary nature of social and environmental research, this section discusses relevant literature on sustainability, SOEs and financial sustainability in SOEs. Compared with PSEs, in line with SOEs' social and commercial mandates, SOEs ought to pay particular attention to social and environmental issues. In many quarters of the world, in addition to providing public goods and services, SOEs are increasingly being used as commercial vehicles to deliver some public sector mandates (Huat 2016). Thus, the pressure by stakeholders for organisations, especially for-profit organisations, to be socially responsible is equally applicable to SOEs (Mauro et al. 2020), such that there is a need for SOEs to embrace paying adequate attention to social and environmental practices.

There are a number of public sector organisations, of which the SOE is one. For the purposes of this study, the term 'SOEs' means those enterprises that are created to attain states' social and economic goals. There is a distinction between SOEs and other public sector organisations, including statutory boards (SBs) and/or public/state entities (SEs), agencies and parastatals. However, we recognise that in some countries, such as South Africa, SOEs are increasingly being used for the provision of public goods and services. Just as some SBs are involved in commercial operations in some countries, such as Singapore (Huat 2016), there is a clear demarcation among public sector organisations, with our focus in this study being SOEs. Thus, the fact that SOEs are expected to achieve social and commercial mandates often leaves them focusing on one at the detriment of the other, especially where the boards of the SOEs are not constituted in line with their mandates. Hence, the focus on twin objectives makes attention on ESG matters different from that of PSEs, whose core objective is to maximise profit, and other public sector organisations, whose objective is arguably to achieve social goals.

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Social and environmental sustainability

The United Nations World Commission on Environment and Development (the Bruntland Commission) noted in 1987 that economic development often leads to deterioration in the quality of people's lives (Zulkifli 2011). Influencing the Commission to call for sustainable development to meet present needs without jeopardising the ability of future generations to meet their own needs (United Nations World Commission on Environment and Development 1987), this prompted Zulkifli (2011) to argue that there should be two sides to development. First, that the focus on development should not be on larger profits and higher standards of living for a minority, but should be about making life better for everyone; and second, that reasonable development does not necessarily involve destroying or exploiting natural resources as well as engaging in environmental pollution. Sustainability, thus, entails both meeting the needs of the world's poor population and maintaining environmental resources for the future (United Nations World Commission on Environment and Development 1987; Argento et al. 2019). Bebbington (2001, 1997) added another dimension to this definition of sustainability by noting that sustainability is concerned with how to manage the economic systems in such a way that development takes place without affecting the environment, on which all present and future development rests.

Sustainable accounting involves a broader concept of accounting (Gray et al. 1996; Zulkifli 2011) that sustains the identification of socioenvironmental costs and socioenvironmental benefits in the decision-making process of companies (Linowes 1972; Zulkifli 2011). Thus, the idea behind sustainability in accounting is sustained by an increased tendency to question the established order of society as well as a growing concern with regards to a deteriorating environment. Sustainability reports provide information regarding organisations' activities, aspirations and public image regarding environmental and social issues (Kilic and Kuzey 2018). The focus of sustainability reporting generally covers external accountability mechanisms as well as the impact of managing social and environmental costs on organisations. Organisations are increasingly switching to IR, considering that they expect the realisation of the higher market valuation benefit of ESG performance at little or no additional cost (Mervelskemper and Streit 2017). Thus, in contemporary times, organisational reporting has improved from producing just financial information to including non-financial information for the benefit of stakeholders who are not just interested in investing in organisations but also in catering for the needs of those who may want to observe how socially responsible businesses are (Malola and Maroun 2019; Ackers and Adebayo 2021). Since issues that are not economical in nature in the form of social and environmental practice and performance are illustrated by organisations, sustainability is weaved into the main business strategy of organisations, such that organisations are seen to be operating sustainably (Roman et al. 2019). The aftermath of calls for sustainable accounting and reporting has resulted in institutional investors, such as pension funds and mutual funds, increasingly becoming socially responsible in their business endeavours (Imperiale et al., 2023; Zaccone and Pedrini 2020).

Social and environmental responsibility of state-owned enterprises

Social expectations by stakeholders have impacted both reporting and carrying out business activities for private, public, for-profit and not-for-profit enterprises all over the world. Bolívar et al. (2015) and Bikkina and Devi (2012) note that social expectations are exerting pressure on corporate leaders and forcing them to succumb to social accountability in addition to financial accountability.

Considering the importance of SOEs in terms of their mandates of delivering public goods and services and the large public funds they utilise, SOEs ought to be socially responsible in their operations (Argento et al. 2019). In this regard, SOEs should pay attention to their environment in terms of how their operations positively impact it as regards development as well as how they take into account the increasing needs of stakeholders (Ackers and Adebayo 2021). In this case, citizens are one of their shareholders, along with other observing stakeholders.

Financial sustainability in state-owned enterprises

States around the world establish SOEs to use them to fulfil certain socioeconomic policy objectives that the Public Service Act does not permit. Although SOEs are the primary vehicles used by many states to deliver public goods and services, in many parts of the world these SOEs do not operate in a sound competitive and regulatory environment (Masekoameng and Mpehle 2018), such that they often do not fulfil their mandates and are always requiring bailouts, thereby not being financially sustainable (Lee et al. 2022). The pressure from stakeholders for SOEs to be financially sustainable, coupled with the recent call for them to also embrace ESG practices, appears to be too much for them to handle, especially in countries with developed SOE sectors, which will have little SOE managerial capability. That SOEs are to achieve both social and commercial goals has been documented to impact their sustainability, especially where their managers and executives are not experienced in managing both the social and commercial

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mandates , as is the case in South Africa. In this regard, it may be argued that since SOEs operate on the principle of social and commercial objectives and are managed by private sector role players, the objectives will likely be conflicting, resulting in reduced attention on ESG issues in favour of commercial objectives (Proposition 1).

Despite the importance of financial sustainability in the context of SOEs, it is surprising that only a few studies have been conducted, especially in the context of ESG practices, and it appears that there is a paucity of this literature in accounting. As indicated earlier, Masekoameng and Mpehle (2018) have documented the sources of financial unsustainability in SOEs. Lee et al. (2022) analyse how government intervention in Malaysia affects the financial viability of SOEs. The threshold impact of government ownership on financial sustainability in Malaysia is approximately 27%, according to their findings. The results show that SOEs in a developing nation can only become financially stable if government ownership falls below a certain level. This is consistent with the argument by Sayidah et al. (2019) that SOEs that are financially sustainable still want to depend on state funding. In this regard, Papenfuß (2014) documents how to establish the financial sustainability of SOEs for control purposes. Al Kharusi and Rama Murthy (2019) examine the financial sustainability of 19 publicly traded companies with over 5% state ownership listed on Oman's Muscat Securities Market. They report that four manufacturing enterprises and two banks may become financially unstable and unsustainable.

Conceptual Framework

Papenfuß (2014) notes that a number of theories are applicable for studying financial sustainability in SOEs. In addition, studies on sustainability and ESG have been explored using the theories used in this study (Ackers 2014; Khalid et al. 2021; Bruwer et al. 2022; Singhania and Saini 2023). As will be seen below, agency problems impacting PSE corporate governance practices also occur in SOEs, but SOE corporate governance issues tend to be more widespread (Papenfuß 2020) and more problematic (Grossi et al. 2015). The specification of contracts in SOEs is usually blurry (Putniš 2015), making it harder to distinguish owners and managers and document their roles (Aharoni 1981; van Thiel et al. 2020). It is also harder to specify the costs of SOEs' public service obligations (PSOs). Bureaucrats, in most cases, especially in developing countries, run SOEs, making incentives more difficult (Fan et al. 2013). Socioeconomic efficiency is rarely prioritised. Public sector role players are also conflicted by having to prioritise several deliverables for which they have limited time (Aharoni 1981; Subramanian 2015) and by having to clearly articulate the desired end goal due to conflicting socioeconomic objectives.

From the foregoing discussion, it appears clear that two relevant management theories are applicable to the subject matter of this study because they have to fulfil commercial and social objectives: shareholder primacy and stakeholder theory (Figure 1). These two are discussed in this section. As we will observe in the discussion below, since SOEs better fit under stakeholder theory, the importance of keeping up with social and environmental issues, as argued above, becomes obvious. As indicated in Figure 1, the aspects of these theories espoused for this study are organisational legitimacy and organisational accountability with respect to stakeholder theory, organisational profitability, and organisational efficiency and effectiveness with regards to shareholder primacy. These theories assisted in the formulation of Propositions 2 and 3 below.

Stewardship model (shareholder primacy)

When the organisational management focus is on private sector governance, the applicable theory is the stewardship model (Low 2006; Baldino et al. 2010). This stewardship model is primarily concerned with the ability and focus of managers in professionally pursuing organisational strategy to balance conflicting organisational interests, in this case, more commercial and less social objectives (Clarke 2005; Greiling and Grüb 2014; Zhou et al. 2017). As such, this stewardship entails developing trust alongside transparency in organisational communication and reporting (Papenfuß 2014). Thus, the focus is primarily on maximising shareholders' wealth in whatever capacity this may be achieved, be it share value, sales or dividends (Low 2006), and reporting on this thereof. In this instance, managers are usually agents engaged by the owners (shareholders) of corporations to act on their behalf in order to increase their share capital. Thus, these managers are usually members of the board constituted by shareholders, usually on the basis of the expertise with which they can deliver organisational goals. In this respect, Donaldson and Davis (1994: 159) submit that:

> … managers as stewards of the corporation diligently work to attain high levels of corporate profit and shareholder returns. Thus, organisational financial performance and shareholder wealth will be maximised by empowering managers to exercise unencumbered authority and responsibility.

Thus, the idea under shareholder primacy is to structure an organisation in such a way that it delivers efficiency and effectiveness, thereby maximising shareholder returns. Hence, the view of organisational governance under the stewardship approach focuses on facilitative and empowering structures rather than those connected

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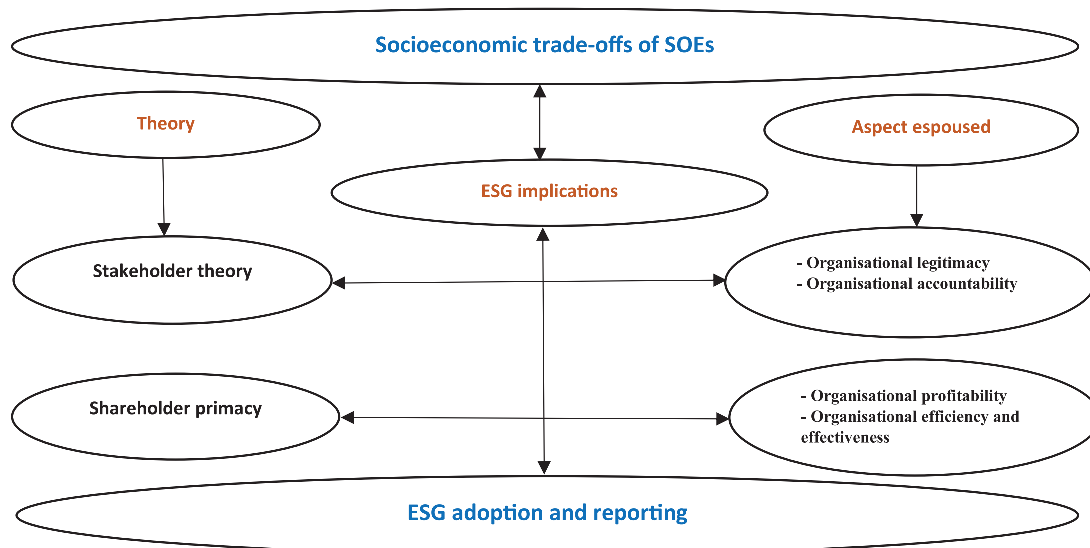

Figure 1 **Conceptual framework. Source: Authors' own compilation**

with monitoring and control (L'Huillier 2014). Accordingly, part of the stewardship approach highlighted in this study is to take account of the fact that in PSEs, the focus of the board is usually on maximising shareholder wealth. Thus, in achieving this, principals engage agents to act on their behalf in the hope of getting these agents to act in their interest by maximising wealth on behalf of shareholders. Following the above discussion, it may be argued that, as is the case with for-profit organisations, SOE managers operating under the shareholder primacy orientation are more likely to pay less attention to social and environmental practices (Proposition 2). Although it may be argued that this is changing (Büchling and Maroun 2021; Richard and Odendaal 2021; Atkins et al. 2022), some observers have opined that it sometimes mirrors green washing and philanthropic accounting (Atkins et al. 2018; Gatti et al. 2019). In his study on how public authorities (should) report on SOEs for financial sustainability and cutback management, Papenfuß (2014) finds that the quality of holdings reporting differs quite considerably and advises on a conceptual approach for evaluating sustainability in SOEs, which is the approach taken in this context.

Democratic model (stakeholder theory)

In contrast to the above, when the organisation management focus is on the non-profit and public sectors, the stewardship model is less applicable. What is usually applicable is the democratic model, in which the board is constituted based on both expertise and stakeholder representativeness and not necessarily only on expertise. These stakeholders are usually top officials who hold top positions in other jobs that do not necessarily correspond with the position for which they are being nominated in non-profit/public or private organisations (as is the case with ex-public sector role players on the board of Singaporean SOEs). Freeman (1984) and Freeman et al. (2010) contend that stakeholders are individuals or groups who can affect or are affected by the achievement of an organisation's purpose. In this way, while the focus under the stewardship approach is shareholders, the focus under the democratic approach is stakeholders. The idea behind the composition of the board of non-profit/public sector organisations with stakeholders is that since non-profit/public sector organisations are usually owned by social/public organisations, organisational legitimacy and accountability are more important than organisational efficiency or effectiveness (Suchman 1995), a view sustained in some of the variants of institutional theory (Scott 2009). Organisations, especially social organisations, must be accepted by social role players outside the organisation (Mansi et al. 2017). Accordingly, stakeholder theory argues that a successful organisation is one that creates value for stakeholders. These stakeholders are an important part of the organisation's external environment and can have a beneficial or negative impact on the organisation. They can be a formal or informal group of people or organisations (Erin et al. 2022). Thus, stakeholder theory seeks to manage the competing interests of different stakeholders while also meeting their requirements and expectations.

The discourse on stakeholder theory appears to have commenced with Clark (1916) and Dodd (1932). These authors note that the focus of managers should not only encompass maximising shareholder value but should also consider the interests of the many relevant organisational stakeholders, such as servicing the community,

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especially in the non-profit sector (Ashe 2012). In this regard, Freeman (1994) concurs that managers should consider the interests of all stakeholders who are indirectly affected by their activities. Stakeholder theory – a management theory – stresses that all relevant stakeholders have the right to organisational information and board participation (Papenfuß 2014). Hence, because of the numerous stakeholders, which include citizens and general society, there is usually much pressure in relation to information disclosure. This excessive pressure on additional information is to take account of issues of accountability and visibility, which are deemed much more important in non-profit organisations than in for-profit organisations (Greiling and Grüb 2014). Accordingly, the rationale behind stakeholder theory is that managers should endeavour to optimise the interests of all stakeholders of the firm, which include the public at large, employees and customers (Kamal 2010; Eldar 2017). These stakeholders can be grouped into two categories: primarily representing minority shareholders, lenders, customers and suppliers, and secondarily, representing the public at large, the media, the local community, the court, the government and other interest groups (Tan-Mullins and Mohan 2013). Along these lines, the stakeholder approach re-affirms the importance of the organisational environment for organisational survival. This organisational environment is both political and economic (Pfeffer 1972) on the one hand and technical and cultural (Scott 2009) on the other. In this context, the stakeholder approach brings together elements of these technical, political, economic and cultural environments. In this way, boards of directors constituted by stakeholders minimise environmental uncertainty and interdependence (Hillman et al. 2009) and may be more willing to embrace ESG practices compared to a board constituted by private sector role players. Following the above discussion, it may be argued that SOE managers operating under stakeholder theory are more likely to pay attention to social and environmental practices (Proposition 3). However, this may only be possible where there is little or no political interference. Lee et al. (2022) examined the relationship between the financial sustainability of SOEs and government intervention in Malaysia and report that the SOEs of an emerging country could reach financial sustainability only if government ownership and political interference are minimal.

A point stemming from the above discussion is that SOEs in many parts of the world are often managed by a combination of public and private sector players (Huat 2016; Bruton et al. 2015; Sokol 2009; World Bank 2014). In this regard, SOEs in South Africa are mostly managed by private sector role players, while bureaucrats are slightly represented on the boards of SOEs. Additionally, SOEs in South Africa have an oversight representative appointed by the owning department to monitor developments in SOEs. Thus, both public and private role players are involved in South Africa's SOE management, even though it may be argued that the public role players are involved to a minimal extent. Following from the discussions under shareholder primacy and stakeholder theory, it may be argued that where private sector role players may want to focus excessively on financial sustainability issues with less attention on ESG issues, the presence of bureaucrats on the board and the influence of oversight directors may be a force in streamlining SOE activities towards paying more attention to and adopting and reporting ESG practices (Proposition 4).

Taken together, the four propositions addressed are:

1. Since SOEs operate on the principle of social and commercial objectives, the objectives will likely be conflicting, resulting in reduced attention to ESG issues in favour of commercial objectives (Proposition 1).
2. As is the case with for-profit organisations, SOE managers operating under shareholder primacy orientation are more likely to pay less attention to social and environmental practices (Proposition 2).
3. SOE managers operating under stakeholder theory are more likely to pay attention to social and environmental practices (Proposition 3).
4. The presence of bureaucrats on the board and the influence of oversight directors may be a force in streamlining SOE activities towards paying more attention to and adopting and reporting ESG practices (Proposition 4).

Method

This paper samples the 21 Schedule 2 and 21 Schedule 3B SOEs in South Africa (Table 1). Given the nature of this study, the experts in these 42 SOEs as well as relevant SOE stakeholders involved in South African SOEs are reasonable respondents (Table 2) who may provide the necessary data to make sense of the questions posed in our propositions. Thus, their perceptions and opinions are key to understanding and realising the purposes of this study. The necessary ethical approvals were obtained before commencing the empirical part of this study.

In the first empirical phase, a survey questionnaire was developed in line with the four propositions. Thus, the survey questionnaire is used to confirm or refute the propositions posed in this study. We follow Freeman et al. (2010) in believing that testable propositions may be generated from theories, resulting in new insights. Ours is a self-created questionnaire that was informed by the literature and other relevant studies (Khongmalai et al. 2010; Bryan 2022). The questionnaire targeted purposively selected top officials in the

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Table 1 **Schedule 2 and 3B SOEs in South Africa**

S/N	Schedule 2 SOE	Schedule 3B SOE
1	Air Traffic and Navigation Services Company	Amatola Water Board
2	Airports Company	Aventura
3	Alexkor Limited	Bloem Water
4	Armaments Corporation of South Africa	Council for Scientific and Industrial Research
5	Broadband Infrastructure Company (Pty) Ltd	Export Credit Insurance Corporation of South Africa Limited
6	CEF Pty (Ltd)	Inala Farms (Pty) Ltd
7	DENEL	Lepelle Northern Water
8	Development Bank of Southern Africa	Magalies Water
9	Eskom	Mhlathuze Water
10	Independent Development Trust	Mintek
11	Industrial Development Corporation of South Africa Limited	Onderstepoort Biological Products
12	Land and Agricultural Bank of South Africa	Overberg Water
13	SA Broadcasting Corporation Limited	Passenger Rail Agency of South Africa
14	SA Forestry Company Limited	Public Investment Corporation Limited
15	SA Nuclear Energy Corporation	Rand Water
16	SA Post Office Limited	SA Bureau of Standards
17	South African Airways Limited	Sasria Limited
18	South African Express (Pty) Limited	Sedibeng Water
19	Telkom SA Limited	Sentech
20	Trans-Caledon Tunnel Authority	State Diamond Trader
21	Transnet Limited	Umgeni Water

Source: Authors' own compilation.

SOEs. Manes-Rossi et al. (2020) show that a number of similar studies have used questionnaires. The questions were divided into two parts. While Part I (i) provided general questions on ESG, Part I (ii) contained core study-specific questions on ESG. Part II contained demographic questions. Questions were developed in English, using a combination of closed and open-ended questions to ensure that a rich understanding of humanly constructed meaning was produced (McKerchar 2008). In order to address content, criterion validity and construct validity, questions were also formulated in English using a mix of closed and open-ended questions. We pretested the questionnaire with five respondents to ensure that responses captured what we intended without omissions (Page and Meyer 2000; Sekaran and Bougie 2016). To improve the response rate, questionnaires were administered both electronically and in person (personally/self-administered). As for the electronic questionnaire administration, a covering letter containing a hyperlink was sent directly via email to the company secretary and top executives of the sampled SOEs, requesting that potential respondents (one per organisation) identified in the covering letter completed the survey. The survey link was sent to the 42 SOEs in the expectation that at least one respondent per enterprise would complete the survey. This link took respondents to the web-based online survey questionnaire manager (Survey Face). Respondents were briefed on the first screen and presented with background information. After reading the instructions for completing the questionnaire and being assured of anonymity and confidentiality, they were encouraged, asked and not compelled to give their opinions in the form of responses to the questions posed. The researchers closed the survey when the 55th response was received after an 11-month period.

In the second empirical phase, face-to-face interviews were conducted with purposively selected SOEs, corporate governance experts, SOE consultants, managers, specialists and CEOs. The interview questions, even though developed in line with the propositions, go beyond the proposition to cover other relevant questions not covered in the questionnaire that were necessary to fulfil the objectives of the study. In addition to interviewing two directors of departmental entity oversight, two corporate governance experts, two remuneration experts, four SOE specialists, nine SOE managers, one consultant, one senior underwriter, two company secretaries and three CEOs were interviewed. Data saturation was reached after interviewing the 26th participant. In this context, Ashe (2012) notes that two to ten participants are adequate for a researcher to reach saturation point.

A pre-test was conducted with two participants using questions contained in an interview guide. This allowed the researchers to determine whether the questions that were posed captured what they intended and to provide feedback on the structure, language and wording of the interview questions. All the relevant ethical issues were taken into consideration in the two empirical phases. Data from the interview phase were analysed

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Table 2 **Characteristics of participants**

Participant	Years with organisation	Job title	Years in current position
A	8	SOE manager	5
B	12	SOE manager	7
C	6	SOE manager	2
D	9	SOE manager	4
E	11	SOE specialist	8
F	10	SOE specialist	5
G	8	Oversight director	4
H	7	Oversight director	3
I	12	Corporate governance specialist	8
J	5	Corporate governance specialist	2
K	7	Remuneration expert	5
L	9	Remuneration expert	4
M	5	Consultant	5
N	11	SOE manager	6
O	9	SOE manager	6
P	5	SOE specialist	5
Q	12	SOE manager	8
R	10	SOE specialist	7
S	14	SOE manager	11
T	20	SOE manager	5
U	9	CEO	5
V	10	Senior underwriter	7
W	14	CEO	6
X	5	Secretary/Legal advisor	5
Y	15	CEO	4
Z	8	Secretary	6

Source: Authors' own compilation.

exploratively with MAXQDA. In this regard, since this study is guided by propositions, clear research objectives and prior knowledge of the subject matter (Kuckartz and Rädiker 2019), this analysis is concept-driven. A structured coding system was deductively developed by looking for patterns relevant to the propositions in the data, as indicated in Figure 2. Compared to the data-driven inductive approach, this method is especially good at reducing bias and subjectivity (Kuckartz and Rädiker 2019).

Research control

Researcher bias may occur in qualitative research generally (Mackieson et al. 2019). Thus, purposive and not convenience sampling was used to minimise selection bias (Smith and Noble 2014), with the selection process being described. Further, to minimise analysis bias (Smith and Noble 2014), some order was imposed on the data by developing an analysis technique in line with the propositions to ensure a systematic and rigorous analysis of the unstructured data used in this study (Mackieson et al. 2019). An applied thematic approach (Guest et al. 2012) (ATA) was used to limit researcher bias (Mackieson et al. 2019). The ATA framework was specifically developed to provide a purposeful and systematic approach to qualitative research and for planning and preparing text-based qualitative analysis. To further reduce bias, the analysis was undertaken in three distinct phases, informed by insights from Mackieson et al. (2019) and Guest et al. (2012). In the first phase, the survey questionnaire and the interview questions were developed in line with similar previous studies, and the questions were pre-tested with a few respondents and participants. In the second phase, two researchers independently reviewed and analysed the resulting data. Finally, in the third phase, the results were compared and deliberated in depth on a few minor discrepancies found before consensus was reached and conclusions drawn.

Analysis and Discussion

As indicated earlier, analyses were conducted in line with the four propositions to ensure that the objectives of this study were fulfilled. Thus, this analysis section is divided into four sections, with each section presenting the analysis of a proposition. In each section, the analysis of the survey questionnaire responses is presented before following up with the interview results. Where possible and meaningful, a summary of findings from

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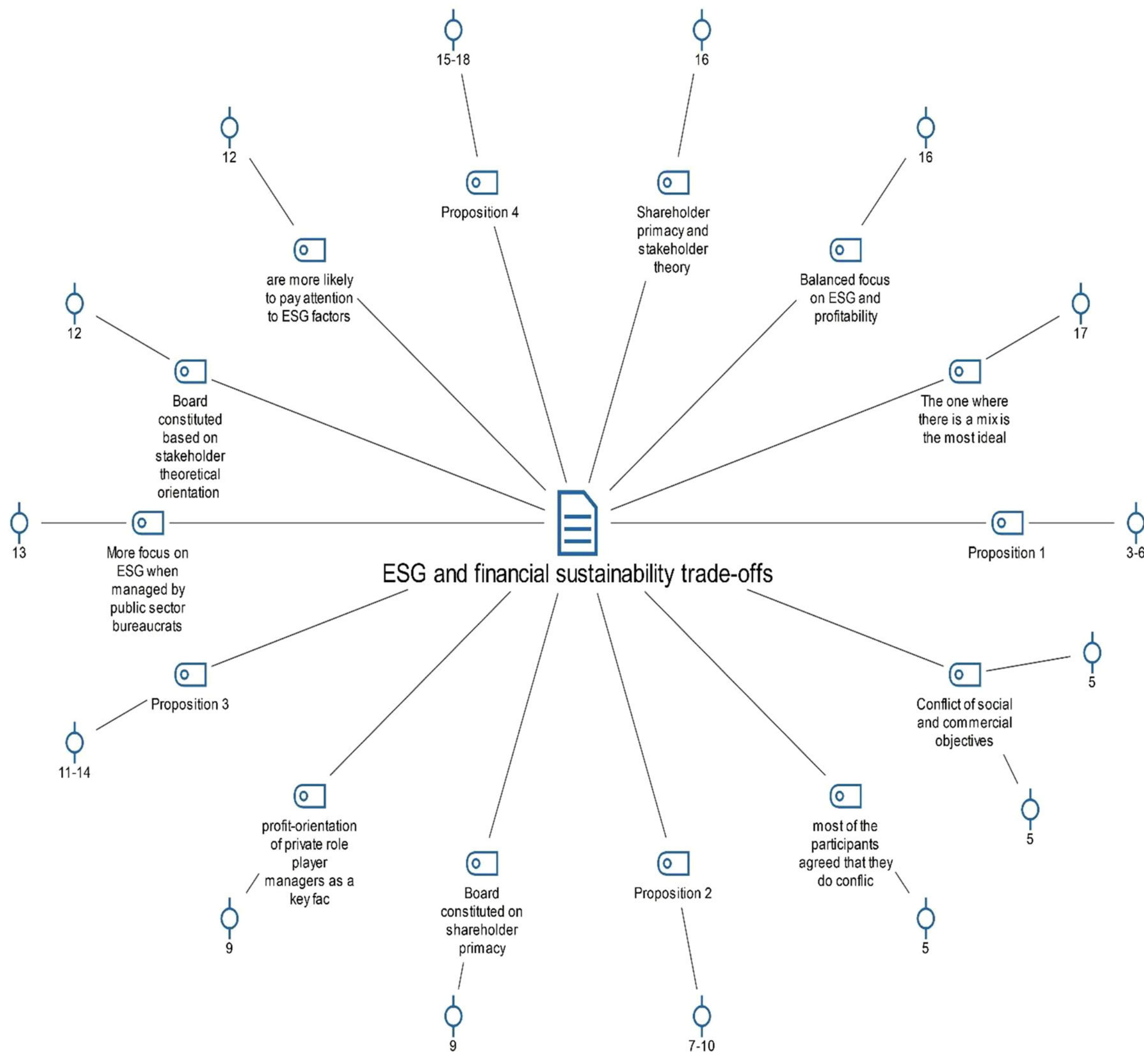

Figure 2 **Analysis map. Source: Authors' own analysis using MAXQDA's MAXMaps**

both the questionnaire and interview responses is presented in each section.

SOEs and conflicting social and commercial objectives (Proposition 1)

Responses to a question posed to determine whether social and commercial objectives in the sampled SOEs are in conflict, limiting the adoption and reporting of ESG practices (World Bank 2014; Maloa and Bussin 2016) (Proposition 1) show that 27 of the 55 respondents, or 49% of the respondents, indicated that social and commercial objectives in their SOEs conflict. Sixteen respondents, representing 29%, indicated that social and commercial objectives in their SOEs do not conflict. A further 12 respondents, representing 22%, were undecided as to whether or not social and commercial objectives in their SOEs were in conflict. As we will observe below, these results are to be expected considering that while some SOEs have better plans in place to control any effects of conflict, others do not.

In responding to an interview question posed to further establish whether social and commercial objectives in SOEs conflict, most of the participants agreed that they do. Half of the participants noted that their organisation focuses more on commercial objectives, while the other half said that their main focus is on social objectives. Participant S noted that 'the organisation, as part of the government, is also focusing on social issues and governance issues. However, environmental issues are not the focus. The organisation has an obligation to align with government-wide objectives, which are socially focused in nature and also focused on governance but are less focused on the environment. As such, there is no balance because of the environmental deficit'. This is to be expected for a number of reasons. The first is that for SOEs that are not expected to

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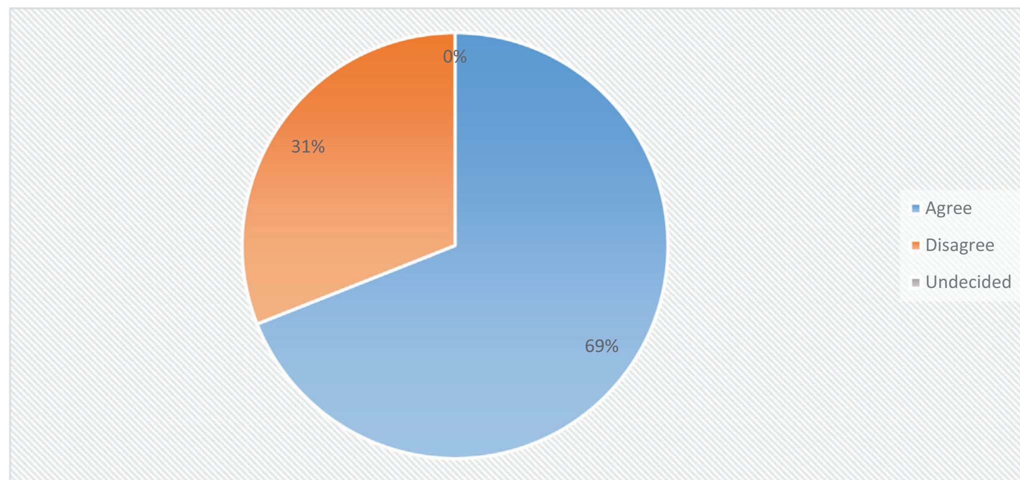

Figure 3 **Shareholder primacy orientation and attention to ESG factors (Proposition 2). Source: Authors' own analysis**

generate their own funding (Schedule 3), it may be argued that there will be little or no pressure to pursue financial gains compared with those SOEs that are expected to generate funds for their activities (Schedule 2). Another reason for such a result is that the legislation of most of the SOEs states that they are to pay simultaneous attention to social and commercial objectives. Without checking properly, one may be of the opinion that this is in order, whereas it may not be. A third reason is that some of the SOEs have mapped out a clear-cut plan for aligning socioeconomic objectives so that these objectives are not in conflict. In this regard, Participant U noted that 'in my organisation, we use segregated planning to balance activities between social and commercial objectives'. In a similar manner, Participant X noted that 'we use integrated planning in the strategic objectives of the company with the hope of balancing socioeconomic issues'. While Participants U and X noted similar planning techniques, Participant I noted the use of budgetary control in aligning socioeconomic objectives.

The contemporary academic discourse on SOEs tends to indicate that when objectives conflict, managers and executives of SOEs tend to focus on commercial objectives in favour of social objectives (Plūmiņš and Ščeulovs 2016; McDonald 2020). Where this is in place, the adoption and reporting of ESG practices may be limited. The data in this study appear to confirm this. Although some of the participants noted a number of planning controls utilised in attempting to balance conflicting objectives, a majority of the participants indicated that no planning or control mechanism is in place such that the stance in contemporary academic discourse is applicable in this regard. Participants noted that strategic planning, targets and budgetary controls, as well as shareholder, management and board buy-in, are part of the planning and control practices that are most effective in improving social and environmental adoption and reporting in SOEs.

Shareholder primacy orientation and attention to ESG practices (Proposition 2)

A majority of the participants interviewed believed that when managers and executives of SOEs are constituted based on shareholder primacy, they tend to achieve little in terms of focusing on ESG practices (World Bank 2014; Huat 2016). When questioned regarding the attention of SOEs managed by role players constituted based on shareholder primacy on attention to ESG practices (Proposition 2), as indicated in Figure 3, most of the respondents ($n = 38$; 69%) stated that SOEs managed by private role players are unlikely to pay proper attention to ESG. The remaining 17 respondents, representing 31%, opined that they may focus on ESG attention.

As reflected in the interviews, the responses above are in consonance with the interviews. Many of the participants cited the profit orientation of private role-player managers as a key factor affecting the attention of managers of South African SOEs to ESG practices. Participant F noted that 'when you submit a proposal that has to do with socioenvironmental factors, they say there is no funding … If you keep pushing for the proposal to be approved, they ask you to submit another proposal and indicate in the resubmitted proposal where the funding to push the socioenvironmental factor may come from. At the end of the day, you just forget about it and focus on other things'. Participant F does not stand alone here; Participant P added that 'aside from profitability, the very next thing on the agenda of our managers and executives is governance issues. I mean the aspects of governance that have to

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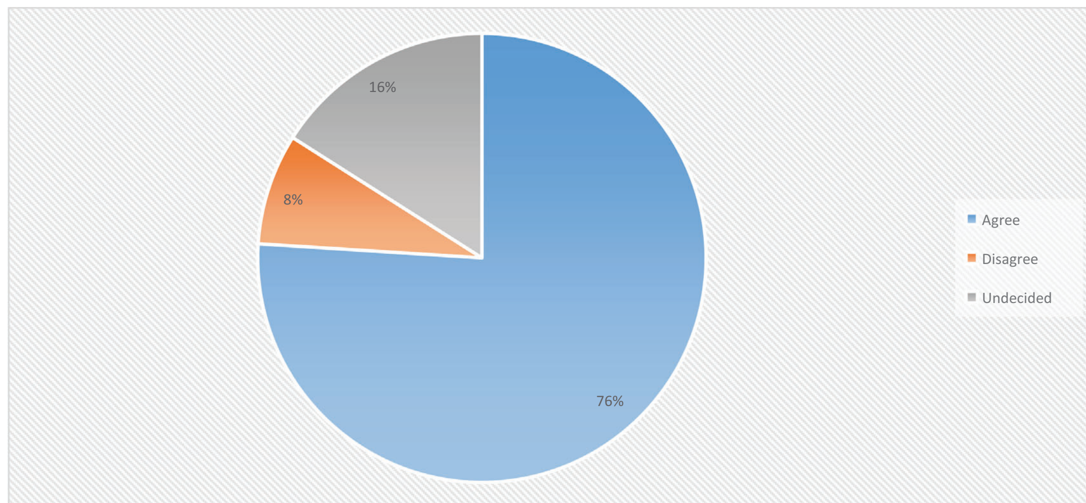

Figure 4 **Stakeholder theory orientation and attention to ESG factors (Proposition 3). Source: Authors' own analysis**

do with incentives and remuneration. The other things you are talking about, like socioenvironmental issues, do not really exist in their minds. The little we are able to achieve regarding socioenvironmental issues requires concerted efforts by the owning departments'.

Even though for-profit enterprises were not quick to embrace ESG practices (Mio et al. 2016), it appears that their adoption and reporting of ESG practices is better now compared to some state enterprises, state agencies and parastatals (Imperiale et al. 2023; Zaccone and Pedrini 2020; Ackers and Adebayo 2022; Liu et al. 2022). This appears not to be ideal considering that SOEs ought to be custodians of social issues for the main reason that, in many parts of the world, they are required to deliver public goods and services (Sokol 2009). Often, the organisational structure of SOEs in some countries does not give room for adequate managerial autonomy that is needed in making some decisions, including those related to adopting and reporting ESG issues (Participant G). For example, in South Africa, politicians to a large extent seem to influence the activities of SOEs (Participant F), such that even when managers and executives are willing to do the right thing with regards to ESG, they may not be able to pull it off should connected politicians not be interested (Participant R).

Stakeholder theory orientation and attention to ESG practices (Proposition 3)

A majority of the respondents believed that SOE managers and executives operating under the stakeholder theoretical orientation (where managers and executives are retired or active bureaucrats) are more likely to pay attention to ESG practices (Proposition 3). In this regard, as indicated in Figure 4, 42 respondents, representing 76%, agreed that when SOE managers are bureaucrats, whether active or retired, they are more likely to pay better attention to ESG practices. A further nine respondents, representing 16%, were undecided regarding whether or not managers following stakeholder orientation will focus better on ESG practices, while four respondents, representing 8%, were of the opinion that it does not necessarily result in paying better attention to ESG practices.

In line with the survey questionnaire results, many of the participants opined that since the SOEs are owned by the state, they may pay proper attention to ESG practices should they be managed by public sector bureaucrats. Their conviction is premised on the reasoning that bureaucrats are closer to socialenvironmental issues (Bhasa 2015), at least in theory, than private sector role players (Li and Maskin 2021). Participant H asserted that 'most of our SOEs are managed by private role players. Even though we remind them every now and then on the importance of paying attention to socioenvironmental factors, they are always not interested in such a discussion, but when you mention anything that has to do with governance and remuneration, they are always quick to respond'. Participant G added that 'we have bureaucrats as board members to push these issues you are talking about. But how do you proceed when they are more powerful than you and often suppress your voice? So many times, our representatives on the board just sit there and watch them take decisions'. Participant G added further that 'our biggest problem is the model that we use: we take one member of the department and put him/her on the board as a normal board member, and obviously that person is going to be outnumbered in terms of the vote and the decision. One of the things that we have realised is that our oversight function is not adequate'.

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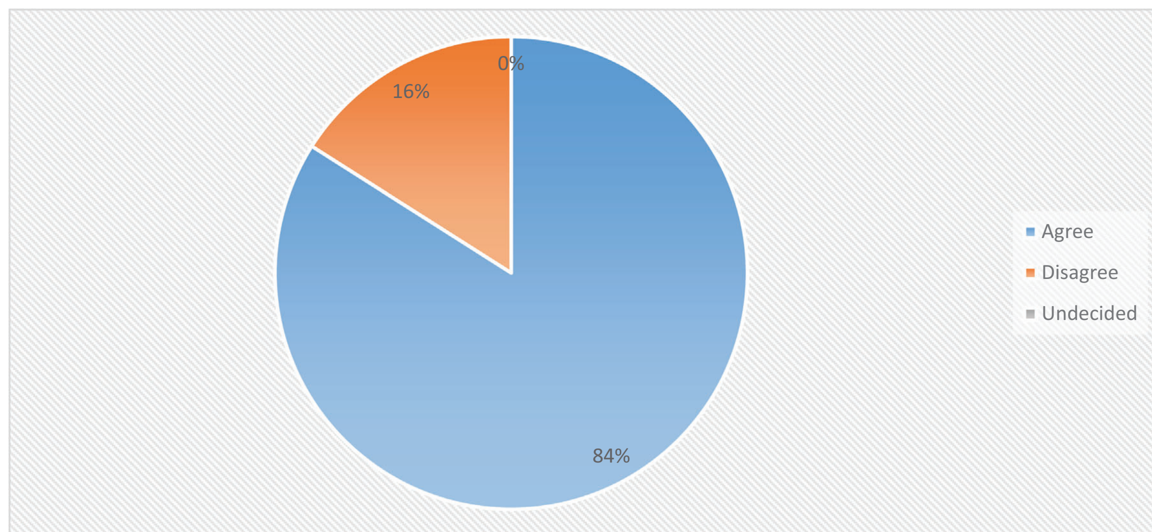

Figure 5 **Shareholder primacy and stakeholder orientation and attention to ESG factors (Proposition 4). Source: Authors' own analysis**

There is tension in the contemporary academic discourse on SOEs regarding who should manage them (World Bank 2014; OECD 2015). Commentators are divided on whether public sector bureaucrats should manage SOEs or private sector role players should do so. In South Africa, private role players are the managers and executives, and bureaucrats are limited to oversight roles such as board membership or oversight directors. An important point to add is that these managers and executives are politically connected private sector role players (Participant I). As such, from the angle of ESG, there is less incentive to adopt and report ESG practices (Participant O). This is not surprising, as the OECD (2015) and the World Bank (2014) already detailed the importance of structure in achieving SOE objectives, which is equally applicable to investing and operating responsibly.

Shareholder primacy and stakeholder orientation and attention to ESG practices (Proposition 4)

When asked about the efficacy of SOE managers and executives constituted based on shareholder primacy and stakeholder orientation with attention to ESG practices (Proposition 4), a majority of the respondents indicated support for such a structure in terms of focusing on ESG practices. In this regard, as indicated in Figure 5, most of the respondents ($n = 46$; 84%) indicated that it may positively impact SOE managers' and executives' focus on ESG practices, while nine respondents, representing 16%, believed that it may not positively impact SOEs' managerial and executive attention on ESG practices.

The interview participants confirmed the results recorded in the survey questionnaire. Participants' main point is from the angle that the lesser focus on ESG attention by South African SOEs (results indicated that of the 55 responses received on whether there is a developed program in place that considers (or is related to) social, environmental and governance practices, only 28 respondents representing 51% indicated that such a program is in place) may be attributed to the managerial structure of SOEs in South Africa, in which private role players constitute a majority of the CEOs, board members and executives. Participant R contended that 'the one where there is a mix is the most ideal. The mix is actually there to make sure that people are more accountable. Remember, in SOEs, the structure becomes so big and diluted. You find that it is not possible to hold a lot of people accountable for certain decisions. So, when it's mixed, it's a way to make sure that they have people that can be held accountable for certain decisions that go wrong or right. Basically, it's all about accountability'. Participant J added, 'Well, you know, I support where private and public role players are on the board of SOEs, and we are doing this thing together. I don't support the one that is basically constituted by public or private sector role players. Here in this organisation, it's indirectly like the latter because most of the board members are politically connected private sector officials'. In agreeing with Participants R and J, Participant B observed that 'it needs to be a combination of both public and private role players where we have the public and private role players on the board combined … I think it has to be a combination of both in order to combine the interests of the two. The government pushes for the purpose of saving the citizens, and the private pushes for profitability'. These participants are not in isolation regarding their stance; Participant G also submitted that 'the one that is a combination of both role players is ideal, in which

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case the public sector role players on the board will be representing their various departments or ministers'.

The stance of the participants here is not surprising. Following from the above discussion regarding stakeholder theory orientation and attention to ESG practices (Proposition 3), SOEs have certain characteristics that make them differ from PSEs. It may be argued that it appears ideal that they are structured as their mandates/objectives warrant (Sokol 2009; World Bank 2014; OECD 2015). A majority of the participants faulted the managerial structure in place in South African SOEs, arguing that it constrains the adoption of innovative mechanisms, including the adoption and reporting of ESG issues. Thus, not surprisingly, these participants were of the opinion that to improve the adoption and reporting of ESG practices in South Africa, bureaucrats have to take on an additional role in the management of SOEs, sustaining a combination of both shareholder and stakeholder theoretical approaches.

Discussion of Findings

Our findings contribute significantly to the theoretical debate on how organisations, in our case, SOEs, balance ESG practices and financial sustainability to fulfil their mandates in the current academic discourse on SOEs. In this context, we note that it is critical that SOEs, their managers and owners begin to consider implementing ESG practices into their activities and reporting, regardless of the management paradigm in place. While we found mixed results generally, Papenfuß (2014) shows that SOEs need to enhance their ESG adoption and disclosure; nevertheless, this research indicates that this may not have improved over time.

Findings on the first proposition on conflicting objectives indicate that there appear to be no more excuses in terms of conflicting objectives in SOEs, and it could be claimed that knowledge of the significance of paying attention to social issues has improved over time. This is consistent with our earlier claim that, because of their proximity to the public sector, SOEs should pay special attention to ESG issues, and it is critical that they offer valuable information about their ESG operations. Our findings in the second proposition regarding managers operating under shareholder primacy is consistent with commentators' assertions that SOE executives (Bolívar et al. 2015; Bikkina and Devi 2012) are usually the culprits for focusing less on ESG and sustainability issues in general as a result of their excessive focus on commercial objectives (Fama and Jensen 1983; Taga 2017). This is also consistent with Masekoameng and Mpehle's (2018) observation that there is less focus on non-financial reporting by the executives of South African SOEs. Further, our findings in the third proposition confirm that better representation of public sector bureaucrats in managing and the board of SOEs may improve attention to ESG practices. Furthermore, the results of our fourth proposition, which is also consistent with the literature (Bruton et al. 2015), explain this better, as interview participants were divided on which of the role players were better suited to manage SOEs. In this context, Bruton et al. (2015) argue that SOEs are hybrid organisations and should be managed and controlled as such. Furthermore, as Kamal (2010) points out, including other stakeholder groups in the development of ESG policies, such as oversight directors and owning departments, will be extremely advantageous. As a result, attaining successful ESG adoption and disclosure may be nearly impossible without the necessary oversight of the oversight directors and the owning departments. This is consistent with the findings of Qian and Yang's (2023) study, which finds that oversight bodies are critical in encouraging ESG adoption and disclosure in SOEs. As a result, it might be claimed that adequate oversight will boost ESG adoption and transparency in SOEs.

Overall, our findings indicate that in balancing ESG practices and financial sustainability, SOEs have used a number of strategies, including segregate planning, integrated planning, budgetary control, and shareholder, management and board buy-in. Perhaps the most important part of these findings that has implications for the second, third and fourth propositions is that shareholder, management and board buy-in are important for the adoption of ESG practices and incorporating this into the activities of the SOEs is imprtant. In this context, we find that better representation of SOE stakeholders on SOE boards and at the executive level may improve SOEs' adoption and disclosure of ESG practices. Thus, oversight bodies such as oversight directors, owning departments and relevant stakeholders (Kamal 2010) play an important role in not only adjusting SOE legal and regulatory frameworks to improve SOE attention and reporting on ESG and sustainability practices in general, but also keeping an eye on how well procedures put in place to address them are effective.

Implications for Policy and Practice

Using public funds in the form of taxpayers' monies typically increases the need for SOEs to account to the public, resulting in greater accountability expectations in the public sector compared to the PSEs (Bovens et al. 2014). Therefore, SOEs should provide the public with complete and credible information regarding their ESG practices, in addition to being financially sustainable. This study's findings have significant implications for the sustainable management of SOEs, particularly for stakeholders involved in the management of SOEs, such as SOE practitioners, public sector role players, pri-

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vate sector role players and standard-setters. In this regard, public sector role players should endeavour to restructure the governance of SOEs in line with their socioeconomic mandates, considering that this will assist them in better focusing on both their commercial and social objectives without losing track of or favouring one objective over the other. This will also assist them in terms of financial sustainability, as public sector role players in the management of SOEs may serve as checks on the excesses of the private sector role players serving as South African SOE executives. Thus, we provide important insights into the intricate interrelationships required to create effective governance, accountability and sustainability structures by meaningfully integrating the knowledge and expertise of various internal and external SOE stakeholders, thereby highlighting aspects that stakeholders, including practitioners and standard-setters, may focus on in further enhancing the financial sustainability of SOEs and promoting a better governance environment that takes into account ESG practices. Thus, we are optimistic that the findings will be of use to those who govern, serve in or engage with public sector organisations and SOEs, as well as those in other sectors and organisations worldwide.

Conclusion

The last few years have witnessed innovation in organisational responsibility, sustainability and reporting. These innovations have been better documented in PSEs compared with SOEs. As obtainable in a socioeconomic corporate environmental management context, organisational reporting is very important for internal and external appraisal and results, especially considering the demand by stakeholders that companies invest and report responsibly. In this context, this paper examines how SOEs manage trade-offs between ESG practices and financial sustainability and the factors influencing the adoption and reporting of ESG in SOEs. It exemplifies how SOEs' governance is key to sustaining their financial sustainability and focuses on ESG practices. In this vein, the discussion in this paper, aided by previous research and propositions developed from two theoretical stances, indicates that certain practices such as strategic planning, budgetary control, targets, and shareholder, management and board buy-in are important in improving the adoption and reporting of ESG practices in SOEs. In addition, managerial structure may also assist in improving the adoption and reporting of ESG practices in SOEs. In this instance, results indicate that for the sake of promoting sustainability issues in SOEs, public sector bureaucrats should be better represented in managerial and executive positions in SOEs, and better representation should also be considered for board membership. Furthermore, this study further re-iterates the importance of collaborations between for-profit and not-for-profit role players in promoting financial sustainability and ESG practices in SOEs (Ma et al. 2022). Even though we recorded mixed results, the results appear to have implications for improving the adoption and reporting of ESG practices as well as ensuring that SOEs improve in terms of financial sustainability and do not frequently require state bailouts and financial assistance from owning states (Al Kharusi and Rama Murthy 2019).

As is usually the case, studies of this nature are never without limitations, providing avenues for further research. The main limitation of this study is coverage. While the authors wished to expand this study to other African countries, we were unable to do so due to a lack of access to SOE executives in other similar African countries with developed SOE sectors. In this regard, future research could replicate this study with a larger sample size, potentially resulting in more generalisable findings. Future research could also extend this study by exploring these issues in developing countries that have close economic ties with African countries or that have developed SOE sectors and are rich in sustainability contexts, such as South Africa (Singhania and Saini 2023). Further research could also explore or replicate this study, focusing on state agencies and parastatals.

Conflict of Interest

The authors declare none.

Data Availability Statement

Data are publicly available and will be provided upon request.

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