**#1261 – RESPONSES TO REVIEWERS’ COMMENTS – ROUND 1**

We would like to thank the reviewers for their valuable comments. It has definitely improved the focus and flow of the paper. Below are our detailed responses.

| **REVIEWERS’ COMMENTS** | **AUTHORS’ RESPONSES** |
| --- | --- |
| Is the research question clear and concise? | |
| * Largely yes.   The main research question is whether South African firms comply with international best practice for investor relations and the importance of this is clearly communicated. As part of this compliance check list the authors also dedicate attention to the internet stages model – and examine whether South Africa has moved from stage II to stage III in terms of the usage of unique features of the internet. I do think however, that the authors need to make it explicit upfront (in the abstract and introduction) that this latter issue is a sub-objective of this study. The authors implicitly do this and then make it more explicit in the section on coding when reference is made to the “second focus of this study” but describing them as distinct but related components of the study will help the reader have a clearer idea of the purpose of the paper. | * Done. |
| Is the research method appropriate to address the research question? | |
| * Yes. |  |
| Essentially, is this article suitable for publication in an ISI accredited journal? | |
| * Yes. |  |
| Please, elaborate by providing feedback on the following points. | |
| If it is not suitable, are the necessary adjustments extensive or minor?  What are those adjustments? | |
| * + Clear sub-objective communicated at the beginning of the study (as described above). | * + Done. |
| * + In the abstract, the following statement is made: “Financial reports were still predominantly presented in PDF format, which is a reversal of trends towards HTML found in prior studies”. The results you obtain are not necessarily inconsistent with prior studies either internationally or South Africa (as documented in your review of results) but rather they are inconsistent with Hedlin’s model of internet adoption. This needs to be communicated more clearly. | * + Agreed. The statement about ‘reversal’ was incorrect and is removed. We have made it clearer in the Abstract and Conclusion that the JSE companies remained in stage II, instead of progressing to stage III, as proposed by Hedlin (1999). |
| * + When describing the sample, the 1st June 2012 was identified as the starting point for the selection of companies. Why then, when determining the top 100 by market cap did the authors revert to the DEC 2011 for measurement thereof? Moreover, when doing the industry comparison to ensure 50 companies in the sector, the authors again looked at the list as of June 2012 which makes the reference point to Dec 2011 for mkt cap appear inconsistent. I don’t think this is likely to have any impact on the selection of firms that would make any difference whatsoever to the results – I just wanted some clarity on why this was done and perhaps some explanation in the document could be added. | * + The primary reason for determining the top 100 as at 31/12/2011 was to include the same companies as was used in the E&Y study (2012) on quality of integrated reporting. A further analyses is done (not reported in this paper) were the regression model includes the integrated reporting category as explanatory factor for the online IR score. The composition of the sample is described in more detail and additional endnotes are added, which hopefully provides more clarity. 97 companies appeared in both lists (June 2012 and Dec 2011). |
| * + In the results section, the following statement is made: “The South African Top 100 companies’ mean score of 47.9 percent compares slightly better with that of the UK and US, but still disconcertingly low, especially as many of the Top 100 companies also have cross-listings on the UK and US exchanges.” The phrase “as many” concerns me. Firstly, the study of Yannie and Wan includes the top 30 of the FTSE 100 and the DOW 30 – possibly only 2 or 3 South African firms are included in the Top 30 on the FTSE and I cannot think of any in the DOW 30. So, is it really likely that any more than a couple of South African firms would have been included in Yannie and Wan’s sample as you infer? | * + We did not intend to infer that ‘many’ JSE companies appear in the top 30 of Dow Jones or FTSE. Rather the intention was to convey that cross-listed companies disclose better. We rephrased it as follows: “Although the South African top 100 companies' mean score of 47,9 per cent is slightly better than our full sample’s score, it is still disconcertingly low, especially since 27 of the top 100 JSE-listed companies are cross-listed on UK, USA or European exchanges (albeit not necessarily in the top 30 or top 100 of those exchanges). Being listed on a foreign stock exchange (in addition to the local exchange) was found to be significantly positive for online financial reporting quality by Debreceny, Gray and Rahman (2002), Bollen et al. (2006) and Desoky (2009).” |
| * + What is the XBRL project referred to on page 18 which some of the Top 100 companies are a part of? Perhaps an endnote explaining this would be helpful. | * + Done. See endnote 8 please. |
| * + Table 2 could be redesigned to present the information on the comparative studies slightly better. That is, the fact that the results appear under the heading “N=205” is confusing as in fact, most of the comparative studies have much smaller samples and focus only on the large companies. I would suggest giving some thought as to the layout of the table to present the results more accurately. | * + We have split the table into two separate tables. Table 2 now addresses the results of our study alone i.r.o. the different reports and reporting formats found. Table 3 makes a comparison to the prior SA studies. |
| * + Grammar and editing as follows: |  |
| * + - The document needs to be edited as there are places where sentences are incomplete. E.g. specification of the research question in the introduction: “answer is to what extend does the online IR practices” | * + - The paper has been sent for editing together with the reviewers’ comments. We trust that all is in order now.     - Regarding the example of the incomplete sentence, in our copy of the uploaded paper the sentence is complete? |
| * + - Some paragraphs are extremely long (e.g. first paragraph in the introduction, paragraph on page 7 etc.) which inhibits the readability of the document. | * + - Paragraphs have been split up. |
| * + - Section 3.1 has year and date references at the end of two sentences without the author’s name included. | * + - Done. |
| * + - Page 12 – there are references to endnote 9 and 12 – but there are no endnotes 9 and 12. | * + - These are not endnotes, but an attempt to indicate the scientific notation of trillion and billion as the US and UK has different conventions. We have now used the hat ‘^’ to avoid confusion. |
| * + - And, endnote 4 is not actually referred to in-text. | * + - In our copy of paper submitted, the in-text reference was on pg. 11, the 3rd sentence under section 3.4. In the updated paper it is now endnote 5 and appears on page 12, the 4th sentence of section 3.4. Endnote 5 is again reference on page 13 in the middle of the first paragraph. It appears again between endnote 6 and 7. |
| * + - In some places the numbers are referred to as “thirty-three percent” and others as “33 percent”. Consistency needs to be applied here in line with the journal requirements. | * + - We trust that the editor has found all inconsistent numbers. |
| * + - Use of acronyms (that are not explained) and inconsistent e.g. US versus USA. PDF acronym defined at least twice but acronym used before the actual definition! | * + - We trust that the editor has found all instances. |