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RESEARCH ARTICLE

Is weak corporate governance is the motivation for using impression management strategies in Intellectual Capital disclosures in Integrated Reporting

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ABSTRACT

The need for latest and authentic information regarding the performance of the corporates is increasing day by day. This not only has opened the new horizons of information presentation but also facilitated the users in making investment decisions in a well manner. Users are interested in obtaining the financial and non-financial information of corporate performance to assess the security and outcome of their investment. The annual financial reports were fulfilling the need for presenting the quantitative data and sustainability report put light on the qualitative information as well but no report was ever remained in practice which gave a holistic view of the organizations. The evolution of integrated reporting is with the objective of presenting a holistic picture of the organization's value creation process by transformation of capitals. The framework consists of guiding principles and the contents have been developed by the IIRC in the light of which the organizations are preparing the integrated reports but it is still questionable whether the information presented in the integrated reports free from psychological biases i.e. different impression management techniques which are used by the firms to improve image, reputation and legitimacy. Recent study has investigated the thematic manipulation with regard to the intellectual capital disclosures in business model section of IR but no study has done to investigate the presence of Emphasis strategy. The study investigates the presence of impression management strategy i.e. positive tone and its motivation by weak corporate governance mechanism with regard to Intellectual capital disclosures of Integrated reporting.

Key words: *Impression Management, intellectual capital, corporate governance*

INTRODUCTION

To protect vested interests of different stakeholders, governments always focused on holding the corporates accountable not only before shareholders but also stakeholders by providing authentic, timely and valuable information about firms' performance.The shareholders always had little opportunity to influence the decision made by the management of the corporates, therefore the governments have established rules and regulations for prescribing disclosures about the firms' performance keeping in view the information needs of the users of financial statements (citation burdney, 1985). Initially the Social and environmental reporting remained in practice since long (Hogner, 1982); (Guthrie and Parker, 1989); (Buhr, 2007) and was a part of disclosures of annual reports prepared by corporates. Later on, a stand-alone report was prepared to reflect the social and environmental disclosures (Cho, Phillips, Hageman, & Patten, 2009). This not only increased the complexity level but also the number of stand-alone reports.It points out again the importance of presenting the environmental, social and financial information in an integrated manner (Dey & Burns, 2010). This resulted in the evolution of integrated reporting.

CAUSATION ANALYSIS OF INTEGRATED REPORTING:

Last two decades are remarkable towards relationship analysis of financial and non-financial performance reporting and management i.e. the interaction between strategies of management, performance reporting and measurement systems and controls (Parker, 2012). In the context of the relationship of governance, management and accounting different scholars presented several proposals (Giovannoni & Maraghini, 2013), from which following frameworks were surfaced. The Balanced Scorecard which was an internal mechanism of performance reporting and measurement and management control and included the measures related to strategic and operational aspects. The balanced scorecard didn't reflect the integration between measures thus changing the direction towards the Triple Bottom Line, an external reporting, which became popular by the end of 1990s (Elkington, 2004), highlighting the need for disclosing information related to environmental and socialmatters which later becomes the Sustainability disclosures. By the end of the twentieth century, social and environmental reporting remained the part of corporate annual reports. Substantial evidence found that the social and environmental disclosures as part of annual reports was to fulfill the information requirements of stakeholders (Deegan, 2002)

These social and environmental reporting increased and became refined in relation to the information needs of the financial stakeholders and again the stand-alone information on social and environmental disclosures was publsihed(de Villiers & van Staden, 2011). As the information was on voluntary basis and no standard guidelines were present to make the uniformity of the information, the organizations which includes the Institute of Social and Ethical Accountablity and Global Reporting Initiatives (GRI) initiated the process of developing the Voluntary reporting standards as guidelines for the organizations which were adopted widely for social and environmental standards(Buhr, Gray, & Milne, Histories, rationales, voluntary standards and future prospects for sustainability reporting: CSR, GRI, IIRC and beyond, 2014). This was to increase the level of credibility and obtain the comparability of the reports. With time and amendments, the increased complexity of the GRI guidelines increased the sustainable reports in volume. Adding more and more information about the social, economic and environmental disclosures resulted in information overload (Fries, McCulloch, & Webster, 2010). This not only made the decision making difficult, but also complicated establishing the linkages between various impacts. In 1999 PricewaterhouseCoopers created the Value Reporting Framework (formerly a Corporate Reporting Framework) which identified the guidelines about the information to be shared by all the companies and corporates, strategy and structure, managing the value and performance.In 2004, a Project named as Prince's Accounting for Sustainability Project was initiated which developed the guidelines of reporting as "connected reporting" regarding linkages between social, economic and environment actions with outcomes.Many organizations produced a holistic picture of interaction between social, environmental and economic factors in the sustainable reports.

INTEGRATED REPORTING

Novozymes, a Danish Company, prepared the first corporate integrated report in 2002 and the integrated reporting was started thereafter.Later on in Alan willis established a new model based on corporation principles of governance. He proposed the financial and non-financial data to be consolidated in one single report (Wilis, 2007). In 2008 an initiative was taken by the Corporate Register for awarding an annual award to the best integrated report prepared.In 2009 Institute of Directors of Sothern Africa (King III) developed a code which was to be effective from March 2010 and which provides that the companies should provide the holistic approach in the integrated reports. The report was required to be prepared with the annual report or as an independent report simultaneously with the annual report. South Africa picked the opportunity to initiate first ever regulatory framework on integrated reporting and further IIRC was formed to develop the framework on the integrated reporting with a view that the integrated report will provide an integrated and holistic picture of social, environmental and economic impact with opportunities and risks under one umbrella. Novo Nordisk played a leading role for development of non-financial disclosures on volunteer basis under a single report and the Annual Report of 2013, prepared by Novo Nordisk, reflected the integrated picture of performance of the organization in social, financial and environmental context with increased transparency under a perspective of triple bottom line.

DEVELOPMENT OF THE IR FRAMEWORK

On 12th September 2011 Discussion paper "Towards Integrated Reporting – Communicating Value in the 21st Century" was published by the IIRC and the comments were asked till 14th December

2011.In October 2011, Initial organizations participation in the IIRC two year Pilot Programmeand the groups of companies were formed in peers and were required to share knowledge and experiences on integrated reporting.In July 2012 draft outline of the IR framework was issued, this was an informal process of consultation and collecting information.In November 2012 Prototype of IR Framework was issued for welcoming feedback.On 16th April 2013 consultation Draft of the IR Framework was issued and the comments were required by 15th July 2013.In December 2013 IR Framework published by IIRC.

The integrated reporting framework developed by IIRC was with the objective to integrate social, financial, environmental and governance issues in a concrete, clear and comparable manner(IIRC, 2013). This was to enable the stakeholders for making the rationale assessment of the companies and their long-term interventions and how efficiently the companies are using their resources (EY, 2013). Integrated reporting contributed in providing the information besides the traditional way of reporting i.e. financial or sustainability reporting. This report covered all the capitals used by the organization for creating value over the short, medium and long term i.e. human, social, environmental, intellectual, financial, natural and relationship. IIRC also proposed through the framework that the required governance mechanism may also be employed in order to effectively support the process of value creation.

Since the issuance of IIRC framework, many organizations have been added in the pilot programme of the IIRC for preparing the integrated reports as per the framework. This program was helpful in providing the opportunity of discussion and understanding the reports prepared by different organizations as the matter remained under debates whether the preparation of integrated report should be a legal obligation and compulsory (Ecles, Cheng, & Saltzman, 2010). The main purpose was to reinforcement of framework according to the information needs of the stakeholders. South Africa, the pioneer nation, for adopting the integrated reporting which mandated for the Johannesburg Stock Exchange listed companies to prepare integrated reports. Initially the companies were required to prepare the integrated reports in compliance with the South African framework, but later the framework of IIRC was adopted.Many companies adopted the integrated report and contributed towards research for the improvement and uniformity of reports prepared by different companies' The working group of IRC suggested future research in many areas,after taking under consideration about 116 reports/items related to integrated reporting, likethe clarity on integrated reported and integrated thinking, effective integration among the financial and non-financial information. The study also suggested work on the role and importance of corporate governance (IRC, 2014).

We will then move on to explain some key developments in other countries (e.g. the UK, the Netherland, Spain, Australia, Singapore, Japan and the USA). Companies from different regions of the world adopted to prepare the integrated reports but no country made it mandatory for its companies to prepare the integrated report and South Africa is the only country in this regard. It was likely that the preparation of integrated reports will reduce the stakeholders' decision making dependency solely on the basis of financial information and they will be in a position to consider other factors in making investment decisions (OPRIȘOR, 2014).

As the preparation of integrated reports is currently not a legal obligation since the companies are providing selected information. Substantial number of companies provided their strategic vision and aims, and the progress towards its aim, but many of them failed to explain the social and environmental impact of their progress towards objectives. Many of them have not provided the future requirements of their human, manufactured and social capital in the process of value creation, even they are lacking in providing the integrated view of all the components of integrated report which was the sole requirement (PWC, 2013). A survey of 50 companies conducted by PWC in Netherlands also pointed out the low quality of disclosures in the integrated reports and many improvements like; significant detail of risks and opportunities, mapping of resource allocations towards achievement of objectives were suggested (PWC, Integrated Reporting: Companies Struggle to Explain what value they create, 2013). Field of integrated reporting is like a heaven for the researchers. Significant researches on different areas have been taken place and many are in progress which will be discussed in the literature review section.

IMPRESSION MANAGEMENT

Initially the performance of the companies was reflected through financial information but later the narratives became the significant part of the reports. Increased narratives in the reports gave the management an opportunity to choose what information is to be provided leading to the impression management. The concept was fetched from Social Psychology and is related to "How the individuals present themselves to others in order to get the favourable perception (Hooghiemstra, 2000). Corporations uses different techniques of impression management in order to be perceived good before others. Managers can modify perceptions of the stakeholders of the company by providing only the positive information and hiding the negative information, emphasize the figures, highlight them and also concealing the bad news. The comparisons may also be presented in a favourable way by selecting the positive benchmark and making the comparisons and by narrating the favourable variance in earnings in order to positive presentation of financial information (Krische, 2005) resulted in the distortion of transparency (Rutherford, 2003).
Studies suggested that impression management can work as a catalyst in order to create good reputation of the organization especially when the things are going wrong ((Courtis, 2004). Even when the organizations are in an era of low performance, impression management can help in restoration of the lost reputation just with the little effort.

ACCOUNTING AND IMPRESSION MANAGEMENT

In the context of accounting, impression management may be bifurcated in four different and broader perspectives i.e. economic, psychological, sociological and critical.
In order to achieve goodwill and to be perceived good, managers are involved in using different techniques of impression management in their narratives disclosures i.e. reporting and self-serving bias in most cases to effect the audience psychologically and economically mostly. In order to mislead the stakeholders, managers are involved in using agency theory based assumptions in order to portray the good picture by sometimes emphasizing the outcomes and providing only the positive and favourable information and concealing the unfavourable information so that the confidence of the stakeholders may increase on the performance of the organization.
In the similar way, reporting basis are used in order to influence the perception of the stakeholders to obtain unfair advantage and the manipulation can be thematic, rhetorical, visual and numerical.In the psychological perspective the manipulation is by taking the credit of the positive and disowning the negative and putting it on the external factors in the case of financial performance perceptions (Aerts & Cheng, 2011).
Research suggested that thematic manipulation is widely used in accounting and its relationship has also been examined with the performance of the firm and about the opportunistic behavior of the managers in disclosure of accounting narratives (Clatworthy & Jones, 2006). Emphasis strategy is also being widely used in order to manage the impression of the stakeholders by placing the positive information in the most prominent place as an eye catcher like the headlines in case of press releases (Guillamon-Saorin, Brennan, & Pierce, 2008).

CORPORATE GOVERNANCE AND CORPORATE FINANCIAL REPORTING

Corporate governance is the sole manager of the assets of the firms. It consists of the board of directors and is the nucleus of control system and corporate decisions. The directors include the independent directors who have significant influence in the board decisions (Byrd & Hickman, 1992). Studies suggest that higher proportion of independent directors in the corporate governance reduces the use of techniques of impression management in the disclosures (Mather & Ramsay, 2007).Abrahamson & Park found that even if the independent directors have limited access to the information of the firm, yet they play significant role in limiting the concealment of negative outcomes of the firms (Abrahamson & Park, 1994). The governance is strong when there are more number of independent directors in the corporate governance and it will also limit the use of impression management techniques in the reports.

INTELLECTUAL CAPITAL DISCLOSURES IN INTEGRATED REPORTING

IC consists of all intangible resources of the firm which contributes towards value creation and includes Human, Relational and structural Capital. Human capital is the experience, skills and technical knowledge of the people working in the firm. Structural capital is the cultures, systems, environment and procedures of the organization and the relational capital is the relationships of the organization with the customers, suppliers and stakeholders. It is demonstrated from the research that IC disclosures information remained useful in making investment decisions (Abhayawansa & Guthrie, 2010). However it is also worth noting that IC information is only relevant when presented with the financial information (Alwert, Bornemann, & Will, 2009).

The main focus of IIRC is that the firms should provide the holistic picture of their value creation process rather presenting different information separately with an emphasis on the IC disclosures. IIRC categorized the resources used by the firms in to capitals and defines them as follows i.e. financial, manufactured, intellectual, human, social & relationship and natural where the structural, human and relationship is recognized as IC. Studies have done in the presentation of IC in the IR and its relationship with the profitability however no study has been done on the relationship of weak corporate governance and impression management as regard to the use of IC disclosures in IR which is investigated in this study.

THEORETICAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

Impression management techniques are used to control the minds of the people as regard to firms. In corporate reporting, organizations are involved in using IM techniques for manipulation of the stakeholders' perception in a favourable way (Clatworthy & Jones, 2006). These techniques include the thematic manipulation which is the positive tone in the disclosures. Organizations use the positive tone when they are focusing more on the achievement and concealing the negative results. Evidence have found that thematic manipulation has been used in the corporate reporting and the adoption of impression management in the intellectual capital disclosures. Recent study have investigated the IM in the ICD with reference to the profitability (Melloni, 2015) and suggested the future study on the relationship of corporate governance which has been studied in this paper. So our main hypothesis is:

H1. Weak corporate governance is the motivation to use impression management in intellectual capital disclosures in IR.

METHODOLOGY

Researchers investigate ICD by content analyses (Dumay & Cai, 2014). It is also important to know that which type of IC out of the three: structural, human or relational gets more attention. Even if we can find that then the results obtained from the volume will be misleading (Beattie & Thomson, 2007) and a need for the assessment as regard to quality and quantity is also necessary. It is also important to know that if the information of ICD is related to past present and future which may be divided into the forward looking and non-forward looking. Forward looking information which reflects the strategies of the firm is more useful (Abhayawansa S. , 2011).

The tone of the information is also necessary to understand as the information provided in positive way may alter the perception of the audience. In such way we may divide the information in positive or non-positive (negative or neutral). The four dimensional framework of Abhayawansa describes the coding for the ICD on the topic, time orientation, tone and evidence (Abhayawansa S. , A methodology for investigating intellectual capital information in analyst reports, 2011).

SAMPLE SELECTION AND DATA COLLECTION

The study is based on the reports as available in the Integrated Reporting Emerging Practice Database as of 15th January 2015. All the reports are available as sample for the public to be used and preparation of the IR accordingly on the official website of the IIRC.

The focus area "Business Model" is adopted from the future research suggested by the researcher (Melloni, 2015). Therefore only those reports are included in the research which provide the Business Model section separately in the report. A total of 239 reports are available out of which 59 reports have not provided the business model by means of its capitals. Out of the remaining 180 reports, 80 have been selected as sample for the content analysis. The data of the reports is collected for three years 2012, 2013, 2014.

MEASUREMENT OF CORPORATE GOVERNANCE

For the assessment of corporate governance, the structure of the board as investigated in different researches has been adopted (Davila & Penalva, 2006).

1. The proportion of independent directors on the board (PrInd).
2. The proportion of institutional directors on the board (PrDom).
3. CEO influence (CEOinf).
4. Number of board meetings (BMeet).
5. Existence of a nomination-remuneration committee (RCom).
6. Existence of an audit committee (ACom).
7. Board size (BSize).

DATA ANALYSIS

The analysis was conducted in two steps. At first step, a manual content analysis wasperformed for assessment of the quality of the ICD and its attributes. At the second level the collected data was used to run a multivariate analysis to assess the presence of IM in the disclosures.

The research is completed by using the Krippendorff's (2013) methodology to run content analysis. The text of the section is defined as a text unit where each unit is being recorded as separate text unit for the coding. The text units have been divided in the six categories of the capitals in the light of the definition provided by the IIRC framework.

In all, 5,040 text units were analysed belonging to 80 reports with an average of 63 text units per reports.First, each text unit was classified into one of six categories that refer to the type of capital: IC i.e. (human, structural or relational) or non-IC (financial, manufactured, natural), following theIIRF guidelines. Each text unitwas coded according to three attributes: the timeorientation (forward looking or non-forwardlooking), type of evidence (quantitative or non-quantitative) and the tone (positive or non-positive).Information was coded as quantitative if included a number (monetary or non-monetary) and non-quantitative if otherwise. Information was coded asforward looking (if future prospects) andnon-forward looking (if related to past or present). Information was positive (if good news) and non-positive (if negativeor neutral). Additionally, the topic of information as distinguishing between"inputs" and "outcomes". An information isan"inputs" (if considers the capital asa driver of firms' value creation process) and an "outcomes" if it is an impact of value creation process.

Later a univariate analysis is run based on the computation of χ2probabilities to assess if there are significant differences in the linguistic attributes andin the topic between IC and non-ICD.

In content analysis, the reliability and validity is also been ensured as per the classification (Krippendorff, 2013).Reliability is assured by including disclosure categories from well ground relevant literature and by developing "reliable coding instrument with well specifieddecision categories and decision rules" and by "training coders and showing that codingdecision made on a pilot sample to reach the reliability level. Two researchers (the author and a research assistant) independently coded asample of 30 reports to run a pre-test of the coding procedure and to resolve the differences. In addition,the analysis was repeated at a different time period on the entire sample (80 reports) by thetwo researchers.

According to Krippendorff (2013) three types of reliability should be assessed:reproducibility, stability and accuracy and "all of them are functions of the agreementachieved among observers, coders, judges or measuring instruments" (Krippendorff2013, p. 267). The agreement coefficient α (known in the literature as the Krippendorff'sα) is a tool to assess such agreement. Reproducibility or intercoder reliability refers tothe extent to which coding is the same when multiple coders are involved. This type ofreliability was assessed using Krippendorff's α coefficient of agreement and computedit for each category. The average value found of this coefficient is equal to 0.83 (for "topic" 0.81; for "tone" 0.87; for "evidence" 0.82; for "time" 0.86) which is above the0.80 acceptable level of intercoder reliability. The “stability”of the content analysis consisting on the ability of the researcher to code data in thesame way over time is assured by the “test re-test procedure. different time periods was demonstrated (Krippendorff's α coefficient equals to 0.91).Accuracy consists on measuring the extent to which the coding instruction producesdata that are accurate according to a given standard; however suitable standard are noteasy to find and thus the use of accuracy is limited to other areas where objective standards are readily available (Krippendorff, 2013).

To ensure sampling validity, the entire population of firms whose reports wereavailable in the IIRC web site was chosen. Sematic validity is confirmed, in that thecategory choices were indigenous to IR (the ones used in the IIRF). Structural andfunctional validity is assured by the use of a classification scheme that is grounded inempirical research using categories for which consensus exists in IC studies and thatpreviously have been used extensively to investigate IC in other media.

Multivariate analysis:

This multivariate analysis is developed to testresearch hypotheses. Model 1 verifies whether the tone of disclosure is affected byfirms' declining profitability, membership in environmental sensitive industries, firms'size and level of intangibles. An OLS regression model using data from 2011, 2012 or2013 (depending on the year of the report) was estimated:

MDEL

I_M= a + þa1CORP_GOVR þa2ENV_SENS_INDþa3SIZEþa4INTANGIBþþa5ICD_TOPICþa6LENGTH

FINDINGS

The results in Table I highlight that IR includes both IC and non-ICD in a balancedmanner: of the 5,040 text units analysed in 54 reports, 52 per cent of the informationrefers to IC (structural, human and organizational) and 48 per cent to non-IC (financial,manufactured and natural).

Table I. The supply of IC and non-IC disclosure: findings on the "type of capital"

Type of Capital	Frequency	%
IC		
Structural Captal	231	5%
Human Capital	448	9%
Relational Capital	1891	38%
Total IC	2,570	51%
Non-IC		
Financial Capital	925	18%
Manufactured Capital	615	12%
Natural Capital	930	18%
Total Non-IC	2,470	49%
Total IC and non-IC	5,040	100

With regard to particular types of capital, the disclosure offered in the IR tends to befocused on relational (38 per cent) and financial (18 per cent) capital. Natural capital is 18 per cent of the disclosures, and human capital disclosures make up 9 per cent.In contrast, the data reveal relatively limited information on structural (5 per cent) and manufactured (12 per cent) capital. With specific reference to ICD, the results show that 38 per cent of ICD refers to relational capital, whereas 9 per cent refers to human capital and 5 per cent to structural capital.

Finally, the topics analysis highlights the existence of different trendsbetween IC and non-IC information. Both IC and non-IC information is more concentratedon capitals as “outcomes” rather than “inputs”, However, non-IC is significantly morefocused on outcomes than ICD.

Table II.
The supply of IC and non-IC disclosure: findings on the "attributes"

	Tone		Time		Evidence		Topic		
Capital	p	np	F	nf	q	nq	i	o	Total
Pearson (1) Coeff.	3.916		0.016		194.533		34.239		
Pearson (1) prob.	0.048		0.899		0.000		0.000		

Notes: p,positive, np, non-positive, f,forward looking,nf,is non forward looking, q, quantitative, nq non-quantitative, I, inputs, o, outcomes. All the data are expressed in percentage

MULTIVARIATE STATISTICAL ANALYSIS

Descriptive statistics: Table III presents the means, standard deviations, minimum and Maximumof the continuous variables used in the multivariate analysis.

Table III
Descriptive Statistics.

Variable	Mean	SD	Min	Max
TONE	0.452	0.256	0.000	1.000
SIZE	10.692	2.131	7.02	16.218
INTANGIB	4.109	4.400	0.31	17.351
ICD_TOPIC	0.49	0.216	0.000	1.000
LENGTH_IC	2.946	1.012	1.1	5.333

As highlighted, thereare some firms that report only positive information on their capitals (TONE equals to 1)as well as others that report only non-positive one (TONE equals to 0). Similarly, somefirms concentrate all disclosure on ICD as “inputs” (ICD_TOPIC equals 1) or, conversely,as “outcomes” (ICD_TOPIC equals 0).

Table IV presents pairwise correlations among thesame variables. The data reveals statistically significant correlations between TONE andMB and between MB and SIZE.

Table IV
Pairwise Correlations.

Variable	TONE	SIZE	INTANGIB	ICD_TOPIC	LENGTH_IC
TONE	1.000				
SIZE	0.038	1.000			
INTANGIB	0.41*	-0.41*	1.000		
ICD_TOPIC	-0.036	-0.04	-0.18	1.000	
LENGTH_IC	0.04	-0.18	-0.008	-0.055	1.000

Notes: *The estimated Coefficients are statistically significant at 5 percant level.

With reference to categorical variables, firms that willexperience a decline in their performance are 44 per cent of the sample whilst firms thatare members of environmental sensitive industry are 48 per cent.
Findings of OLS multivariate analysis and sensitivity tests. Table VII presents the multivariate analysis results by means of the main OLS regression model (Model 1).

Table V
OLS regression: main multivariate analysis (Model 1) and first sensitivity test (Model 2)

Dependent Variable	Model 1		Model 2	
TONE	Coef.	SE	Coef.	SE
CORP-GOVR	0.19***	0.06	0.19***	0.07
ENV_SENS_IND	-0.089	0.07	-0.085	0.08
SIZE	0.030*	0.01	0.032*	0.02
INTANGIB	0.028***	0.008	0.028***	0.01
ICD_TOPIC	0.29	0.23	0.270	0.24
LENGTH	0.04	0.03	0.043	0.04
EUROPE			0.028	0.08
_cons	-0.310	0.271	-0.333	0.29
Number of obs.	38		38	
Prob> F	0.003		0.006	
R	0.36		0.36	

Notes: All robust standard error are clustered by single report. /for /varialedefinations, see Tabl
estimated coefficients are statistically significant at 10,5 and 1 percent levels,respecti

The positive and significant coefficient of CORP-GOVR (1 per cent level) indicates that firms with weak corporate governance are more optimistic, thus confirming H.

CONCLUSIONS

The results of the content analysis show that also in the IR, ICD is moreextensive with reference to relational capital rather than in the other type of IC (humanor structural). The results also show that reports typically contain little quantitative information. With reference to time orientation, the findingsshow that firms disclose little forward-looking information, corroborating. This means that the evidence collected confirms thefindings of previous studies on the quality of ICD disclosure that considered the samedimensions of analysis (tone, evidence, time and content) in different reports thusquestioning whatever IR is apt to make a breakthrough in current ICD.
In addition, the core result of the univariate analysis demonstrates that comparedto disclosure on non-IC, the tone of ICD is significantly more optimistic, raising firstconcerns on the presence of thematic manipulation.Overall, this first level of analysis fills the research gap into the characteristics ofICD in the IR providing an answer to the first research question.
The multivariate analysis demonstrates that ICD appears subject to IM, as supported by the positive and significant relationship betweenoptimistic disclosures as incentivesto manipulate disclosure. First, a positive and significant association is demonstratedbetween optimistic tone and firms' weak corporate governance.

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