

**THE USEFULNESS OF THE ANNUAL REPORT FOR PUBLIC ENTITIES IN  
SOUTH AFRICA WITH SPECIFIC REFERENCE TO THE AFRICA**

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BY

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## TABLE OF CONTENTS

DECLARATION.....	VI
ACKNOWLEDGEMENTS.....	VII
ABSTRACT.....	VIII
CHAPTER ONE.....	1
INTRODUCTION.....	1
1.1 BACKGROUND TO THE STUDY.....	1
1.2 ROLE OF THE ANNUAL REPORT.....	3
1.3 STAKEHOLDER THEORY.....	4
1.3.1 <i>Public sector stakeholders</i> .....	5
1.3.2 <i>Information needs of the users of the public sector annual report</i> .....	5
1.4 AFRICA INSTITUTE OF SOUTH AFRICA.....	7
1.4.1 <i>The objective of AISA</i> .....	7
1.4.2 <i>The financing of AISA</i> .....	7
1.4.3 <i>Motivation for selecting AISA as a case study</i> .....	9
1.5 STATEMENT OF THE PROBLEM.....	9
1.5.1 <i>Research questions</i> .....	10
1.6 OBJECTIVE OF THE STUDY.....	11
1.7 MOTIVATION FOR THE RESEARCH.....	11
1.8 RESEARCH METHODOLOGY AND COLLECTION OF DATA.....	12
1.9 LIST OF DEFINITIONS USED IN THE STUDY.....	12
1.10 LIMITATIONS OF THE STUDY.....	14
1.11 ORGANISATION OF THE STUDY.....	15
 CHAPTER TWO.....	 16
THEORETICAL PERSPECTIVE.....	16
2.1 INTRODUCTION.....	16
2.2 CORPORATE GOVERNANCE IN THE PUBLIC SECTOR.....	16
2.3 USEFULNES OF INFORMATION.....	18
2.3.1 <i>Qualitative characteristics of financial information</i> .....	18
2.4 DISCLOSURE OF INFORMATION IN THE ANNUAL REPORTS OF PUBLIC ENTITIES.....	24
2.5 IDENTIFICATION OF PUBLIC SECTOR STAKEHOLDERS.....	27
2.6 INFORMATION NEEDS OF USERS OF PUBLIC SECTOR ANNUAL REPORTS.....	30
2.7 SUMMARY.....	34
 CHAPTER THREE.....	 36
RESEARCH DESIGN AND METHODOLOGY.....	36
3.1 INTRODUCTION.....	36
3.2 THE RESEARCH PARADIGMS.....	36
3.3 THE RESEARCH METHODOLOGY AND DESIGN.....	37
3.3.1 <i>The population</i> .....	38

3.3.2 <i>The sample</i> .....	39
3.3.3 <i>Research instruments</i> .....	40
3.3.4 <i>Data collection</i> .....	42
3.3.5 <i>Data analysis</i> .....	44
3.4 SUMMARY.....	45
CHAPTER FOUR.....	46
ANALYSIS AND INTERPRETATION OF RESEARCH FINDINGS.....	46
4.1 INTRODUCTION.....	46
4.2 RESEARCH FINDINGS.....	46
4.2.1 <i>Questionnaire</i> .....	47
4.2.2 <i>Audio recordings and minutes of meetings</i> .....	71
4.3 SUMMARY.....	74
CHAPTER FIVE.....	75
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	75
5.1 INTRODUCTION.....	75
5.2 THE RESEARCH OBJECTIVE AND QUESTIONS.....	75
5.3 THE SUMMARY OF THE CHAPTERS.....	75
5.4 THE OUTCOME OF THE STUDY.....	76
5.4.1 <i>Stakeholders and their information requirements</i> .....	76
5.5 CONCLUSIONS.....	80
5.5.1 <i>The actual users of the AISA annual report</i> .....	80
5.5.2 <i>The information requirements of the AISA annual report users</i> .....	81
5.5.3 <i>The usefulness of the AISA annual report</i> .....	82
5.6 RECOMMENDATIONS.....	83
BIBLIOGRAPHY.....	85
ANNEXURE A: LETTER OF INVITATION FOR PARTICIPATION IN THE STUDY AND THE QUESTIONNAIRE USED IN THE STUDY.....	98
ANNEXURE B: CHECKLIST FOR ANSWERING THE QUESTIONS.....	109
ANNEXURE C: DATA TAKEN FROM THE MINUTES OF THE SCIENCE AND TECHNOLOGY PORTFOLIO COMMITTEE DURING INTERROGATION OF THE AISA ANNUAL REPORTS [PMG:2006-2012].....	113
ANNEXURE D: AISA LETTER OF PERMISSION.....	117
ANNEXURE E: E-MAIL FROM DIRECTOR OF PUBLICATIONS: AISA.....	118
ANNEXURE F: MINUTES OF THE SCIENCE AND TECHNOLOGY PORTFOLIO.....	119
ANNEXURE G: AUDIO RECORDINGS OF THE PORTFOLIO COMMITTEE.....	137
ANNEXURE H: ANALYSIS OF RESULTS.....	138
ANNEXURE I: E-MAIL FROM THE DEPARTMENT OF SCIENCE AND TECHNOLOGY.....	188

## LIST OF TABLES

<b>Table</b>	<b>Title</b>	<b>Page</b>
Table 3.1:	Summary of participants.....	46
Table 4.1:	<i>Question 3: Age of the respondents.....</i>	52
Table 4.2:	<i>Question 5: Level of education.....</i>	53
Table 4.3:	<i>Question 8: Have you ever consulted an AISA annual report?.....</i>	55
Table 4.4:	<i>Question 9: Do you have access to AISA annual report?.....</i>	56
Table 4.5:	<i>Question 10: Would you like to have access to AISA annual report.....</i>	56
Table 4.6:	<i>Question 11: When you read AISA annual report, how thoroughly do you read it?.....</i>	57
Table 4.7:	<i>Question 12: The reason that you do not read items in the annual report is due to the following:.....</i>	57
Table 4.8:	<i>Question 14: Which sections of the AISA annual report are of interest to you? (You may select more than one).....</i>	58
Table 4.9:	<i>Question 15: Which sections of the financial statements do you usually read? (You may select more than one).....</i>	59
Table 4.10:	<i>Question 21: Have you ever contacted AISA about information that you needed and was not contained in the annual report?.....</i>	61
Table 4.11:	<i>Question 23: Would you like to be given the opportunity to comment and make suggestions on the information in AISA annual report.....</i>	61
Table 4.12:	<i>Question 25: The AISA annual report is informative .....</i>	62
Table 4.13:	<i>Question 26: The following reports are simple and understandable:.....</i>	63
Table 4.14:	<i>Question 27: The format in which the AISA annual report is presented is complex.....</i>	64
Table 4.15:	<i>Question 28: Disclosures in the AISA annual report match my expectations.....</i>	65
Table 4.16:	<i>Question 29: The layout of the AISA annual report is attractive.....</i>	65
Table 4.17:	<i>Question 30: The information in the AISA annual report is comparable to that of other research institutions.....</i>	66
Table 4.18:	<i>Question 31: The information in the AISA annual report is comparable to that of the previous years.....</i>	66
Table 4.19:	<i>Question 32: Information in the AISA annual report is comprehensible and complete.....</i>	67
Table 4.20:	<i>Question 33: The information in the AISA annual report portrays the true state of affairs.....</i>	67
Table 4.21:	<i>Question 34: Information in the AISA annual report is reliable and can be trusted.....</i>	68
Table 4.22:	<i>Question 35: Information in the AISA annual report is relevant to the needs of users.....</i>	68
Table 4.23:	<i>Question 36: The AISA annual report is always available timely for decision making.....</i>	69
Table 4.24:	<i>Question 37: The AISA annual report is useful.....</i>	69
Table 4.25:	<i>Question 38: The AISA annual report is not easy to read.....</i>	70
Table 4.26:	<i>Question 39: The information in the AISA annual report is not biased....</i>	70
Table 4.27:	<i>Question 40: I find the following sections in the AISA annual report useful in my work.....</i>	71
Table 4.28:	<i>Question 41: The AISA annual report is easily accessible.....</i>	73

Table 4.29:	<i>Question 43: How do you want AISA annual report to be made available?.....</i>	73
Table 4.30:	<i>Question 44: Would you like to receive a copy of the results of this survey.....</i>	74

## LIST OF FIGURES

<b>Figure</b>	<b>Title</b>	<b>Page</b>
Figure 2.1:	Qualitative characteristics of financial and non-financial information ....	22
Figure 4.1:	Stakeholders groups .....	51
Figure 4.2:	Gender of stakeholders .....	53
Figure 4.3:	Awareness of AISA annual report as a public document .....	55

## DECLARATION

I, Makgala Alina Moloji declare that "THE USEFULNESS OF THE ANNUAL REPORT FOR PUBLIC ENTITIES IN SOUTH AFRICA WITH SPECIFIC REFERENCE TO THE AFRICA INSTITUTE OF SOUTH AFRICA" is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of a complete list of references.

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M. A. MOLOI

JUNE 2015

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## ABSTRACT

Public entities are faced with the problem of increasing the interest of stakeholders in their annual reports. The aim of this study was to identify the stakeholders of AISA who use the annual report, to investigate their perceptions of the AISA annual report and to determine whether it is used for decision making or accountability purposes.

Data was collected by using questionnaires sent to a representative sample of the stakeholders and minutes of meetings and audio recordings of the interrogation of the annual report by the parliamentary accountability and oversight body over DST.

The study found that the AISA stakeholders use the annual report for accountability purposes and not for decision making and it has a small readership as it is read mainly by internal stakeholders.

The study recommends that public entities need to do much to inform the stakeholders of the availability of their annual reports.

**Key words:** Annual reports, public entities, stakeholders, usefulness, public funds, accountability, corporate governance, stakeholder theory, communication, accessibility.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 BACKGROUND TO THE STUDY

South Africa has witnessed widespread service delivery protests for which the government blames poor communication (De Lange, 2011; Gabara, 2009; Langer, 2009; Letsoalo & Mataboge, 2009.) These protests take place because of poor communication and accountability with communities who are the stakeholders (Akinboade, Mokwena & Kinfack, 2013:467; Mbazira, 2013:266). Sindane and Nambalirwa (2012:701) claim that lack of good governance and leadership are activators of service delivery protests. Good governance calls for accountability by the entities to their stakeholders. Judging by these protests, the South African government is perceived as being unable to account and communicate the true state of affairs to the relevant stakeholders. Yet, there are mechanisms available that could be employed by the government to inform the stakeholders of their activities, service delivery in particular, before those affected take to the streets.

Lee (2008:135) considers the annual report as a crucial mechanism for accountability and transparency as well as for communicating government performance to the general public. Hooks, Coy and Davey (2002:516) consider the corporate annual report to be the most comprehensive of the communication channels as it possesses the potential to render information easily accessible while it is routinely available in a single document. Phillips (2004:3) views stakeholder communication as a moral obligation and therefore individuals and groups who contribute to the organisation should be permitted to contribute to how that organisation is managed. Public entities should endeavour to make use of the most comprehensive channel of communication; the annual report, to inform the public about their activities, in such a way that the public is empowered with information to support rather than to act against these entities.

Much time and thousands of rands are spent annually on the production of annual reports by public entities. Friedlob and Welton (1995:4) claim that designing and

printing annual reports have become an industry in itself. Tooley and Hooks (2010:54) claim that the annual report is a costly document to produce. The questions that should be asked are: For whom are the reports produced? Are the stakeholders aware that these reports exist? If not, what measures are being taken to ensure that the reports reach the relevant stakeholders? What purpose do they serve? Do they really convey the true state of affairs?

The annual report is produced annually by entities, aimed at portraying a true and fair view of; inter alia, the entity's annual performance. It also contains the audited annual financial statements prepared in accordance with legislation and regulatory requirements, as well as non-financial performance and other entity related information. It is a vehicle by which the performance of the entity, both financially and non-financially, is communicated to stakeholders, while it also provides the means by which management can report corporate achievements and facilitate or mould readers' expectations with regards to the reporting corporation (Stanton, Stanton & Pires, 2004:57). According to Cronjé (2008:4) 'Corporate annual reports are products of information processing systems representing interaction between entities and stakeholders in order to generate and share information, which is constantly escalating and being presented in different formats.'

The current annual report is often colourful and comprises photographs and graphs in order to attract the attention of those who are interested. It contains financial and non-financial information. Non-statutory information is included in the front pages whilst statutory information is placed at the back of the report (Stanton, Stanton & Pires, 2004:57). The overriding objective of the annual report is to provide users with useful information about the functioning and performance of the public entity. According to the open systems theory organisations are influenced by their environment (Bastedo, 2004; Kim, 2006). Exchanges between the organisation and its environment will bring about change and growth into the organisation. If information about an entity's performance, financial position and condition as well as its ability to deliver services is not provided to the users, dissatisfaction and stagnation may occur. When people lack relevant information, they manufacture it; rumours proliferate and eventually matters get out of hand (Wheatley, 1992:107).

Lack of communication may bring about pandemonium and violence. It is therefore crucial for an entity to ensure that it exchanges feedback with its environment in order for the entity to achieve its goals and objectives.

## **1.2 ROLE OF THE ANNUAL REPORT**

The annual report evolved from a document to fulfil accounting statutory requirements; to being a document with multiple roles, such as, public relations and communication (Jones 2006:299). According to Jones (2006:300), stewardship and accountability have played the major roles in the annual report only to be replaced by a decision-making role (Jones 2006:301). Lee (1994:215) also alluded to the fact that the annual report was perceived as a long-lived mechanism of corporate accountability and governance, but that it has evolved beyond the intended regulatory mission and now serves a managerial purpose of a non-accounting nature, which is that of communicating corporate identity. According to Larsen (2004:14), the annual report possesses the power to influence the manner in which companies are perceived by those who matter, while it is actually a tool employed in reputation management.

In the private sector, shareholders and other stakeholders refer to the annual report in order to make sound economic and investment decisions (Naser, Nuseibeh & Al-Hussaini, 2003:25; Penrose, 2008:158; Al-Aljimi, 2009:280; Chatterjee, Mirshekary, Al Farooque & Safari, 2010:91). In the public sector, stakeholders do not make investment decisions, but the Public Finance Management Act of 1999 (South Africa, 1999) referred to hereafter as PFMA, requires that the annual report be produced for accountability purposes. Mack and Ryan (2007:134) argue that the concept and the format of the annual report has been transferred into the public sector unchallenged with little regard for differences in operating structure and objectives in the two sectors. In the public sector, the main objective is to evaluate the performance and the ability of entities to deliver services as well as to assess and make sound decisions with regards to the quality and quantity of the services they render.

If those who prepare the reports comply with honest and transparent reporting, the annual reports of entities should reveal all performance, good performance, as well as non-performance and poor performance. Walker (2002:43) argues that a compelling case exists for the publication of performance indicators to enable stakeholders to assess the performance of governments and their agencies.

### **1.3 STAKEHOLDER THEORY**

According to the Institute of Directors (2009:110), a stakeholder inclusive corporate governance approach needs to take into account the fact that a company has many stakeholders. These stakeholders regularly require information from entities they are related to in both the private and public sectors. According to stakeholder theory, any person who holds a stake in the activities of an organisation, is considered to be a 'stakeholder' and is entitled to similar treatment to that of the owners of the organisation (Lea 1999:153). Stakeholder theory proposes that managers are accountable to shareholders and non-shareholders. 'Stakeholders can be considered to be any group who can affect or be affected by the company or its reputation or its achievement of objectives' (Freeman, 1984:25; Cronje, 2008:14; United Nations, 2008:5; IOD, 2009:110). Stakeholders need information that will enable them to assess the entity's financial position and condition, and to evaluate its performance and its ability to deliver services. Sufficient information that is also reliable and relevant will enable stakeholders to form an opinion about an entity. Phillips (1997:53) claims that there has always been a problem with the identification of relevant stakeholder groups because anyone can be affected by the activities of the firm.

Stakeholder theory goes hand in hand with the concept of corporate responsibility according to which reporting on an enterprise's performance is viewed as a means to provide shareholders and other stakeholders with an account of an enterprise's impact on society. Communicating with stakeholders and ascertaining their views is very important for enabling enterprises to provide relevant information. In doing so, enterprises ought to consider that the perception of usefulness and the use of such reporting are highly specific to the target group (United Nations, 2008:6).

### **1.3.1 Public sector stakeholders**

According to the King III Report (IOD, 2009:110), ‘Stakeholders can be considered to be any group who can affect or be affected by the company or its reputation. There is no consensus on the composition of stakeholder groups owing to their differing information needs; the problem is further compounded by the fact that there are many public entities that provide different services. Coy, Fischer and Gordon (2001:13) argue that since the public entities are funded from the public purse, their stakeholders comprise all the members of the community.

A number of studies have employed different methods to identify the stakeholders of public entities. These studies revealed a long list of stakeholders who were subsequently divided into groups: state and local government; federal government agencies; oversight bodies, including media; taxpayers or the public; resource providers; management; employees; and private businesses, including creditors (Hay & Antonio, 1990; Atamian & Ganguli, 1991; Coy, Dixon, Buchanan & Tower, 1997; Mack, Ryan & Dunstan, 2001; Steccolini, 2002; Mack & Ryan, 2007; Tooley, Hooks & Basnan, 2009; Tooley & Hooks, 2010). The studies also revealed that certain public entities were not aware of who their annual report users were, nor were they able to identify them. The studies further indicated that the public is generally not interested in reading the annual reports.

### **1.3.2 Information needs of the users of the public sector annual report**

Knowing the level of importance placed on the annual report by the users and knowing the information needs of those users will help entities to provide information that is reliable, relevant and useful to a wide variety of users. However, owing to the wide variety of users, it is always difficult for an organisation to satisfy the information needs of all the stakeholders in a single report. Riahi-Belkaoui (2004:50) alluded to the fact that the problem of ascertaining the specialised needs of a large number of users, the cost of attempting to serve those needs on an individual basis and the confusion that might result from disseminating more than one set of information, militate against attempting to serve all the needs of users with special purpose reports.

Various studies examined the information needs of users from a number of perspectives (Butterworth, Gray & Haslam, 1989; Hay & Antonio, 1990; Daniels & Daniels, 1991; Coy, Dixon, Buchanan & Tower, 1997; Tayib, Coombs & Ameen, 1999; Priest, Juliana & Dolley, 1999; Skaerbaeck, 2005; Tooley, Hooks & Basnan, 2009; Tooley & Hooks, 2010). These studies revealed that users are mostly interested in the financial information, and information regarding compliance, prospects of future continuation of services, performance, effectiveness, and efficiency. However, some of the studies revealed that the annual reports are rarely read, rarely asked for and never resulted in further enquiries regarding information. Inaccessibility of the report was also cited as the contributing factor regarding the lack of interest by some users.

The study conducted by Skaerbaeck (2005:408) found that the annual reports of the university are aimed at powerful potential users within the state who are believed to be the Audit Office, the Ministry under which the public entity falls as well as the Ministry of Finance. The study by Skaerbaeck (2005) revealed that the annual report is meant for government entities that have a direct influence on the entity in relation to its funding. However, this was the perception of the preparers and not that of the users. In the study by Mack and Ryan (2006:603), users indicated that general financial reports of public entities are used to satisfy financial and public accountability rather than for decision-making.

The studies mentioned above regarding the use and importance of the annual report, the identification of stakeholders and stakeholder perceptions were conducted in countries such as Malaysia, India, the USA and Australia. No evidence could be found of a study of this nature having been undertaken in South Africa, and particularly not at AISA, except for a study that was carried out by Stainbank and Peebles (2006), where the usefulness of corporate annual reports was studied in the private sector. This study intends to find out if AISA stakeholders do show interest in the annual report and how useful the report is to them.

## **1.4 AFRICA INSTITUTE OF SOUTH AFRICA (AISA)**

The Africa Institute of South Africa (AISA) was first established in 1960 as a non-profit organisation. Today it is a statutory body following the promulgation of the Africa Institute of South Africa Act No. 68 of 2001 (South Africa, 2002). AISA is an independent research organisation under the control of the Department of Science and Technology (DST) and constitutes a think-tank focusing on Africa and its research, publications and resource library. Its primary aim is to inform South Africans about African affairs that are of topical importance to South Africa. Information collected, processed and interpreted is made available by means of the institute's own publications. AISA experts engage in media debates and contributions, and they also participate in scientific publications, daily interviews and presentation of papers at symposia and conferences (AISA, 1981).

### **1.4.1 The objective of AISA**

The objectives of AISA as set out in the Government Gazette (South Africa, 2002) are:

- 'To promote knowledge and understanding of African affairs through leading social scientists acting in concert and across all disciplines and through training and education on African affairs;
- To collect, process and disseminate information on African affairs, give effective advice and facilitate appropriate action in relation to the collective needs, opportunities and challenges of all South Africans;
- To promote awareness and consciousness of Africa at grassroots level'.

The core business of AISA is to conduct research and support policy development; embark on training programmes; and establish, participate in and maintain networks for peace, development and prosperity on the African continent (AISA, 2007).

### **1.4.2 The financing of AISA**

In terms of the Africa Institute of South Africa Act No. 68 of 2001 (South Africa, 2002), the funds of AISA comprise:



- ‘State grant or money allocated by Parliament to finance the activities of the Council;
- Contributions by users of its services;
- Donations or contributions lawfully received from any source;
- Interest on investments; and
- Income derived under this Act from any other source’.

AISA received R26 000 in 1960/61 to R32 million in 2011/12 as grants from the national government as reflected in their annual reports (AISA, 1981, 2012). As a public entity, AISA is expected by those from whom AISA receives funding, those who receive services from AISA and those who are affected by goals as achieved by AISA to demonstrate how they used public resources entrusted to them, how they used the resources to carry out their mandate, to communicate information about their resources and performance to the relevant stakeholders.

Section 55 of the PFMA stipulates that the executive authority responsible for a department or public entity must table an annual report, the audited financial statements, together with the audit report thereon, to the National Assembly or provincial legislature. Because AISA’s revenue is derived from state collection, member’s fees, and sales of publications and services (AISA, 1981), it is required to furnish comprehensive reports concerning its performance, progress and activities to stakeholders. The annual report is regarded as an important document through which to communicate the required information. The overriding objective of the annual report is to provide users with useful information for accountability purposes, that is, to hold the office-bearers accountable for their actions. AISA needs to know who the users of their annual report are and for what purpose they use the annual report. Information of this nature would help AISA to improve the quality and content of their annual report in such a manner that the needs of the stakeholders would be met and the level of usage increased.

### **1.4.3. Motivation for selecting AISA as a case study**

AISA was constituted on the promulgation of the AISA Act (no. 68 of 2001). It is an independent research organisation under the control of the Department of Science and Technology where the Minister of the Department of Science and Technology appoints the Council. The Council is responsible for control, management and gives direction and guidance to the affairs of the Institute. In the PFMA (199:71), AISA is listed as a Schedule 3A national public entity. As a national public entity, it is funded by the DST; a national department and therefore a befitting example of public entities.

As AISA's primary aim is to conduct research about African issues and informs South Africans about them, it boasts an audience in the Republic as well as outside the Republic. AISA engages with organisations and individuals around the world as it was evident from their database of stakeholders. AISA's core business is research and as a result the researcher realised that acquiring information will not be a struggle. The researcher also capitalised on the fact that she has a comprehensive knowledge of AISA as an organisation and its activities.

## **1.5 STATEMENT OF THE PROBLEM**

Public sector entities have stakeholders who may want to receive information about the state of performance of services and the same goes for AISA. The questions pertain to who they are, whether the entity is aware of them and whether they display an interest in the entity's annual report – if not, what measures are being taken by the entity to arouse such an interest. Information about the thoughts of stakeholders regarding the annual report is also important for an entity's growth as an open system. It is important for public sector entities to know who their stakeholders are and whether those stakeholders utilise their annual report, and, if they do, for what purpose.

Various studies reported a lack of interest in the annual reports of public entities (Butterworth, Gray & Haslam, 1989:82; Priest, Juliana & Dolley, 1999:60). AISA, as a public entity in South Africa, is also faced with the challenge of how to increase

the usefulness of its annual report so that it will be used by the greatest possible number of stakeholders. The use and interest in the annual report of AISA, not only by management (internal stakeholders), but also by other stakeholders who are entrusted with the implementation of national goals and those who simply display an interest in national issues, have not been researched before.

### **1.5.1 Research questions**

The study will respond to the following questions:

- Who are the actual users of the AISA annual report? Copies of the annual report are printed and made available to both the internal and external stakeholders every year, but there is no guarantee that all of them actually make use of the report. The study will attempt to locate the internal and external actual users of the AISA annual report.
- Which information is required by the stakeholders; both internal and external? Reporting entities should always be aware of the information requirements of those for whom reports are prepared and recognise those requirements. The study will establish information required by AISA stakeholders in the annual report.
- How useful is the AISA annual report to stakeholders? Stakeholders will read the annual report only if the information in it is useful to them. According to the South African Institute of Government Auditors (SAIGA, 2000), for accountability to be ensured, financial reports should communicate reliable and relevant information to the needs of those for whom the reports are prepared, in a manner that maximises its usefulness and provides maximum transparency. This can only be achieved only if information is presented in such a manner that it is understandable, timely and comparable. The study will establish the usefulness of the AISA annual report from the point of view of the stakeholders.

### **1.6 OBJECTIVE OF THE STUDY**

According to Cameron and Guthrie (1993:1) ‘The annual report is the published review by management of the past year’s activities, the present position of the

organisation and its prospects.’ It is a tool by which entities communicate information about their activities to their stakeholders. The main objective of this study is therefore to investigate the importance and the usefulness of the AISA annual report as the main vehicle for the demonstration of accountability to stakeholders. The study seeks to determine who the actual users of the AISA annual report are, and the extent to which the annual report meets their information needs and requirements. The study will prove that the annual report will be able to bring about change in the sense of improving the service offered by AISA and other public entities if stakeholders are afforded the opportunity and the platform to communicate their needs to the compilers of the report.

## **1.7 MOTIVATION FOR THE RESEARCH**

Friedlob and Welton (1995:4) claim that companies spent millions of rands to have an independent auditor audit the financial statements and another fortune to have the report assembled, published, and distributed. Simpson (1997:16) also established that much effort and money is put into the production of the report; then it is important for the compilers to know whether the report serves the purpose it purports to, who the users are and for what purpose they use the report, as well as to research their perceptions of the report. The fact that so many resources are put in place to produce an annual report has motivated the researcher to find out the perceptions of the users about the annual report. The study will determine whether knowledge of the interests of stakeholders plays an important role in the improvement of the quality of the report and the information disclosed in it.

The findings of this study are valuable to AISA and all the public entities in South Africa, the Department of Science and Technology (DST) and other national departments, academics, educators and government regulators. The King III Report (IOD, 2009) states that companies should take into account the fact that stakeholders’ interests could change, and is; therefore, important to re-examine the interests of stakeholders at appropriate intervals. This study will also contribute to the re-examination of the interests of AISA stakeholders.

## **1.8 RESEARCH METHODOLOGY AND COLLECTION OF DATA**

Research methodology guides the choice of the methods that are employed in an academic study. The aim of this study is to identify the stakeholders of AISA and to investigate their perceptions of the usability and usefulness of the AISA annual report. In order to achieve this, the study employed the mixed research method. Data was collected by means of questionnaires, and video recordings and related documents were studied. A combination of these methods allows the researcher to obtain the most accurate, valid and reliable information. As Kane (cited in Jankowicz, 2000:214) rightfully avers, 'If you had to stake your life on which of these methods is likely to represent the most accurate, complete research information, you would choose the centre [of the overlap] in which you got the information through interviews and questionnaires, reinforced it by observation, and checked it through documentary analysis. Here, you are getting not only what people say they do and what you see them doing, but also what they recorded as doing.' A combination of these methods increases the validity and reliability of the findings.

The researcher managed to get hold of minutes of the Parliamentarians when the AISA annual report was interrogated. It was important to obtain their perceptions and to establish areas of interest and emphasis because they are the largest users of public sector annual reports. Minutes analysed were for 2005-2006; 2006-2007; 2009-2010; 2010-2011; and 2011-2012 reporting years and audio recordings for 2006-2007; 2009-2010; and 2010-2011. The minutes for 2007-2008 and 2008-2009 were not available. One hundred and fifty one questionnaires were sent by e-mail during September 2012 to January 2013, and fifteen questionnaires by post.

## **1.9 LIST OF DEFINITIONS USED IN THE STUDY**

For the purpose of this study, the terms mentioned below are defined as follows:

## **Public sector**

According to the Institute of Internal Auditors (IIA, 2011: 3), the public sector consists of government and publicly funded agencies, enterprises and other entities that deliver public programs, goods or services. The public sector is owned, controlled and operated by the government.

## **Public sector entities**

These are all the entities that are owned by the state pursuing financial and non-financial objectives. Volume 2 of the Report of the Presidential Review Committee on State Owned entities defines a state-owned entity as a public entity defined in terms of the PFMA Act 1 of 1999 including national, provincial and municipal entities (South Africa, 2012).

## **Public entities**

The PFMA, 1999 distinguishes between a public entity, a national public entity and a provincial public entity. Public entities operate within the national and provincial governments. National public entities are fully or largely funded by the national government and therefore accountable to Parliament whilst provincial public entities are fully or largely funded by the provincial government and therefore accountable to the provincial legislature. AISA is listed as a Schedule 3A (PFMA, 1999:71) national public entity, and carries the mandate of the Parliament and is funded by the Department of Science and Technology, a national government department.

## **Government departments**

According to the Constitution of South Africa , subsection 40(1) of The Constitution of the Republic of South Africa (SA, 1996), the government operates within three spheres: national, provincial and local spheres of government. These three levels of the government are empowered with legislative and executive powers but are “distinctive, interdependent and interrelated”. The national government is responsible for policy development and planning (SA, 2006). There are numerous departments within the national government; these departments provide funding for public entities operating under them. AISA received funding from the Department of Science and Technology.

## **Local governments**

Local governments operate as the last in line in the three spheres of government and are responsible for service provision to communities in which they operate. The representatives of the local governments are elected by the people living in those communities. According to Walker and Andrews (2015: 101) local governments are responsible for management and delivery of public services.

## **Public sector annual reports**

“Annual reports are defined as key accountability documents and the principal way in which agencies report on their activities to provide a full and complete picture of agency performance to Parliament and the wider community” (Queensland Government 2011:10). Public sector annual reports are prepared and produced by the entities in the public sector to inform the government of their activities against the targets and the budget.

### **1.10 LIMITATIONS OF THE STUDY**

The study identified the recipients of the AISA annual report and the actual users and determined their perceptions of the value or usefulness of the report as well as the extent to which their information needs are met. The mailing list of the AISA annual report was used to access most of its stakeholders. The study also identified other possible users who are not on the mailing list, such as the research fellows who had carried out some work for and with AISA. The study was limited to the users who could be identified while those who might have accessed the annual report through other means, such as the Internet, were not included in the study because it was not possible to identify them. Such users access the annual report in the privacy of their homes and offices and nobody else would ever know that they read the report unless they ask for further information from the organisation.

According to the researcher’s observation, AISA has a large number of stakeholders and many were difficult to identify. Outdated or incorrect databases provided to the researcher, resulted in a number of undelivered e-mails. The low response rate (sixteen percent) could also be attributed to the investigation being outside of the stakeholder’s area of interest. Questionnaires were distributed at the time when the

talks about AISA being incorporated into the Human Sciences Research Council (HSRC) were at an advanced level, and this factor has also impacted on the response rate. The other biggest limitation was the fact that most people are not aware of AISA as an institution and therefore would never read AISA annual report.

To address the low response rate, the researcher contacted some of the stakeholders known to her because they have dealt with AISA in the past; by phone and actually requested them to complete the questionnaire and also hand distributed some of them.

## **1.11 ORGANISATION OF THE STUDY**

### **Chapter one: Introduction**

Chapter one presents the background to the study, the research questions, the objectives and motivation of the study. This chapter also introduces the research design and the organisation of the study.

### **Chapter two: Theoretical Perspective**

This chapter focuses on the state of scholarship as it pertains to the identification of the public sector annual report, users and usefulness thereof.

### **Chapter three: Research design and Methodology**

The research design, the objectives and methodology used to gather the relevant data are outlined in this chapter. The rationale for selection of the method are explained, the participants, the procedure for obtaining consent, the distribution and collection of questionnaires and data analysis methods are discussed.

### **Chapter four: Analysis and Interpretation of the Research Findings**

The results of the research are reported on, analysed and interpreted in this chapter.

### **Chapter five: Summary, Conclusions and Recommendations**

The statement of the problem investigated is evaluated in relation to the findings of the study. Previous chapters are summarised, conclusions, recommendations and areas of further research are discussed.



## **CHAPTER TWO**

### **THEORETICAL PERSPECTIVE**

#### **2.1 INTRODUCTION**

This chapter firstly looks at corporate governance according to which an institution has to be accountable; by reporting on its activities to stakeholders, recognising stakeholder opinion and by encouraging and improving stakeholder participation. For stakeholders to be able to participate meaningfully and add value to an institution, information reported must be useful.

Secondly, the chapter examines the meaning of ‘usefulness’ as it pertains to this study, looking at what determines the information to be useful in order to understand if the information in the AISA annual report satisfies the criteria of being useful.

Thirdly, the chapter addresses the literature on the quality of information in public sector annual reports. According to the Public Service Commission (PSC, 1999), the effectiveness of an annual report as an accountability mechanism depends on the quality of the information provided in it. The researcher is of the opinion that the interest of stakeholders to read the annual report might be negatively affected if the information in the report is of poor quality.

Then the chapter investigates literature on the identification of public sector stakeholders and information required by users of a public sector annual report.

#### **2.2 CORPORATE GOVERNANCE IN THE PUBLIC SECTOR**

Corporate governance relates to how an entity is managed and how the management account to the shareholders and the entire stakeholder community. According to Witherell (2002:8) ‘good corporate governance refers to the rules and practices that govern the relationship between managers and shareholders of corporations and the stakeholder’. Accountability, fairness and transparency are the outcomes of good governance. Koma (2009:453) refers to corporate governance as ‘the system by which business operations are directed and controlled’. Corporate governance calls for accountability through practices within an entity that will develop and nurture trust between the entity and its stakeholders.

Stakeholder trust will develop, and be maintained, if the entity regularly provides adequate information to the stakeholders. As public entities use public money, they must communicate all their activities; financial and non-financial to the public. Communication is an essential ingredient to a healthy stakeholder relationship. The King III Report in the Public Sector (PWC, 2010:81) states as an important principle the fact that entities must build relationships with their stakeholders, which will be achieved if communication lines between the entity and its stakeholders are opened. According to Bourne (2009:4), for an entity to attain success in managing stakeholder relationships, a long-term commitment must be established through a continuous process which entails:

- Identifying stakeholders
- understanding their expectations
- managing the expectations
- monitoring the effectiveness of stakeholders engagement activities; and
- continuous review of stakeholder community.

In order to reap the benefits of this process, it must be continuous and entities should be committed to it. This process will assist in knowing the entity's stakeholders and their information needs. This means that there must be continuous and targeted communication between the entity and its stakeholders which could be in the form of reports, meetings and presentations (Bourne, 2009:18). To maintain trust between the entity and its stakeholders, the entity must be careful of what they report, how and when it is reported.

Chepkemei, Biwott, Mwaura and Watindi (2012:233) distinguish between ethical and unethical behaviour on corporate governance. Chepkemei et al (2012:236) claim that the prevalence of unethical communication will bring about destruction and retaliatory behaviour whilst ethical communication will bring about trust and confidence in the entity. When an entity frequently informs stakeholders about its activities, about the achievement and non-achievement of the set objectives, stakeholders will have no choice but to have faith in the entity and the information provided by the entity. Trust and confidence will be achieved if information that is provided to the stakeholders is useful. According to Ernst and Young (2009:11)

companies should report annually using an integrated report and the report should be complete, timely, relevant, accurate, honest and accessible and comparable with the company's past performance and should cover both positive and negative aspects of the company. The annual report of a public entity is the only document that manages to capture and provide a holistic view of the entity; wherein all the information relating to the operations of the entity, its financial results and the results of its operations is reported on. And if the preparers are honest in their reporting, the annual report must also contain even the unpleasant information.

## **2.3 USEFULNESS OF INFORMATION**

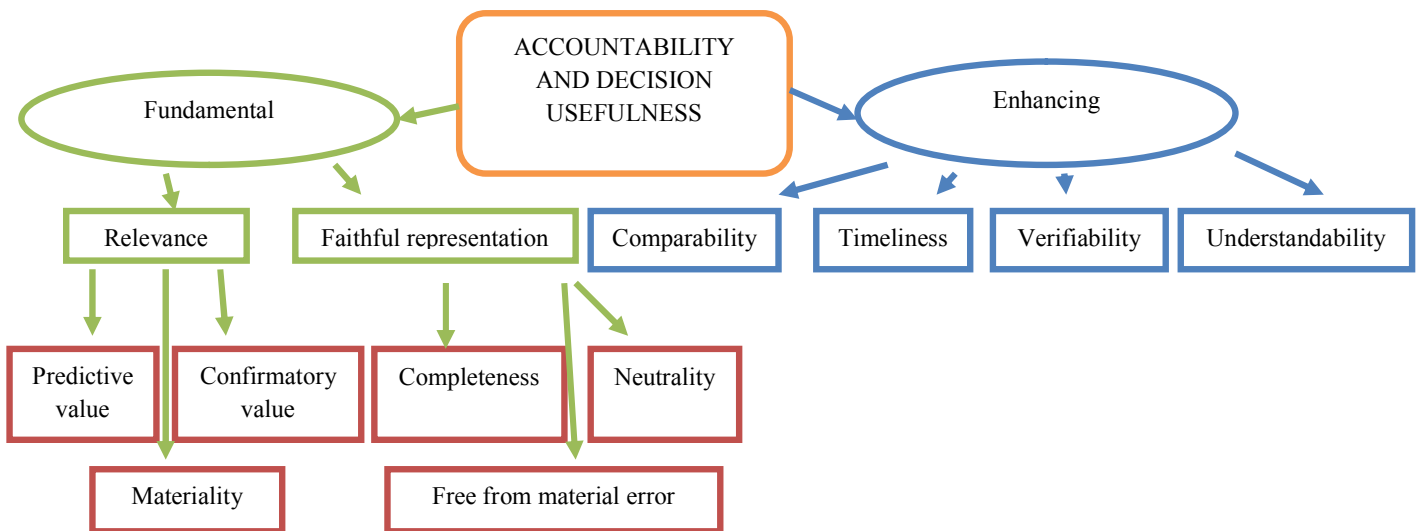
The Oxford English Dictionary defines usefulness as a 'condition of being useful', a 'condition of being serviceable'. Useful information is therefore information that has value and can be used to benefit a particular need or to achieve a particular objective. The fundamental objective of corporate reports as stated in the Corporate Report (ASSC, 1975:28) is 'to communicate economic measurement of and information about the resources and performance of the reporting entity useful to those having reasonable rights to such information'. According to the International Public Sector Accounting Standards Board (IPSASB, 2008:6), the objective of financial reporting by public sector entities is 'to provide information about the entity that is useful to users of general purpose financial reports for accountability purposes and making resource allocation, political and social decisions'. The objective of reporting in general is therefore to communicate useful information to users, information that users will value and upon which decisions are made. For effective communication to take place, information must meet certain desirable characteristics and must display certain qualities.

### **2.3.1 Qualitative characteristics of information in the Annual report**

According to the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (IPSASB, 2012:26), information provided in the general purpose financial reports is financial and non-financial and hereafter referred to as 'information'. The qualitative characteristics of information are the attributes that make information provided in corporate reports useful and therefore achieve the objective of reporting. According to the Conceptual Framework for Financial

Reporting (FASB 2010 – SFAC 8: par QC1), the qualitative characteristics possess the ability to identify information that is most valuable to the user of the report.

The Framework identifies relevance and faithful representation as the fundamental qualitative characteristics and comparability, verifiability, timeliness and understandability as the enhancing qualitative characteristics. The diagram below shows that these qualities render information useful for accountability and decision making. Fundamental qualities are primary qualities on which usefulness is measured, while enhancing qualities improve the quality and the credibility of the reported information. The diagram below depicts the qualitative characteristics of information:



**Figure 2.1: Qualitative characteristics of financial and non-financial information**  
**Source:** Adapted from FASB (2010) and IPSASB (2012)

### 2.3.1.1 Relevance

According to Lubbe, Modack and Watson (2008:23) stakeholders are interested only in information that informs their financial decisions, if information will not help them in making decisions, such information will not be used and therefore be irrelevant. Kew and Watson (2010:118) claim that any information that is not relevant to users should not be disclosed as it might divert the attention of the user from useful information. Financial and non-financial information is relevant if it is capable of making a difference in achieving the objectives of financial reporting which are to provide information that is useful for accountability and decision-making purposes (IPSASB, 2012:35).

For information to help make a difference in decisions, it must have ‘predictive value and confirmatory value or both’ (FASB 2010 – SFAC 8: par QC7). For example, the information presented must have the ability to influence the decisions of users by helping them to evaluate whether accountability was discharged in the past and how it was discharged. Such information must also help users to evaluate the present level of accountability and how future events might be affected as a result of the present level of accountability or to confirm or correct past judgements about accountability. Confirming or changing past expectations does not necessarily imply a change of decision but rather confirming or altering the degree of uncertainty on the basis of new information (FASB 2010 – SFAC 8: par QC6). For information to have predictive value does not imply that the information is a forecast but it will be able to assist in the prediction of future results. According to the Auditor-General (AGSA, 2009:89), for performance information to be relevant, it must be linked to predetermined objectives and mandate.

Materiality of information also plays a vital role in establishing the relevance of information. Information is material if its omission or misstatement could influence the decisions that users make on the basis of financial and non-financial information of a specific entity (FASB 2010 – SFAC 8: par QC11). According to Bragg (2011: 19), materiality depends on the size of an item and the nature of an item and therefore its application is tied to a specific entity (FASB 2010 – SFAC 8: par QC11). If information does not have an impact on the decision of the user because the item itself or the amount of the item is insignificant then such information cannot be disclosed. Therefore materiality is a matter of judgement on the part of the preparer.

#### **2.3.1.2 Faithful representation**

For financial and non-financial information to be useful to users, it must represent relevant occurrences and it must also faithfully represent the occurrences it purports to represent (FASB 2010 – SFAC 8: par QC12). Actual outcomes of actual occurrences must be reported as they have taken place and not as they ought to have taken place. According to IPSASB (2012:36), for information to be a faithful representation, it must possess three characteristics: it must be complete, neutral and free from material error.

For information to be complete, it must be able to give the user a clear and full picture of all the actual activities of the reported entity. If some of the information is left out, the report will be misleading. Completeness of information implies inclusion in reported information of everything that is relevant to a specific activity (Flynn & Weil, 1991:17) and not leaving out information that would influence the decision. However, if immaterial information is omitted, information would still be complete. Complete information also means that all necessary descriptions and explanations of an occurrence should be given (FASB 2010 – SFAC 8: par QC13).

For information to display a quality of faithful representation, it must be free from material error. According to Kew and Watson (2010:119) if information is free from material error and bias, it can be depended upon by users to faithfully represent that which it claims to represent. Free from material error means that there are no errors or omissions that are individually and collectively material in the description of an occurrence and also that the process that has been followed to produce the information is described (IPSASB, 2012:37). Users may not be able to trust the information reported if the information has errors and it is difficult to understand the process that was applied to produce the information. The researcher is of the opinion that information that the user can trust because it is free from error and material bias, is a faithful representation. Information that faithfully represents that which it purports to represent should be neutral and free from bias in such a way that it does not give a predetermined result. Bias may take place where information is misstated and manipulated because of fraudulent activities that may have taken place.

Neutrality in financial reporting is the absence of bias (IPSASB, 2012:36). Information should not be presented in such a way that the user is led to arrive at a particular decision. Preparers should not report their perceptions nor should they lead users to conclusions that serve a particular need or favour a particular group of people. Preparers should also not disclose information from which they expect users to display a particular behaviour.

### **2.3.1.3 Comparability**

According to DiPiazza Jr. and Eccles (2002:58) comparability implies adoption of generally accepted meaning of words and measures. Comparability is the quality of information that enables the users to identify similarities and to distinguish

differences between occurrences within an entity or in similar entities (IPSASB, 2012:38). For information to be useful, users must be able to compare it in such a way that similarities and differences are clear. Comparability is different from consistency. Consistency calls for use of the same methods, procedures and practices across time and reports. According to the Conceptual Framework (FASB 2010 – SFAC 8: par QC 22) comparability is the goal and consistency helps to achieve that goal of enabling users to compare information. Comparability allows preparers to be consistent in identification, measurement and disclosure of like and unlike information from year to year (Hussey, 2011). Consistency allows users to easily compare information by informing them of policies employed, changes in such policies and the effects of the change. Comparability does not mean uniformity of policies and methods across entities but it means that for financial information to be comparable like things must look alike and different things must look different (FASB, 2010; IASB, 2010).

#### **2.3.1.4 Verifiability**

Verifiability is a quality of information that helps to assure users that the information reported faithfully represents occurrences and activities as they have taken place (FASB 2010 – SFAC 8: par QC26). As a result different knowledgeable and independent observers could reach consensus about a report and about the fact that information in the report faithfully represents the state of affairs. Verifiability helps to ensure that users can depend on the reported information. Verification may be direct or indirect (IPSASB, 2012:39). Direct verification takes place when the verifier checks all available information about the reported information while indirect verification checks only the inputs using a particular method and then verifies the output through the same method (IPSASB, 2012:39). Verifiability cannot take place on all the reported information. Some information may be verifiable and some may not be verifiable and therefore to assure users that reported information faithfully represents occurrences and activities that they purport to represent, the assumptions and methodologies adopted should be made known to the user (IPSASB, 2012:40).

### **2.3.1.5 Timeliness**

Timeliness means having information available to decision-makers before it loses its capacity to be useful for accountability and decision-making purposes (IPSASB, 2012:38). For information to be useful to users, it must be available when needed in decision-making and not long after the decision has been made. When users receive relevant information soon, they will have the opportunity to use it as and when needed but some information may still be useful long after the reporting date, depending on how the user intends to use such information. According to Attmore (2011:8), if reports are not distributed timeously, users will have no choice but to infer from old information and this might impact negatively on the trust and confidence they might have developed in these reports. He also claims that if reports are delayed the relevance and usefulness of information reported in them might be affected.

### **2.3.1.6 Understandability**

Information provided in corporate reports should be presented in such a way that it is understandable to the reader. According to Van Beest, Braam and Boelens (2009: 14), ‘understandability will increase when information is classified, characterised, and presented clearly and concisely’. Some users may have difficulty understanding the language and mode of presentation used in the annual report and as a result they might not be able to use such information. However, it is believed that users must have a reasonable amount of accounting and business knowledge (Lubbe, Modack & Watson, 2008:22) and the ability to understand information will depend on their own capabilities and their willingness to study the information.

According to United Nations (UN, 2008:13), the manner of presentation that will help users to understand the information in the annual report must include:

- A good design
- systematic classification of topics and indicators
- concise use of the language
- explanation of unknown terms in the text, or the inclusion of a glossary to enhance understandability.



When preparing these reports, the preparers ought to be mindful of the interests of users who are assumed to exercise their diligence when reading the reports and who possess the ability and the interest to comprehend corporate and economic activities (IPSASB, 2012:37) as well as the specific reporting entity. Preparers need to take to heart the fact that some users might be interested in reading the annual report and if they cannot make sense out of the report or understand the contents disinterest may take effect. It is for this reason that information should be simple to understand but that does not mean excluding complex phenomena because that would make information incomplete and misleading.

#### **2.4 DISCLOSURE OF INFORMATION IN THE ANNUAL REPORTS OF PUBLIC ENTITIES**

Numerous studies on public sector annual reporting have been conducted in other countries. Such studies have not been undertaken in South Africa, except for a project that was undertaken by the Public Service Commission in 1999 where South African reporting requirements were evaluated in order to assess the usefulness of annual reports of governmental departments as an accountability mechanism in comparison with international practice (PSC, 1999). In this project, the contents of 24 annual reports of national departments for the years 1996 to 1998 were scrutinised to establish how they compared with international standards. The study (PSC, 1999) revealed that the content of the annual reports of governmental departments in South Africa fails to meet international standards.

A number of studies which focused on the information disclosed by public entities in their annual reports, the role and importance of the annual report in discharging accountability and its role as a communicative tool to stakeholders were conducted (Boyne & Law, 1991; Banks, Fisher & Nelson, 1997; Tooley, Hooks & Basnan, 2009; Hooks, Coy & Davey, 2002; Steccolini, 2002; Coy, Fischer & Gordon, 2001). Boyne and Law (1991:190) evaluated the information provided in the annual reports published by Welsh District Councils and they found that issues of effectiveness and citizenship received little attention and there was also little discussion on the presented information. They also reported that the reports tended to focus on figures and failed to report on priorities and targets and were generally of poor quality

(Boyne & Law, 1991:192). According to Boyne and Law (1991:192) the insufficiency of information in annual reports may explain the reason why annual reports are rarely used by the public.

Universities are institutions formed by law and they operate under the law and are referred to as statutory bodies (Cameron & Guthrie, 1993:1). Universities operate under the higher education sector and are public sector entities because they receive subsidies and grants from the government. According to Coy, Fischer & Gordon (2001:13) colleges and universities use public resources and are compelled to inform the stakeholders on how they used those resources. Banks, Fischer & Nelson (1997) employed the disclosure index methodology to evaluate the annual reports of 84 universities in England, Wales and Northern Ireland. Banks, Fischer & Nelson (1997:223) found that the annual reports of the universities evaluated, were deficient in quantity and quality disclosure, especially on issues affecting service performance. This was also reported by Boyne and Law (1991:192). They warned that failure to provide adequate information makes it difficult for stakeholders to make informed judgements about the success of the institution in meeting their objectives. They also noted that improvements in accounting by an entity may succeed in educating and enabling those who deal with it to establish perceptions that will lead them to taking greater interest in its activities. However, their work only considered items perceived as important by the researchers in the Modified Accountability Disclosure and scored them.

Coy, Dixon, Buchanan and Tower (1997:123) also found a large expectation gap in terms of quality of disclosures and disclosures themselves. The study confirmed the fact that these reports are useful for accountability purposes but not for decision-making (Coy, Dixon, Buchanan and Tower (1997:118), a claim alluded to by Pablos, Cárcaba and López (2002:655). This was confirmed by Clark (2010:74) who claimed that the information needs of users of government reports are indeed based on accountability.

Hooks, Coy and Davey (2002) indexed items and requested stakeholders to indicate the extent of quality of each indexed item. They reported that many items were not

adequately disclosed and this resulted in an information gap between stakeholders' expectations and the disclosures in the annual report (Hooks, Coy and Davey 2002:517). However, their study selected stakeholders because of their positions in their organisations and the knowledge they possess of what ought to be disclosed in the annual report.

Local governments play a very important role in the community because they provide services for the well-being of those communities. According to Wisniewskie and Stewart (2004:222) they impact the political, economic social and cultural life of the communities. Local governments are publicly funded and therefore are public entities. Steccolini (2002) did a content analysis of the Italian local governments' annual reports, using a checklist developed from the literature on disclosure and accountability indices. The objective was to analyse the level of disclosure and the mix of information disclosed and not necessarily rating the quality of information. The study (Steccolini, 2002:19), discovered that local governments only aim at complying with the law in preparing their annual reports and as a result produce poor quality reports that are only useful to internal stakeholders.

Ryan, Stanley and Nelson (2002) also used the accountability index to investigate the quality of disclosures by Queensland local government Councils. Ryan, Stanley and Nelson (2002:7) indexed items into three sections, i.e. the overview section, which covers information of general nature; the performance section, which covers both financial and non-financial performance and the financial section, which covers financial statements and other financial information. They noticed improvements in the quality of disclosures but also indicated poor reporting in the area of corporate governance, remuneration of executive staff, personnel, occupational health and safety, equal opportunity policies and performance information. According to Ryan *et al* (2002: 21), the size of the local government affects the quality of disclosures.

Herawaty and Hoque (2007) inspected annual reports of 56 Australian government departments and used the disclosure index to determine the level of disclosure. Herawaty and Hoque (2007:162) found the level of disclosure to be insufficient and mandatory disclosures were less than voluntary disclosures. They also reported

limited disclosure in the area of human resources, asset management, and external scrutiny, purchasing and contracting.

Poor quality reports may also contribute to lack of stakeholder interest. It is therefore important for organisations in the public sector to publish reports of high quality, that are informative and educational and that will enable stakeholders to develop sound opinions about their existence and also to gain a better understanding of their activities. According to the Australian government (Queensland 2011:10), the characteristics of a quality annual report is that it: complies with statutory and policy requirements, presents information in a concise manner, is written in plain English and provides a balanced account of performance. For the annual report to arouse interest in the stakeholders, information contained in it must be presented in such a way that it is readable and gives a clear account of service delivery performance.

## **2.5 IDENTIFICATION OF PUBLIC SECTOR STAKEHOLDERS**

According to Henley, Likierman, Perrin, Evans, Lapsley and Whiteoak (1992:290), it is not always clear who the intended readers of the annual report of the public sector entities are and also what their needs are. Sometimes this may be a reflection of the multiplicity of audiences of these statements. Evidently, not even the preparers are clear about their potential readership. Beach, Brown and Keast (2008:3) concur with Henley *et al* (1992). Their study revealed the dilemma faced by government agencies in identifying and managing their stakeholders because of a large number of stakeholders that are to be considered in decision-making, service delivery and policy processes. Hodges, Macniven and Mellet (2002:52) claim that the fact that the annual report has been mailed or received by the stakeholder, either as part of general distribution or in response to a specific request, does not mean that it has been read. Hence, a follow-up of responses regarding the annual reports in the hands of the recipients is needed and a platform that allows readers to ask further questions or seek explanations with regard to the report should be provided. The stakeholders should be involved in determining the form and content of the annual report.

To identify public sector stakeholders and their information needs, several studies were conducted. Coy, Fischer and Gordon (2001:14) consider stakeholders to be ‘all those with a legitimate economic, social or political interest in the organisation’. Bourne (2009: 30) defines stakeholders as ‘ a group or individuals who supply critical resources or place something of value at risk through their investment, career or time in pursuit of the entity strategies or goals or those who are opposed to the entity or some aspects of its activities’. There is no consensus on stakeholder groups, due to their differing information needs. According to Coy, Fischer and Gordon (2001:13) public sector entities are owned by the public, funded by the public, including donors and the state, and provide services to the community as a whole. Pablos, Cárcaba and López (2002:654) also claim that government annual reports are meant for the general public. Therefore stakeholders should include all members of the community; although Lapsley (1992: 84) claims that the general public is the most difficult user group to identify and to discover their views because they are disinterested in the report. Lapsley’s claim (1992:285) was based on the circulation lists of the local governments for their annual report which reported very few members from the public. If very few members of the public were on the circulation lists and if those who had not received the report have not come forward to demand their copy of the annual report, this suggests that the members of the public are not interested in reading the annual report.

Hay and Antonio (1990) identified different user groups as inclusive of: debt rating agencies, debt insurers, underwriters, investment bankers, bond attorneys, legislative and oversight officials, public finance researchers and citizen advocating and information groups. Atamian and Ganguli (1991) identified 48 users based on their understanding of literature reviewed, an earlier work done by Atamian in 1978 and regulatory requirements that prevailed in the cities. The users were then divided into five groups: individuals, private businesses, private non-business organisations, state and local government and federal government agencies. In this study (Atamian & Ganguli; 1991), the municipalities themselves identified the recipients with no follow-up by the researchers.

Coy, Dixon, Buchanan and Tower (1997) identified stakeholders by placing reply cards in the annual report distributed by tertiary education institutions and sent questionnaires to those who returned the reply cards. They found that the most significant stakeholders are the internal communities, i.e. people located on tertiary education institution campuses, including employees. In another study, Coy *et al* (2001) used the decision usefulness model by Engstrom and Fountain (1989) and public accountability model by Coy, Coy, Dixon, Buchanan & Tower (1997) in identifying university stakeholders and established that the public accountability approach of identifying stakeholders is much more comprehensive than the decision usefulness approach. With the decision usefulness approach, they revealed thirteen groups of stakeholders and 21 user types with the public accountability approach.

Steccolini (2002) identified users by asking the financial departments of Italian local government entities to locate users of their annual report. The result of the study revealed that local governments were not managing their stakeholders because they were not even aware of who the users of their annual report are and could not even identify them. Steccolini (2002:19) claims that the annual report is only prepared for compliance with the regulatory requirements and is mainly meant for internal stakeholders. He discovered that the most important groups of users are councillors and cabinet ministers, CEOs and managers, while other local governments, lenders, suppliers and citizens are perceived to be less interested in local government reports.

In a study by Mack and Ryan (2006) a survey of actual recipients of annual reports of Queensland government departments was done and the mailing lists were used to locate users. The users were identified through self-assessment based on their interaction or their dealings with the entity, and the analysis elicited seven groups. In another study, Mack and Ryan (2007) engaged in researcher inspection of actual lists of recipients, and identified the following groups: Ratepayers, taxpayers, residents, other resource providers, councillors, other recipients of services, including local businesses and oversight bodies, media, ratepayers and resident associations, departments of local government, internal users, and other Councils. There was no follow-up on the recipients. Users were identified from distribution lists of Councils, but the results of the study coincided with their 2006 study.

Tooley, Hooks and Basnan (2009), with the help of prior studies, identified six groups of stakeholders to whom Malaysian local authorities are accountable: internal stakeholders, which include councillors, management and employees, external stakeholders including the public, state government and creditors. Tooley and Hooks (2010) also identified the stakeholders by asking schools to distribute a copy of the questionnaire with each annual report circulated. Eighty percent of respondents identified themselves as a parent, or a guardian of a learner attending the school; seventeen percent were staff members of the school, or holding a position in governance of the school, and fifteen percent indicated that they do not read the annual report. Luke (2010) also followed the approach undertaken by Tooley, Hooks and Basnan (2009) and examined accountability dimensions in state owned enterprises (SOEs). Luke (2010) came up with a number of stakeholders classified as managerial, to whom SOEs are accountable: Central government, ministers, and treasury and council members; political being: Central government, ministers and opposition parties; public being: Taxpayers, citizens, voters, customers and creditors; professional bodies and regulators.

The literature on the identification of the stakeholders revealed that every public entity sector; school, university, local government, or government department has its own stakeholders who are different to those of other public entities. Thus every sector is unique, and as a result, stakeholders are also unique. The literature revealed that every public entity's stakeholders comprise of internal and external stakeholders.

## **2.6 INFORMATION NEEDS OF USERS OF PUBLIC SECTOR ANNUAL REPORTS**

When the preparers of the annual report are aware of the information needs of the users of their reports, information that is relevant and useful to a wide variety of users will be provided. Annual reports might not be the only source of information, but are the only comprehensive reports available to the public. It is; therefore, necessary for preparers to know the information needs of users of their reports. According to Clark (2010:78), to understand perfectly the information needs of users of the annual report, those who are responsible for preparing it, must first understand the purpose thereof, and then will be able to include information that will be useful

to the reader. Though Henley *et al* (1992:290) claims that it is not an easy task to establish what users want, and how their information needs can be met, since it is not easy to reach them. Hence Zain, Mohammad and Alwi (2006:156) claim that there is miscommunication between providers and users of information, because there is a lack of communication and consultation between providers and users. It is important for the providers and preparers to take time to research the information needs of users if their annual reports are to be useful.

Various studies looked at the information needs of users from a number of perspectives. Butterworth, Gray and Haslam (1989) looked at the role played by the annual report when the UK local authorities used it in their communication with the public. The study (Butterworth, Gray & Haslam 1989:82) revealed that the reports were not used frequently, and usually not requested for, without further enquiries about them. They also found that the reports were difficult to read. The users are also expected to have a considerable amount of knowledge about information contained therein, and in addition, demanded a higher level of reading ability. These results coincided with the results of the survey by Hodges, Macniven and Mellet (2002:53) that showed that there is a limited degree of public interest which is very low when compared to the size of the population.

In the study conducted by Hay and Antonio (1990:92), they reported that users of government reports want disclosure of occurrences that may influence decisions based on the information in the financial statements years after the issue of the report, rather than one point in time. Users need information about occurrences of non-compliance with laws, regulations and agreements, material contingent liabilities, and significant effects of subsequent events (Hay & Antonio, 1990:92).

Daniels and Daniels (1991) identified information according to preferences of users. Daniels and Daniels (1991:33) found that the legislative group were interested in budgeted and actual information with regard to compliance, performance, and cost of service. The creditors and oversight groups were interested in information that will help in the estimation of future revenues and performance trends. The citizens and oversight groups were interested in detailed spending information on the



services, and on the notes to the financial statements (Daniels & Daniels, 1991:35). Coy, Dixon, Buchanan & Tower (1997) also reported that users want to know more about future plans and their financial implications, effectiveness and efficiency. In another study by Dixon and Coy (2007:286), as in Coy, Dixon, Buchanan & Tower (1997) later, university council members still indicated that they would like to read more on future resource distribution, overall plans as well as their financial implications, efficiency and effectiveness of the institution, and information on the performance of the institution educationally. Tayib, Coombs and Ameen (1999) studied the needs and requirements of ratepayers of local authority financial accounts, and their study revealed the gap between the expectations of users of local government financial accounts and statutory requirements for financial reporting in Malaysian Local Governments. Tayib, Coombs and Ameen (1999:116) reported that eighty-eight percent of respondents desire local governments to improve their disclosures. However, their study considered only ratepayers, to the exclusion of other stakeholders. Priest, Juliana and Dolley (1999) selected items from the annual reports of municipalities and stakeholders, and found that stakeholders identified performance and cost of service items as important disclosures. Priest, Juliana and Dolley (1999:57) reported that fifteen percent of respondents declared that they do not have interest in the annual report of municipalities, and indicated that they do not read it, because it is not easily available. However, the findings of the study are based on three user groups only: Ratepayers, business people, and service providers, with the exclusion of other stakeholders who might be the real users.

Mack and Ryan (2006) and (2007), and Coy, Dixon, Buchanan & Tower (1997) also reported that users in their research indicated their preference of performance information to financial information. The studies also revealed that general purpose financial reports are produced and distributed for financial and public accountability rather than for decision-making. Skaerbaeck (2005) looked at the role played by the annual report in communication with the government and in compliance with established norms. Skaerbaeck (2005:409) revealed that the annual report is intended for the powerful entities within the state, and that public entities use the annual report to obtain funding. However, the study (Skaerbaeck, 2005) focused on the perceptions of the producers and not on the users of the annual report. The focus was

mainly on the producers of the annual report's opinion of their efforts to compose a successful report.

Lee (2008) sought the opinions of the preparers of annual reports on the usefulness of reporting selected information in the annual report. Information was rated on a Likert scale and the following items were selected: Financial information, quality of outputs, quantity of outputs, outcomes, and the narrative analysis of performance. The study (Lee, 2008) revealed that the preparers placed their focus on financial information more than on non-financial information. Lee (2008:144) also revealed that preparers are not interested in reporting information on outcomes, quantity and quality of outputs, even though they recognise the contribution of that kind of information towards the achievement of objectives.

Tooley, Hooks and Basnan (2009) found that Malaysian stakeholders of local authorities perceive accountability as an act of rendering an account on managerial and financial issues as well as economic efficiency and effectiveness to all stakeholders. In the study by Tooley and Hooks (2010:51), respondents perceived the annual report as an accountability vehicle, but also as a decision-making vehicle to a limited extent; with financial performance information being rated most important (Tooley & Hooks: 50). Krambia-Kapardis and Clark (2010:12) found dissatisfaction of stakeholders on issues pertaining to: Financial information (which was found to be insufficient and difficult to understand), effectiveness and efficient use of resources in accordance with the budget, comparison of the budget with the objectives as well as legal obligations, future planning and strategies of the government entities.

According to the Australian Government (Queensland Government 2011:10) different users of the annual report include:

- Members of parliament who require the disclosure of appropriate performance information in annual reports to decide whether the application of taxpayers' funds and resources in providing the best mix of service delivery to achieve the government's objectives for the community

- members of community who have an interest in the performance and achievements of government in relation to services provided to the community
- other government agencies, including overseas jurisdictions, federal, state and local government are interested in the performance of Queensland agencies for benchmarking purposes
- the media who have an ongoing interest in information relating to government performance
- employees, including executive management, use annual reports as a key reference document for performance information to support decision-making and programme and policy improvement.

Each stakeholder's needs are different to those of other stakeholders, and the annual report must include information that will meet the needs of all the stakeholders. This will be made possible if the entity is aware of those stakeholders and their information needs.

## **2.7 SUMMARY**

This chapter investigated the meaning and usefulness of information and how usefulness is captured by qualitative characteristics thereof. It also examined the available literature on public sector annual reporting, identification of stakeholders, and information needs of the identified stakeholders. According to the Conceptual Framework, information is useful if it is relevant, a faithful representation of what it purports to represent, comparable, verifiable, timely, and understandable. The discussion has revealed that there is a concern about the quality of disclosures in public sector annual reports and that the information in the reports is not meant for decision-making but for discharging accountability. Previous studies reported poor quality and the value of disclosures though improving, as issues for concern. The quality of disclosures was examined through the use of an accountability models and indices.

Stakeholders were grouped into internal stakeholders (those who have access to inside information and are also able to influence decisions within the organisation, such as management, other employees, council members, Auditor-General,

government regulators and politicians), external stakeholders (those who are impacted by the particular public entity and the service rendered by the entity, and their only available source of information is the annual report, such as the suppliers, community organisations, researchers, the public and the media). The literature revealed that public sector annual reports are used mostly by internal stakeholders.

To establish information needs of stakeholders, researchers identified information that was perceived as important in prior research and empirical analysis, where after stakeholders were requested to rate it. It was revealed that a significant number of stakeholders read the annual report and find it to be useful to some extent. Literature also reported lack of interest in the annual reports, and distribution and accessibility were cited as factors contributing to the problem. It is notable that ten years later on, the situation has only slightly improved as lack of interest is still prevalent.

The studies mentioned above were conducted in countries such as Malaysia, India, Italy, the USA and Australia. How does South Africa compare with these studies? The researcher is not aware of any study of this nature in South Africa, and particularly not at AISA. AISA may know who the recipients of their annual report are, but they also need to know whether the recipients actually use it, for what purpose, and their thoughts and perception about the quality and comprehensiveness of their disclosures. This information is important to AISA because for information to be useful, whether in decision-making, corporate communication, corporate accountability and corporate governance, it must be sensitive to the needs of the intended users. Therefore, this study intends to identify the actual users of the AISA annual report. Is the AISA annual report also meant for internal stakeholders, as identified in previous studies? Do external stakeholders show interest in the AISA annual report? If yes; which information do they look for in the report? If no; what could be the reason behind their lack of interest? What do stakeholders say about the quality of the AISA annual report and the quality of disclosures in it? These questions will be addressed in the following chapters.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 INTRODUCTION**

The body of literature discussed in Chapter Two shed some light on the state of public sector reporting in general. The aim of this study is to investigate the usefulness of the AISA annual report to the stakeholders. Therefore, this investigation requires methods to gather the required information that will enable the researcher to establish the level of usefulness and the perceptions of users of the AISA annual report. In this chapter, the focus is on the methods that were used in the planning, the structuring and the execution of study, the research design that was followed, and the methods that were used to gather data from stakeholders. The population selection and sampling techniques engaged are described, and the techniques used in data analysis are discussed.

#### **3.2 THE RESEARCH PARADIGMS**

All research is based on a particular paradigm that informs the way of perceiving and understanding reality. According to Collis and Hussey (2009:55) ‘A research paradigm is a framework that guides how research should be conducted based on people’s philosophies and their assumption about the world and nature of knowledge.’ Two main paradigms are discussed in the literature: Positivism and interpretivism (Leedy & Ormond, 2005:94; Collis & Hussey, 2009:56). The positivists believe that reality is objective, and the researcher is independent of the research. They also believe that there exists a single reality, where the facts may be quantitatively measured in a controlled environment through experiments. The interpretivists, on the other hand, believe that reality is subjective and the only way to understand it is by viewing it in its natural setting, and also by interacting with what is being researched. Their belief is that there are many realities because reality is perceived differently by people through their eyes and experiences (Leedy & Ormond, 2005; Krauss, 2005; and Collis & Hussey, 2009). In this study, the researcher investigates the level of usefulness of the annual report through the point of view of stakeholders. The belief is that stakeholders are best suited to provide

reasons behind their reading, or not reading, the annual report, and also to indicate, in their own words, information that they want to read about in the report. Therefore, the interpretivism paradigm is applicable.

### **3.3 THE RESEARCH METHODOLOGY AND DESIGN**

Research methodology refers to strategies including the methods that are employed to collect data that is required to investigate the research problem. According to Collis and Hussey (2009:71), 'a research methodology is a technique for collecting and analysing data'. In answering the research questions, quantitative or qualitative methods can be used. In this study both the qualitative and quantitative approaches were used to gather data and to answer the research questions.

According to Coldwell and Herbst (2004:36) 'A research design is the strategy for the study and the plan by which the strategy is to be carried out.' It indicates how the researcher intends to apply the chosen method. It provides a direction or a formalised plan of the methods and the processes for the collection and analysis of data. In order for the design to elicit the required data, it must be relevant to the type of questions to be answered, or the hypothesis to be tested. The study followed a case study approach. The study investigated the usefulness of annual reports of public entities; selecting AISA as a case. According to the literature in chapter 2, usefulness of information is measured by its relevance to decisions; the fact that it faithfully represents activities as they have taken place; and that it must be comparable, verifiable, and understandable and be made available timeously. Data were collected at a single point in time by means of questionnaires, and from archival records. The survey and content analysis methodologies were employed to gather data from the stakeholders. According to Collis and Hussey (2009:76) 'A survey methodology is designed to collect primary and secondary data from a sample, with a view to analysing them statistically and generalising the results to a population.' A structured questionnaire, where all the respondents were asked the same questions, was used to collect data. The questions in the questionnaire fully addressed the issue of usefulness; question 34 and 35 are about relevance, question 20, 25, 32, 33 and 39 are about faithful representation, question 15 and 26 address

understandability, question 30 and 31 address comparability whilst question 34 and 36 address verifiability and timeliness respectively.

Mouton (2001:165) describes content analysis studies as studies that analyse content of documents, and according to Leedy and Ormond, (2010:144), it is done for the purpose of identifying patterns, themes or biases. Minutes and audio recordings of AISA annual report parliamentary briefings were studied, transcribed and analysed.

### **3.3.1 The population**

Population may be defined as a group of people, objects or universe of units from which the sample is to be selected (Bryman & Bell, 2003; Coldwell & Herbst, 2004). The target population comprised all those who are considered to be intended users of the annual reports of AISA. By virtue of being called AISA stakeholders, they have a stake in the affairs of AISA, or they are affected by the operations of AISA, or had some dealings with the organisation. According to the researcher's observation, AISA's stakeholders are made up of:

- Management
- employees
- exchange partners
- creditors
- library users
- academics from universities
- parliamentarians
- donors
- Treasury Department
- Department of Science and Technology
- other Science Councils.

The groups above are inclusive of internal and external stakeholders. Internal stakeholders can be defined as stakeholders who influence the decisions in an organisation, and to whom information is made available as and when needed; whereas external stakeholders do not have any influence in decision-making, and they depend on the annual report for information.

A database of stakeholders was obtained from AISA; not necessarily the mailing list of the annual report. The annual report mailing list would indicate the names of stakeholders who receive the annual report, but such a list could not be made available, since the annual report is distributed only to the Parliament. The researcher observed that other stakeholders obtain the report as and when they visit AISA premises. The list from AISA, though not comprehensive, included creditors, exchange partners, and academics from different universities. The researcher searched and found the names of the members of the Portfolio Committee on Science and Technology on the Parliamentary Monitoring Group website. The researcher was also asked to e-mail the questionnaire where after it was circulated to the research staff.

### **3.3.2 The sample**

According to Collis and Hussey (2009:340) ‘A sample is a subset of the population’, that is, a portion of population selected from the larger population that will be considered for inclusion in the survey. A sample comprises the elements of the population that are used in the study. Sampling means making a selection of people or objects from a defined population that will take part in the survey. Sampling is divided into probability sampling and non-probability sampling (Pellissier 2007:32; Czaja & Blair, 2005:126). Initially, the researcher was going to use probability sampling, where every unit in the sampling frame has a known chance, but not necessarily an equal chance of being selected (Coldwell & Herbst, 2004:79). This kind of sampling is believed to be unbiased and representative of the population (Bryman & Bell, 2003; Matthew & Ross, 2010). According to Collis and Hussey (2009:62), if the possibility exists that the entire population is studied, then it is not necessary to select the sample. Since AISA is a small organisation, every stakeholder had a chance of being selected but it became clear that non-probability sampling technique had to be employed.

Non-probability sampling technique was seen as a viable option, since AISA stakeholders are global, covering even those countries that are not English-speaking. In some cases there were no e-mail addresses available and only postal addresses were provided, with a lot of missing information. Subsequently, the researcher



decided to use convenience sampling where elements in the population are selected on the basis of availability and accessibility (Pelliser, 2007; Collis & Hussey, 2009). It was also not possible to access all AISA employees. The questionnaire was distributed to those employees as selected by AISA and only the research staff received the questionnaire. The researcher then contacted the office of the Chief Executive Officer (CEO) and the Director of Publications. The CEO, representing the management of AISA, completed the questionnaire. The Director of Publications revealed to the researcher how his office uses the annual report (annex. E).

### **3.3.3 Research instruments**

A research instrument is any instrument that the researcher uses to gather data in order to answer the research questions. Two research instruments were employed to collect data, a questionnaire and content analysis. As the AISA stakeholders are represented all over the world, and mostly in Africa, the only way to gather data from most of them was through the questionnaire. The questionnaire had to be used in order to know and understand the impression of stakeholders about the AISA annual report. According to Collis and Hussey (2009:191), the questionnaire is normally used where the thoughts, explanation for a particular behaviour, and feelings of people are sought. Content or document analysis methodology was also employed as the second data collection method to complement data from the questionnaires.

#### **3.3.3.1 The questionnaire**

The questionnaire used in this study is provided as part of Annexure A. Annexure B provides the checklist that was used to answer the questions, and the questionnaire was administered by the researcher. Some of the advantages of questionnaires are as follows:

- It is cheaper to administer
- it is quick to administer, since questionnaires can reach a large number of respondents at the same time (Bryman & Bell, 2011:232)
- respondents have time to think before answering the questions (Brynard & Hanekom, 2006:46).

The researcher is not at hand to explain uncertainties, which is a disadvantage of questionnaires, and may result in biased or distorted answers by the participant

(Brynard & Hanekom, 2006:46). The questionnaires were distributed according to the following distribution methods:

- On-line, where the Lime Survey web-based tool was employed. The College of Economic and Management Sciences at UNISA was responsible for creating and also administering the tool
- where no e-mail addresses existed, questionnaires were sent by post. Self-addressed postage paid envelopes were included
- hand delivery, which was undertaken only after the Lime Survey was no longer active, and only those known to the researcher as stakeholders who had not responded to the questionnaire, were targeted.

The questionnaire and a consent letter were sent by e-mail, mail, and some were hand delivered to all the stakeholders who were invited to participate in the study. It comprised 44 questions which took approximately thirty minutes to complete. The questions included both open-ended and closed questions. The type of questions in the questionnaire was informed by previous research; as discussed in the literature review chapter, but it was adapted to make it appropriate for the current study. The questions were divided into three sections: A, B and C. Section A is to a large extent about the demographics of the AISA stakeholders. The objective of this section was to answer the first research question to establish the actual users of the AISA annual report among a total number of stakeholders who receive the report. Section B was aimed at answering the second research question to seek the information requirements of the users of the report. Section C was aimed at answering the third question to establish the level of the usefulness of the AISA annual report as seen through the eyes of the stakeholders, and it was learned by the qualitative characteristics of information discussed in the literature review chapter. Items in this section were evaluated on a five-point Likert scale. The rating scale used was:

- S/D : Strongly disagree
- D : Disagree
- U : Uncertain or undecided
- S/A : Strongly agree
- A : Agree

### **3.3.3.2 Content analysis**

Content analysis was used in this study to complement the questionnaire. According to Bowen (2009:27) ‘Content analysis is a systematic procedure for reviewing or evaluating documents – both printed and electronic material.’ It was used in order to give meaning and voice to data recorded in the minutes of the meetings, and audio recordings of the Science and Technology Portfolio Committee where the AISA annual report was examined. Minutes analysed were for 2005-2006; 2006-2007; 2009-2010; 2010-2011; and 2011-2012 reporting years and audio recordings for 2006-2007; 2009-2010; and 2010-2011. The minutes for 2007-2008 and 2008-2009 were not available. During these years the Committee interrogated the Budget and the Strategic Plan and no minutes were available prior 2007. The researcher obtained minutes and audio recordings relating to the parliamentary discussion on the AISA annual reports from the Parliamentary Monitoring Group (PMG) by means of e-mail and their website.

### **3.3.4 Data collection**

Both quantitative and qualitative data are required for this study. Quantitative data may be collected by means of survey techniques and experiments, and the findings are communicated through numbers and statistical data. With this type of research, numerical data is collected and summarised, and conclusions or generalisations are made from the data (Coldwell & Herbst, 2004:15). Qualitative data, on the other hand, is data that cannot be analysed by means of mathematical techniques, since it consists of words and observations, and it aims enhanced understanding of the behaviours and the experiences from the point of view of those who are involved (Krauss, 2005:764). In this study, qualitative data was gathered via content analysis and the questionnaire, and quantitative data was gathered via the questionnaire.

AISA supplied a list of the stakeholders, which was used as a sample. Thereafter, the stakeholders were invited to participate in the survey. The link to access the questionnaire was included in the invitation. From the target population of 190 participants, after removing participants who did not have e-mail addresses and non-English speaking participants, 151 questionnaires were sent by e-mail during September 2012 to January 2013, and fifteen questionnaires by post. Of the questionnaires that were e-mailed, 111 came back as undelivered and only one of the

mailed questionnaires was returned. Four follow-up reminders were sent because most participants did not complete the questionnaire, or some opened the questionnaire but did not attempt to respond to any of the questions. According to Collis and Hussey (2009:194) questionnaire fatigue and non-response bias are the two major challenges facing the use of questionnaires, especially if there is no interest in the topic. However, an AISA senior information specialist did indicate that the list may be a little outdated because AISA had been without a dedicated periodicals librarian for a while, a factor that also contributed to e-mails coming back undelivered.

Czaja and Bair (2005:137) also warn against trust being placed in the sampling, as it may contain information that is not complete and inaccurate. The researcher also considered that e-mails came back undelivered because the information provided might have been outdated and incorrect. The only mailed questionnaire received was also incomplete and could; therefore, not be used, even though it was evident that the respondent was a willing respondent, judging by the explanation he supplied on the dates he received and mailed back the questionnaire. The researcher also hand delivered the questionnaires to some of the stakeholders whose e-mails were returned as undelivered. Some could not answer most of the questions, since they had never consulted the report before.

**Table 3.1 Summary of participants**

Target population	190
Participants without e-mail addresses and incomplete addresses	16
Non-English speaking respondents	8
<b>Participants that were considered for the study</b> [151 sent by e-mail, including hand delivery; fifteen sent by mail]	<b>166</b>
Emails that came back undelivered	111
<b>Expected responses</b>	<b>55</b>
<b>Actual responses received</b>	<b>30</b>

After numerous follow-ups by email and telephone, only thirty (30) of the expected fifty-five (55) responses were received.

The content analysis was used to gather primary data from the minutes of the Science and Technology Portfolio Committee when the AISA annual report was examined. Data were collected from the minutes of the 2005-2006; 2006-2007; 2009-2010; 2010-2011; and 2011-2012 (annex. F) reporting years, and audio recordings for 2006-2007; 2009-2010; and 2010-2011 (annex. G).

### **3.3.5 Data analysis**

Data analysis is a process of evaluating, checking, organizing, translating and interpreting data into meaningful information in such a way that suggestions, conclusions and decisions can be made. According to Creswell (2006) (cited in Remler & Ryzin 2011:75) qualitative data analysis involves three main steps:

- Preparing and organising the data
- reducing and summarising the data, possibly through a process of coding
- presenting the data, in narrative form, figures and/or tables

According to Cavana, Delahaye, and Sekaran (2001:314), quantitative analysis involves the following steps: (a) getting data ready for analysis; (b) getting a feel for data; (c) testing the goodness of data and (d) testing the hypothesis. Data collected were dealt with as follows:

#### **3.3.5.1 Quantitative data**

Data from the questionnaires were captured on Microsoft Excel spreadsheet and entered directly as and when questionnaires were being received. Univariate analysis was used to find information about each variable. The whole process of editing, handling blank spaces, coding, categorizing and entering data on the spreadsheet was done by the College of Economic and Management Sciences at Unisa. Data were then presented statistically in tables and graphs.

#### **3.3.5.2 Qualitative data**

The researcher organised the written minutes and transcribed all the audio recordings. Data was read repeatedly to identify themes. In order to establish reports that the Parliamentarians emphasised, data were coded according to statements as per the reports in the AISA annual report. For example, the researcher would assign a word to a passage relating to human resources and also write down the questions asked, which would also indicate the information requirement pertaining to that

issue. Qualitative analysis methods were also used to analyse data found in the open-ended questions.

### **3.4 SUMMARY**

In this study, content analysis or document analysis, and a self-administered questionnaire with a web-based survey and mailed survey, were used to collect data. Lime Survey was used and the College of Economic and Management Sciences at Unisa created and administered the survey tool.

The minutes and audio recordings of meetings, where the AISA annual report was examined, were coded according to statements in the annual report. Patterns were also identified. The study used non-probability sampling where convenience sampling was employed to select the participants. Participants were selected on the basis of their availability and accessibility. AISA stakeholders were invited to participate in the study by way of e-mail, containing the link for accessing the questionnaire. Questionnaires were hand-delivered and also mailed to those stakeholders who do not have e-mail addresses, and postage paid envelopes was sent together with the questionnaires.

The next chapter provides a detailed presentation of the findings of the research.

## **CHAPTER FOUR**

### **ANALYSIS AND INTERPRETATION OF RESEARCH FINDINGS**

#### **4.1 INTRODUCTION**

The theoretical perspective in Chapter Two revealed that annual reports of public entities are read to some extent and are mostly used by internal stakeholders to comply with the regulatory requirements. The purpose of the study was to establish the level of usefulness of AISA annual report to the stakeholders. Information was collected by using web-based questionnaires and mail questionnaires; the minutes and the audio recordings of the meetings where the annual report was interrogated by the Parliamentarians.

The results of the research, obtained from the responses of the stakeholders are given in this chapter. Data were analysed quantitatively and qualitatively. Univariate analysis was used to analyse quantitative data. According to Bryman and Bell (2011:342) ‘univariate analysis refers to the analysis of one variable at a time’. Frequency tables and diagrams were used because the sample was small. Frequency tables provide the number and the percentage for each variable and were used to show comparison between the responses. A bar chart was used in measurement of nominal variables, showing the percentage and the frequency between the categories. Coding was used to analyse qualitative data obtained from the minutes and the audio recordings. Data was coded in such a way that it is related to the specific report in the annual report. Data had to be related to the specific report in the annual report in order to establish the usefulness of each report.

#### **4.2 RESEARCH FINDINGS**

The results of the research are presented as follows: firstly, are the results based on the questionnaire, secondly; the results based on the minutes and audio recordings of the AISA annual report interrogation by Parliament. The results of the analysis of the questionnaires are presented by means of frequency analyses, using tables, graphs and descriptive statistics. The results of the minutes and audio recordings are discussed according to the reports they relate to.

#### 4.2.1 Questionnaire

Of the fifty-five expected respondents, thirty responses (fifty-five percent of expected responses and sixteen percent of the target population) were received. All thirty respondents answered Questions 1 to 8: but thereafter some did not answer some of the questions since they were not applicable to them. Most of those questions were questions relating to the specifics about the annual report, and since they had not read the annual report, they could not respond appropriately:

- Fifteen respondents did not answer question 12. The question required the respondents to state their reason for not reading the annual report.
- Three respondents did not answer question 21. The question required respondents to indicate if they had ever asked for information that was not contained in the annual report.
- Three respondents did not respond to question 23. The question was if the respondents would like to be given the opportunity to comment and make suggestions on the report.
- Six respondents did not respond to questions 25 to 40 in Section C. The questions concern the usefulness of the annual report in terms of the qualitative characteristics.

There were two other responses which were not included in the thirty responses, as the respondents did not attempt to respond to the questionnaire. Instead, they just indicated that they had never read an AISA annual report, but they are only interested in the Africa Insight Journal, which is one of the journals AISA publishes.

The results of the questionnaires, as well as the interpretation thereof, are presented per question. Section A was aimed at identifying the demographics of the actual users of the report, and the reasons behind their reading or not reading the report. Section B was aimed at establishing the information requirements of AISA annual report users, and section C was aimed at establishing their level of usefulness of the report.

##### **Section A**

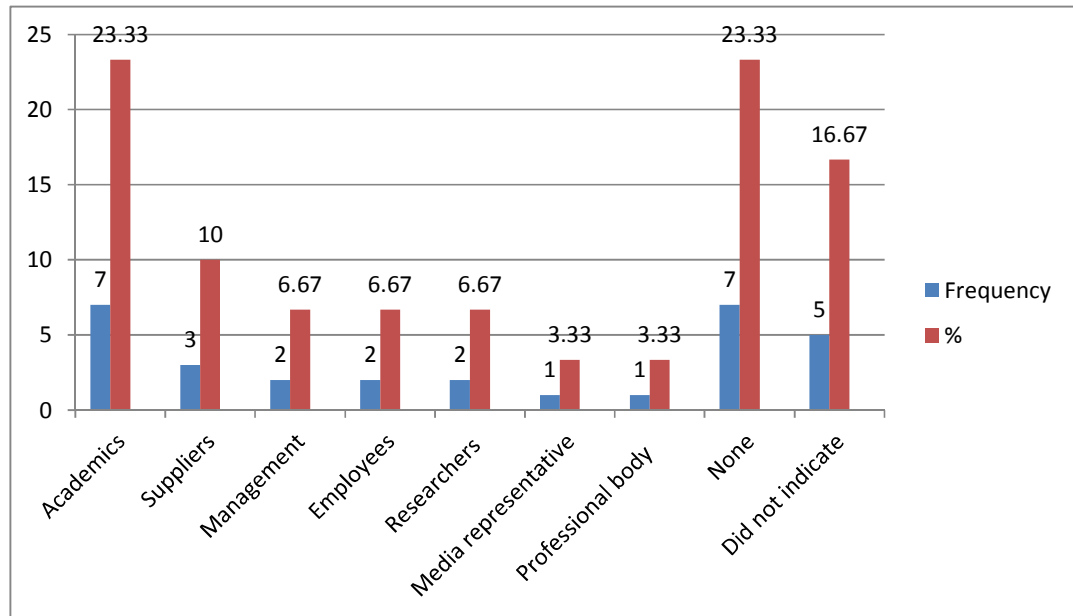
***Question 1:*** *Are you aware of the existence of AISA?*

By this question, the researcher wanted to identify the actual stakeholders of AISA from the sample. It is for this reason that the researcher deemed it fit to include all



thirty respondents who took part in the survey. Twenty respondents indicated that they are aware of AISA’s existence, whilst five indicated that they were not aware and another five omitted the question.

**Question 2:** *The nature of the relationship with AISA*



**Figure 4.1: Stakeholder groups**

The researcher identified eleven stakeholder groups from the sample, but only seven stakeholder groups responded. The Parliamentarians did not respond to the questionnaire, though they were contacted. The donors and the library users did not respond because they could not be accessed. The Treasury Department was contacted but did not respond, even after a telephonic follow-up was made. The reason stated was that the person who worked closely with AISA had resigned, and the new employee would not be able to respond appropriately.

The Department of Science and Technology was contacted electronically and telephonically but they never responded to the questionnaire. Instead, a document: ‘*Guideline for legislative oversight through annual reports*’ was sent through with the purpose that it will aid the researcher to understand how the Department makes use of the report (annex. I). Seven respondents stated that they do not have a relationship with AISA, even though they were found on the sample and five

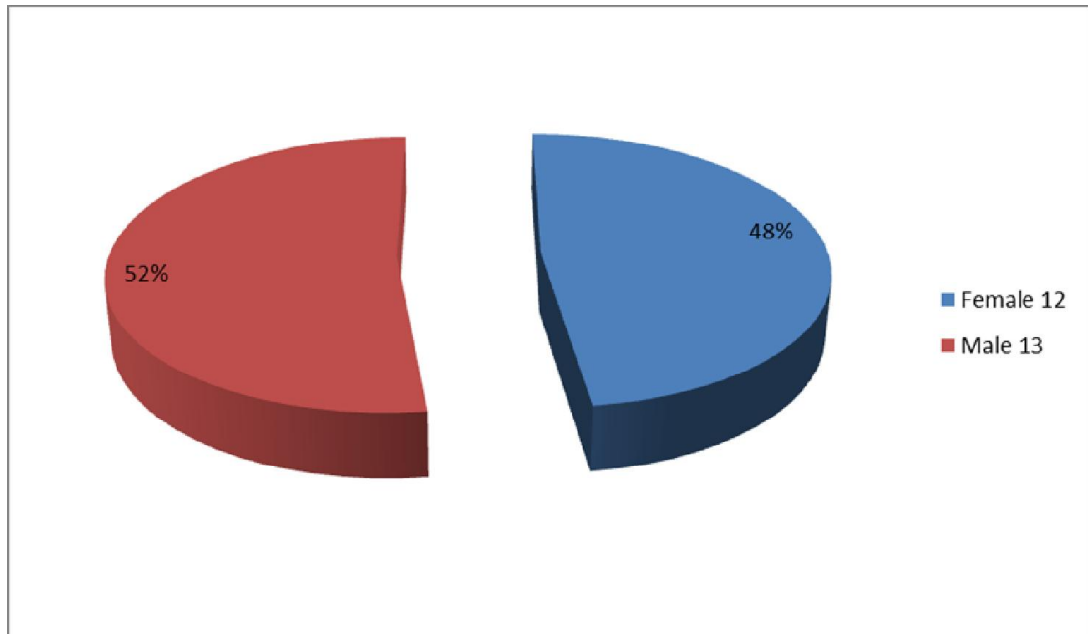
respondents did not indicate their relationship with AISA. They were included in the population as they were on the AISA database, which indicates that they had dealt with AISA before. Seven of the respondents were academics; three suppliers and/or creditors; two from management; two employees; two researchers; a media representative, and one from the professional body. The list above falls short of other stakeholder groups that were identified on the sample.

**Table 4.1 Question 3: Age of the respondents**

<b>Age in years</b>	<b>Frequency</b>
20 – 30	3
30 – 40	4
40 – 50	4
50 – 60	9
More than 60	4
Did not indicate	6
<b>Total</b>	<b>30</b>

This analysis indicates that the majority of the respondents were older people, who are between the ages of 40 and more than 60. Seven were younger people and six did not indicate their age.

**Question 4: Gender of the stakeholders**



**Figure 4. 2: Gender of the stakeholders**

The majority of respondents were men.

**Table 4.2 Question 5: Level of education**

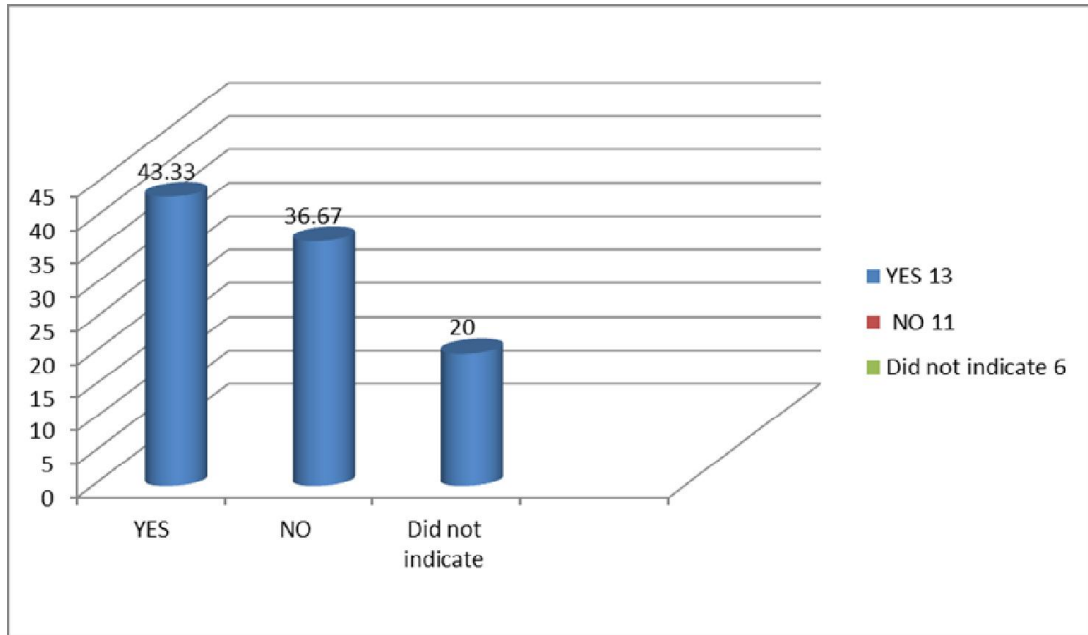
Qualification	Frequency
National diploma	4
Bachelor’s degree	1
Honours degree	3
Master’s degree	8
Doctoral degree	9
Did not indicate	5
<b>Total</b>	<b>30</b>

It was discussed in Chapter Two that readers of the annual report are assumed to have a reasonable knowledge of the corporate and economic activities as well as reasonable knowledge of the reporting entity. The majority of the respondents were highly qualified people, eight with master's degrees and nine with doctoral degrees. It is assumed that they have a working knowledge of the annual report as well as the contents of the report.

***Question 6: To whom do you think AISA is accountable?***

Luke (2010:255) distinguishes between three types of accountability as mentioned in Chapter Two: managerial and political, public and legal and professional. The responses to this question revealed knowledge that management and political accountability is perceived as being more important than public accountability. Managerial and political accountability is a formal dimension of accountability directed towards the central government, the politicians and other governmental institutions. Public accountability concerns the right of the public to be informed how the entity utilised the money entrusted to them, as well as the performance of the entity (the taxpayers, citizens and service users). Most respondents believe that AISA is accountable to government establishments; namely, Foreign Affairs; the Department of Science and Technology; The Department of Arts and Culture; The Council; whereas only two respondents mentioned the public, donors and readers. The question also shed some light that even the stakeholders themselves do not know or are not aware that AISA is accountable to them.

**Question 7:** Are you aware that AISA produces and distributes the annual report, which is publicly available?



**Figure 4.3: Awareness of AISA annual report as a public document**

Thirty-seven percent of the respondents are not aware that the AISA annual report is a public document, and that they have a right to the information contained in it. If respondents are not aware that the AISA annual report is a public document, they would not make an effort to ask for it.

**Table 4.3 Question 8: Have you ever consulted an AISA annual report?**

Response	Frequency	%
YES	7	29.17
NO	17	70.83
<b>Total</b>	<b>24</b>	<b>100</b>

The responses to this question are in agreement with the responses to question 7. If the majority of stakeholders are not even aware that the AISA annual report is a public document, they would not consult it. If seventy-one percent of the respondents had never consulted the AISA annual report, it makes sense why other stakeholders did not complete the questionnaire.

**Table 4.4 Question 9: Do you have access to AISA annual report?**

<b>Response</b>	<b>Frequency</b>	<b>%</b>
YES	8	33.33
NO	16	66.67
<b>Total</b>	<b>24</b>	<b>100</b>

Sixty-seven percent indicated that they do not have access to the AISA annual report. Coy, Fischer and Gordon (2001:21) defines accessibility as the absence of difficulty on the part of the stakeholders in obtaining the annual report, as well as the effort made by the entity to inform the stakeholders about the availability of the report. Grosso and Van Ryzin (2011: 247) attest to the fact that stakeholders must be informed as soon as the annual report is available. It was mentioned in Chapter Three that the report is distributed to the members of Parliament only, and whoever visits AISA, would be given a copy of the report. This response indicates that there was no effort to make the stakeholders aware of the availability of the report.

**Table 4.5 Question 10: Would you like to have access to AISA annual report?**

<b>Response</b>	<b>Frequency</b>	<b>%</b>
YES	18	75.00
NO	6	25.00
<b>Total</b>	<b>24</b>	<b>100</b>

Twenty-five percent of the stakeholders indicated that they would not like to have access to the AISA annual report, but seventy percent indicated that they would. Since the AISA annual report is also published on their websites, it indicates that stakeholders are not aware of its existence or where to obtain it, and are not informed when it becomes available.

**Table 4.6 Question 11: When you read AISA annual report, how thoroughly do you read it?**

<b>Response</b>	<b>Frequency</b>	<b>%</b>
Can recall some sections	4	16.67
Can recall all sections of the report	3	12.50
Vague recollection	1	4.17
Cannot recall	2	8.33
Never read it before	14	58.33
<b>Total</b>	<b>24</b>	<b>100</b>

Thirteen percent of stakeholders indicated that they can recall all the sections, whereas seventeen percent indicated that they can recall some sections. Fifty-eight percent had never read the annual report before, eight percent could not recall and four percent indicated that they have a vague recollection thereof. These responses do not agree with Question 8 where 70% indicated that they had never read the report. But the responses also reveal that those who make an effort to read the report read it thoroughly and with interest.

**Table 4.7 Question 12: The reason that you do not read items in the annual report is due to the following:**

<b>Response</b>	<b>Frequency</b>	<b>%</b>
Lack of time	7	29.17
Lack of understanding	1	4.17
Lack of interest	1	4.17
Did not answer	15	62.50
<b>Total</b>	<b>24</b>	<b>100</b>

Twenty-nine percent of the respondents cited lack of time as the reason why they do not read the annual report; four percent cited lack of interest; another four percent lack of understanding, and sixty-three percent did not answer the question. Although twenty-nine percent cited lack of time, we are aware that sixty-seven percent indicated that they do not have access to the report that is available on the website,

and the majority did not even answer the question. This demonstrates lack of interest.

**Question 13:** *If you have ever consulted an AISA annual report, why have you done so?*

Respondents had to provide reasons for reading the annual report. All of them provided different reasons according to their needs. Those who had consulted the annual report; the twenty-nine percent as established in Question 8, indicated that their interest in the annual report is vested in the publications and research output of AISA. They also indicated that they are interested in the key findings of research undertaken by AISA. Seventy-one percent responded by indicating that they had never consulted the report before.

**Table 4.8 Question 14: Which sections of the AISA annual report are of interest to you? (You may select more than one)**

<b>Section of the annual report</b>	<b>Frequency</b>
Research	12
Publications	9
Human resources	4
Report from the Chief Executive officer	4
AISA Governance And Council Meetings	4
Financial Statements	4
Finance, Administration and Information Technology	3
Report from the Chairman of the Council	3
Corporate affairs, Outreach and International Liaison	3
Library and Documentation Services	1

In this question, respondents could choose more than one response. The responses to this question agree with the responses to the previous question. Most respondents indicated that they mostly read the research report and publications report with the financial statements, report from the CEO, AISA Governance and Council meetings, and the human resources report. Corporate Affairs, Outreach and International Liaison; Finance, Administration and Information Technology, Report from the



Council, and the Library and Documentation Services report being the least read reports.

**Table 4.9 Question 15: Which sections of the financial statements do you usually read? (You may select more than one)**

<b>Section of the financial statement</b>	<b>Frequency</b>
Report of the Auditor-General	8
Cash flow statement	5
Report of the Audit Committee	4
Statement of the Financial Performance	3
Statement of Financial Position	3
Notes to the Financial Statements	2
Report of the Council	2

Respondents could select more than one response. Respondents seem to be interested in the report of the Auditor General; who is the auditing authority and the cash flow statement. From the report of the Auditor General; the auditing authority’s opinion is given about the financial statements and their report relating to matters of concern about the reporting and compliance issues. This indicates that concerning the finances, they rely on the feedback of the auditing authority. The cash flow statement gives an indication of how money, raised during the reporting period, was utilised. The interest in the cash flow statement indicates that the respondents are interested in how AISA use public funds.

***Question 16: Briefly indicate why you read the annual report section(s) you selected?***

Different responses were expected from this question, since users of the annual report will read a specific report according their interest, information they may be searching for, and the relevance of the information to a specific decision. The responses correlate with the responses in Question 13. Respondents are only interested in research issues affecting South Africa and the continent at large, the extent of research done by AISA, what is selected for research and how well it is done.

***Question 17:*** Briefly indicate why you read the financial statement section(s) you selected?

Users of the annual report will read the financial statement section of their choice to satisfy a particular need; hence each will provide a different response. Three of the respondents indicated the reasons why they select certain sections to read, is to understand the financial context in which the institution functions, as well as to gain insight on how funds in the allocated budget are spent.

***Question 18:*** Which of the annual report section(s) do you have difficulty understanding?

Only the financial statements section was cited as a component of the annual report they find difficult to understand. Readers need to possess basic accounting knowledge in order to interpret the financial statements; hence they were selected as difficult.

***Question 19:*** Which of the financial statement section(s) do you have difficulty understanding?

Only the Statement of Financial Performance was indicated as the section difficult to understand. The Statement of Financial Performance matches the income earned and expenses incurred in the reporting period, and it is presented in a format that requires basic accounting knowledge to understand it.

***Question 20:*** What information is not included in the annual report that you would like to read about?

While the majority of respondents hold the opinion that the information in the annual report is sufficient, one expressed the wish to see the annual report covering issues about Pan-Africanism and African Renaissance. Six of the respondents indicated that they had never read the report or they are yet to scrutinize the report.

**Table 4.10 Question 21: Have you ever contacted AISA about information that you needed and was not contained in the annual report?**

<b>Response</b>	<b>Frequency</b>	<b>%</b>
YES	2	8.33
NO	19	79.2
Not applicable	3	12.50
<b>Total</b>	<b>24</b>	<b>100</b>

Seventy-nine percent indicated that they had never asked for information that was not contained in the annual report, and only eight percent indicated that they had consulted AISA. Other respondents indicated ‘not applicable’ as they had never consulted the report and therefore they would not ask for additional information.

**Question 22:** *What was AISA’s response to your request?*

The eight percent that indicated that they contacted AISA about information not contained in the annual report, responded that their request was met. This indicates that the information in the AISA annual report is not adequate, and some stakeholders need more than what is reported.

**Table 4.11 Question 23: Would you like to be given the opportunity to comment and make suggestions on the information in the AISA annual report?**

<b>Response</b>	<b>Frequency</b>	<b>%</b>
YES	5	20.83
NO	16	66.67
Did not respond	3	12.50
<b>Total</b>	<b>24</b>	<b>100</b>

Only twenty percent indicated that that they would like to be given the opportunity to comment and make suggestions about the information contained in the AISA annual report. Sixty-seven percent are not interested in making suggestions about the information in the report and thirteen percent did not respond to the question. This indicates that stakeholders do not think that they can have an influence on what is

reported in the annual report or they are not aware that they can they have an input in the report.

**Question 24:** *How would you like to make suggestions or concerns known to AISA?*

Responses to this question ranged from making recommendations to the CEO, to making use of e-mails and interviews as well as the AISA webpage. The other response was that a draft should be made available and the respondent would then indicate changes in the draft. One of the respondents indicated that the interest lies only in the ‘Africa Insight Journal’, an AISA publication and not in the annual report.

**Section C**

In this section, six of the respondents; twenty five percent, could not respond to the questions, they indicated that the questions were not applicable to them.

**Table 4.12 Question 25: The AISA annual report is informative**

<b>Response</b>	<b>Frequency</b>	<b>%</b>
Strongly agree	4	16.67
Agree	6	25.00
Uncertain	7	29.17
Disagree	1	4.17
Strongly disagree	-	0
Did not respond	6	25.00
<b>Total</b>	<b>24</b>	<b>100</b>

Thirty-two percent believe that the AISA annual report is informative, twenty percent were uncertain and four percent disagreed. This indicates that AISA annual report provides users with useful knowledge that is also enlightening.

**Table 4.13 Question 26: The following reports are simple and understandable:**

SECTION OF THE ANNUAL REPORT	S/A		A		U		D		S/D		Did not respond	Total
	No	%	No	%	No	%	No	%	No	%		
Report from the Chairperson of the Council	-	-	9	37.50	8	33.33	1	4.17	-	0	6	24
Report from the Chief Executive Officer	-	-	10	41.67	7	29.17	1	4.17	-	0	6	24
AISA Governance and Council Meetings Report	-	-	10	41.67	8	33.33	-	0	-	0	6	24
Research Report	6	25.00	5	20.83	7	29.17	-	0	-	0	6	24
Corporate Affairs, Outreach and International Liaison Report	-	-	10	41.67	8	33.33	-	0	-	0	6	24
Library and Documentation Services Report	-	-	12	50.00	6	25.00	-	0	-	0	6	24
Human Resources Report	-	-	9	37.50	9	37.50	-	0	-	0	6	24
Publications Report	4	16.67	7	29.17	6	25.00	1	4.17	-	0	6	24
Finance, Administration and Information Technology Report	2	8.33	5	20.83	10	41.67	1	4.17	-	0	6	24
Financial Statements	3	12.50	4	16.67	10	41.67	1	4.17	-	0	6	24

About half of the respondents do not believe that the AISA annual report is simple and understandable and the other half were uncertain, which could be due to their vague recollection of the report or because they had not read it. The Research report, the Library and Documentation Services report and the Publications report were regarded as the reports that are simple and easy to understand. About forty-five percent of the respondents indicated that the research and the publications reports are simple and easy to understand. It was established that most stakeholders are interested in the Research and the Publications reports and therefore they would only comment on the report they had read and would be uncertain about other reports, hence twenty-six percent to thirty-nine percent were uncertain.

**Table 4.14 Question 27: The format in which the AISA annual report is presented, is complex.**

<b>Response</b>	<b>Frequency</b>	<b>%</b>
Strongly agree	6	25.00
Agree	3	12.50
Uncertain	9	37.50
Disagree	0	0
Strongly disagree	0	0
Did not respond	6	25.00
<b>Total</b>	<b>24</b>	<b>100</b>

Thirty-eight percent of the respondents believe that the format in which the AISA annual report is presented is complex and another thirty-eight percent were uncertain. This indicates that thirty-eight percent of the respondents do not understand the format in which the AISA annual report is presented and this might affect the readability of the report. If the format is complex, it makes it difficult to understand the information reported.

**Table 4.15 Question 28: Disclosures in the AISA annual report match my expectations**

<b>Response</b>	<b>Frequency</b>	<b>%</b>
Strongly agree	5	20.83
Agree	4	16.67
Uncertain	8	33.33
Disagree	1	4.17
Strongly disagree	0	0
Did not respond	6	25.00
<b>Total</b>	<b>24</b>	<b>100</b>

Thirty-five percent of the respondents indicated that the AISA annual report matched their expectations, thirty-nine percent were uncertain and four percent disagreed. This indicates that respondents who are the actual readers of the report are satisfied with the information covered in it.

**Table 4.16 Question 29: The layout of the AISA annual report is attractive**

<b>Response</b>	<b>Frequency</b>	<b>%</b>
Strongly agree	5	20.83
Agree	5	20.83
Uncertain	8	33.33
Disagree	0	0
Strongly disagree	0	0
Did not respond	6	25.00
<b>Total</b>	<b>24</b>	<b>100</b>

Thirty-seven percent believed that the AISA annual report is attractive and the other thirty-three percent was uncertain, but sixty-seven percent did indicate that they do not have access to the report, hence the uncertainty. It is possible that those who are uncertain said so because they had not even browsed through the report.

**Table 4.17 Question 30: The information in the AISA annual report is comparable to that of other research institutions**

<b>Response</b>	<b>Frequency</b>	<b>%</b>
Strongly agree	5	20.83
Agree	6	25.00
Uncertain	7	29.17
Disagree	0	0
Strongly disagree	0	0
Did not respond	6	25.00
<b>Total</b>	<b>24</b>	<b>100</b>

Forty-six percent agreed that the information in the annual report was comparable to that of other research institutions and twenty-nine percent were uncertain. Only stakeholders who read the AISA annual report and had actually compared information with that of other institutions would know if it is comparable or not.

**Table 4.18 Question 31: The information in the AISA annual report is comparable to that of the previous years**

<b>Response</b>	<b>Frequency</b>	<b>%</b>
Strongly agree	3	12.50
Agree	5	20.83
Uncertain	9	37.50
Disagree	0	0
Strongly disagree	0	0
Did not respond	6	25.00
<b>Total</b>	<b>24</b>	<b>100</b>

On the other hand thirty-three percent agree that the information in the report is comparable to that of the previous years and thirty-eight percent are uncertain. Uncertainty could be brought by the fact that comparison had not been done.



**Table 4.19 Question 32: Information in the AISA annual report is comprehensible and complete**

<b>Response</b>	<b>Frequency</b>	<b>%</b>
Strongly agree	5	20.83
Agree	6	25.00
Uncertain	7	29.17
Disagree	0	0
Strongly disagree	0	0
Did not respond	6	25.00
<b>Total</b>	<b>24</b>	<b>100</b>

Only a person who made the effort to read the annual report and who knows what should be included in it, would know if the information is comprehensible and complete. However, forty-six percent agreed that the report is comprehensible and complete. This indicates that readers of the AISA annual report believe that the information reported in the annual report is the true reflection of the actual activities of the entity.

**Table 4.20 Question 33: The information in the AISA annual report portrays the true state of affairs**

<b>Response</b>	<b>Frequency</b>	<b>%</b>
Strongly agree	4	16.67
Agree	3	12.50
Uncertain	10	41.67
Disagree	1	4.17
Strongly disagree	0	0
Did not respond	6	25.00
<b>Total</b>	<b>24</b>	<b>100</b>

Thirty-nine percent believe that the information portrays the true state of affairs and another forty-two percent were uncertain. Only the respondents who are aware of the

*modus operandii* and how reporting was done, would be certain that the information in the annual report portrays the true state of affairs.

**Table 4.21 Question 34: Information in the AISA annual report is reliable and can be trusted**

<b>Response</b>	<b>Frequency</b>	<b>%</b>
Strongly agree	5	20.83
Agree	5	20.83
Uncertain	8	33.33
Disagree	0	0
Strongly disagree	0	0
Did not respond	6	25.00
<b>Total</b>	<b>24</b>	<b>100</b>

Forty-one percent believes that the information in the report is reliable and can be trusted, whilst thirty-three percent were uncertain. This indicates that users of the AISA annual report believe that the information in the AISA annual report can be depended upon because it is reliable.

**Table 4.22 Question 35: Information in the AISA annual report is relevant to the needs of users**

<b>Response</b>	<b>Frequency</b>	<b>%</b>
Strongly agree	5	20.83
Agree	3	12.50
Uncertain	10	41.67
Disagree	0	0
Strongly disagree	0	0
Did not respond	6	25.00
<b>Total</b>	<b>24</b>	<b>100</b>

Thirty-three percent also agree that the AISA annual report is relevant to the needs of users and forty-two percent were uncertain. None of the stakeholders disagreed

with the question, but forty-two percent are uncertain. This could mean that they are not sure of the information contained in the annual report.

**Table 4.23 Question 36: The AISA annual report is always available timely for decision making**

<b>Response</b>	<b>Frequency</b>	<b>%</b>
Strongly agree	5	20.83
Agree	1	4.17
Uncertain	11	45.83
Disagree	1	4.17
Strongly disagree	0	0
Did not respond	6	25.00
<b>Total</b>	<b>23</b>	<b>100</b>

Only four percent disagreed that the annual report is released at the right time to enable decision-making whilst twenty-two percent agreed. The majority of the stakeholders are uncertain if the annual report becomes available timeously, the certainty could be because they are unaware of its availability.

**Table 4.24 Question 37: The AISA annual report is useful**

<b>Response</b>	<b>Frequency</b>	<b>%</b>
Strongly agree	1	4.17
Agree	10	41.67
Uncertain	7	29.17
Disagree	0	0
Strongly disagree	0	0
Did not respond	6	25.00
<b>Total</b>	<b>24</b>	<b>100</b>

Forty-six percent believes that the AISA annual report is useful and twenty-nine percent were uncertain. This indicates that there are stakeholders who read and use the AISA annual report.

**Table 4.25 Question 38: The AISA annual report is not easy to read**

<b>Response</b>	<b>Frequency</b>	<b>%</b>
Strongly agree	-	-
Agree	7	29.17
Uncertain	8	33.33
Disagree	2	4.17
Strongly disagree	1	8.33
Did not respond	6	25.00
<b>Total</b>	<b>24</b>	<b>100</b>

Twenty-nine percent agree that the AISA annual report is not easy to read, thirty-three percent were uncertain and twelve percent disagreed. If the annual report is not easy to read it will not serve any purpose because users will not be able to understand its contents.

**Table 4.26 Question 39: The information in the AISA annual report is not biased**

<b>Response</b>	<b>Frequency</b>	<b>%</b>
Strongly agree	1	4.17
Agree	9	37.50
Uncertain	8	33.33
Disagree	0	0
Strongly disagree	0	0
Did not respond	6	25.00
<b>Total</b>	<b>24</b>	<b>100</b>

Forty-two percent believed that the information in the annual report does not favour any particular group of people whilst thirty-three percent were uncertain. This indicates that those who read the AISA annual report believe that the information in it is neutral and it is not disclosed to serve a particular need.

**Table 4. 27 Question 40: I find the following sections in the AISA annual report useful in my work**

SECTION IN ANNUAL REPORT	S/A		A		U		D		S/D		Did not respond	Total
	No	%	No	%	No	%	No	%	No	%		
Report from the Chairperson of the Council	4	16.67	3	12.50	11	45.83	-	0	-	0	6	24
Report from the Chief Executive Officer	4	16.67	3	12.50	11	45.83	-	0	-	0	6	24
AISA Governance and Council Meetings Report	5	20.83	2	8.33	11	45.83	-	0	-	0	6	24
Research Report	5	20.83	5	20.83	8	33.33	-	0	-	0	6	24
Corporate Affairs, Outreach and International Liaison Report	6	25.00	1	4.17	11	45.83	-	0	-	0	6	24
Library and Documentation Services Report	6	25.00	3	8.33	9	37.50	-	0	-	0	6	24
Human Resources Report	2	8.33	4	16.67	11	45.83	1	4.17	-	0	6	24
Publications Report	5	20.83	4	16.67	8	33.33	1	4.17	-	0	6	24
Finance, Administration and Information Technology Report	5	20.83	-	0	11	45.83	1	4.17	-	0	6	24
Financial Statements	5	20.83	1	4.17	-	0	11	45.83	1	4.17	6	24

Only twenty-nine percent of the respondents find the report by the Chairperson of the Council useful in their work and forty-six percent are uncertain. Twenty-nine percent find the report by the CEO useful in their work and forty-six percent are uncertain.

Twenty-eight percent find the AISA Governance and Council Meetings report useful in their work and forty-six percent were uncertain. This indicates that the report by the Chairperson of the Council, the report by the CEO and the AISA Governance and Council Meetings report are not useful to users. Forty-two percent finds the Research Report useful in their work and thirty-three percent are uncertain. Twenty-nine percent of the respondents find the Corporate Affairs, Outreach and International Liaison report useful in their work, whilst forty-six percent are uncertain. Thirty-eight percent of the respondents find the Library and Documentation Services report useful in their work and thirty-eight percent are uncertain. Twenty-five percent of the respondents find the Human Resource report useful in their work and forty-nine percent were uncertain. This indicates that the Corporate Affairs, Outreach and International Liaison report and the Human Resource report are regarded as the least useful.

Thirty-seven of the respondents find the Publications Report useful in their work whilst thirty-seven percent are uncertain and four percent disagreed. Twenty percent of the respondents find the Finance, Administration and Information Technology report useful in their work, and fifty percent were uncertain, whilst four percent disagreed. Twenty-five percent of the respondents find the financial statements useful in their work and forty-six percent disagree. The Finance, Administration and Information Technology report and the financial statements are also the least useful.

The greatest single proportion of respondents; forty-six to fifty percent, is uncertain if the reports are useful in their work. The Research Report, the Publications report and the Library and Documentation Services report are the three reports identified as the most useful, with the least useful being the Finance, Administration and Information Technology report, Human resources report and the Financial statements. Information is useful if it can be used to influence the decision, or support in performing duties. If one uses information from the AISA annual report to perform their duties, uncertainty cannot

exist. If an average of forty-six percent is uncertain, it could also indicate that AISA annual report is not useful to users to perform their duties.

**Table 4.28 Question 41: The AISA annual report is easily accessible**

<b>Response</b>	<b>Frequency</b>	<b>%</b>
Strongly agree	6	25.00
Agree	2	8.33
Uncertain	7	29.17
Disagree	2	8.33
Strongly disagree	1	4.17
Did not respond	6	25.00
<b>Total</b>	<b>24</b>	<b>100</b>

Twelve percent of the respondents do not believe that the AISA annual report is easily accessible and thirty-three percent agree that it is. In view of the preceding results, one can conclude that although the AISA annual report is accessible, stakeholders are not aware how to access it and might also be an indication that they are not informed of its availability.

***Question 42: What type of information do you expect to find in the AISA annual report?***

Apart from a few respondents indicating that they expect to find information on the entire organisation, once again, the responses to this question were concentrated on research and policy issues affecting South Africa and the African continent as well as research output and publications from AISA. One respondent did indicate that he/she would also want to find information on objectives set and met in terms of research, the budget as well as information on the sponsors and how much was received from each sponsor and how the donation was used as well as the future plans of the organisation.

**Table 4.29 Question 43: How do you want the AISA annual report to be made available?**

<b>Response</b>	<b>Frequency</b>
Mailed to my postal address	5
E-mailed	8
Printed on newspapers	1
Placed on the AISA website	1
Did not indicate	9
<b>Total</b>	<b>24</b>

Each respondent could provide more than one response. Eight participants indicated that the annual report be e-mailed to their e-mail addresses, five indicated that they prefer a hard copy mailed to their postal addresses, and one participant is in favour of the idea that it be printed in national newspapers whilst another participant support the idea that it be placed on the AISA website and nine participants did not indicate their choice.

**Table 4.30 Question 44: Would you like to receive a copy of the results of this survey?**

<b>Response</b>	<b>Frequency</b>	<b>%</b>
YES	8	33.33
NO	1	4.17
Did not indicate	15	62.50
<b>Total</b>	<b>24</b>	<b>100</b>

Thirty-three percent of the respondents who took part in the survey indicated that they would like to receive a copy of the results of the survey and they provided their postal or e-mail addresses. Four percent indicated that they are not interested and sixty-three percent did not indicate.

#### **4.2.2 Audio recordings and minutes of meetings**

The Parliamentary Science and Technology Portfolio Committee, referred to as ‘the Committee’, is an oversight body over the Science and Technology Department. It is also responsible for interrogating the annual reports of all the entities under the Science and



Technology umbrella. AISA is an independent research organisation, a science council under the control of the Department of Science and Technology (DST); therefore, the Science and Portfolio Committee had to interrogate the AISA annual report.

Minutes documented were for the 2005-2006; 2006-2007; 2009-2010; and 2011-2012 reporting years, and audio recordings for 2006-2007; 2009-2010; and 2010-2011. The minutes for 2007-2008 and 2008-2009 were not available because the Committee did not interrogate the annual report and the audio recordings were not available prior 2007. Data from the audio recordings and the meetings were analysed and documented in Annexure C. The analysis of the data afforded the researcher the opportunity to establish reports that received attention by ‘the Committee’, and also to establish their areas of concern. This section is important for this study as it gives a clearer picture of how the parliamentarians; as the main stakeholder, make use of the annual report, to establish areas of emphasis, and also establish their information requirements.

Parliament has the obligation as the main stakeholder of the public entities to ensure that accountability takes place. The parliamentarians guided by the *Guideline for legislative oversight through annual reports* (South Africa, 2005); referred to as ‘*the Guideline*’, issued by the National Treasury, have the responsibility to go through the annual reports tabled by the reporting entities. It is the responsibility of this group to thoroughly read all the reports in the annual report in preparation for interrogation of the report. This group has an advantage over other stakeholders, since it has access to strategic plans of the entity, and they are; therefore, able to link the annual report with strategic plans. According to the *Guideline* (South Africa, 2005), the aim of the oversight process is to: (i) test whether the annual report is an accurate report of the entity’s performance; (ii) evaluate whether the reported performance is in line with the entity’s strategic plans and budgets and are acceptable given the operating environment; and (iii) assess how the entity might improve on its performance in the future.

There are nine reports in the AISA annual report: Report from the Chief Executive Officer, wherein the CEO summarises the overall performance of the entity, challenges and future prospects of the entity; the Research Report that reports on the research that was conducted; the Publications Reports providing information pertaining to AISA

publications in terms of books, journal articles, occasional papers, monographs and policy briefs; the Library and Documentation Services Report that reports on the events that AISA was involved in; the Human Resources Report that reports on the matters pertaining to personnel; Finance, Administration and Information Technology report that reports on the activities of the Finance, Administration and the Information Technology departments; and the Financial statements that report on the financial performance and position of the entity.

It was established from the minutes documented in Annexure C (paragraphs a-p), that the Human Resources Report, the Research Report and the Finance report were the most critical reports because it was discovered that they received more attention. It was also established that the discussions, questions, queries, clarifications were based on the information from the three reports. Other reports were barely touched. Parliamentarians get time to go through the annual report before it could be interrogated, and they receive guidance on the areas that are of critical importance. Therefore, one would argue that the Parliamentarians were satisfied with the way information was disclosed and the content thereof, consequently the information from some of the reports was not entertained. Detailed analysis is given in Annexure C.

#### **4.2.2.1 Information needs of the Parliamentary Science and Technology Portfolio Committee**

The Parliamentary Science and Technology Portfolio Committee showed concern in the way AISA had been marketing itself. As a result, they wanted to read an annual report which presents a simplified role of AISA for ordinary citizens to understand what AISA is all about (Annex C, par. n). They also indicated, in addition, they would want to read about technological research. (Annex C, par. f). If AISA is engaged in any social responsibility such as awarding scholarships to graduates, it must be stated in the annual report (Annex C, par. n). They also require the report to reflect on research that was undertaken that covers important issues, enhance knowledge, and promote African affairs which would change the mindset of people, such as Africa as a dumping zone of nuclear waste and xenophobia (Annex C, par. d). The report must indicate any partnerships and collaborations that AISA had with other departments as well as the impact of their research on society (Annex C, par. d).

The Committee had expressed some reservations about the presentation of the information in the annual report and the costs involved in producing the annual report (Annex C, par. n). They had indicated that it was highly academic and a waste of the taxpayer's money; also that the reported information was not consistent with planned objectives, indicators and targets.

### **4.3 SUMMARY**

This chapter presented the results of the study. Bar charts, tables and descriptive statistics were used to present data obtained from the questionnaire, followed by the discussion of the findings or conclusion. The qualitative analysis was used to present qualitative data from the questionnaire, and from the minutes and recordings of the committee. The minutes were analysed in such a way that information could be traced to the different reports of the annual report. By matching the information from the minutes with the different reports in the annual report, the researcher realised which reports are deemed to be of utmost importance by the Parliamentarians.

The findings of the study provided significant information for AISA about the role of their annual report. The study found that the AISA annual report plays the role of discharging accountability and it is not used by the stakeholders to make decisions. The study also found evidence about who the readers of the AISA annual report are, and the information requirements of different stakeholder groups. It was established that the AISA Management and the Parliamentarians read the annual report, and that other stakeholders are mostly not interested in the annual report. The AISA Management are the preparers of the report, and they are compelled to read each report in order to determine if the report is a true reflection of events that took place. Parliamentarians read the annual report in order to prepare them for the interrogation of the report, and to establish if the entity has succeeded in discharging accountability and meeting the budget, or achieving the set goals. Few external stakeholders who read the AISA annual report are only interested in research and publications provided by AISA.

The next chapter presents the summary of the chapters, the conclusions and recommendations of the study.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 INTRODUCTION**

Entities in both the public sector and private sector prepare and produce annual reports to report on their activities and their achievements, both financial and non-financial, in order to keep their stakeholders informed. In the private sector, the shareholders and investors are mostly interested in the annual report because it provides information relating to their investments. Such information gives assistance to effective decision making. Entities in the private sector know who their stakeholders are. However, this study has found that with AISA, the production of the annual report is not meant for decision-making but for discharging accountability and that at AISA preparers themselves are not even aware who their stakeholders are.

The purpose of this chapter is to report on the outcome of the investigation, to draw conclusions and to make recommendations.

#### **5.2 THE RESEARCH OBJECTIVE AND QUESTIONS**

It was indicated in Chapter One that the main objective of the study was to investigate the importance and the usefulness of the AISA annual report as the main vehicle for the demonstration of accountability to stakeholders. The study sought to answer the following questions: (1) Who are the actual users of the AISA annual report? (2) What information do they require? and (3) How useful is the AISA annual report to them? The findings of the study are reported on below.

#### **5.3 THE SUMMARY OF THE CHAPTERS**

Chapter Two presented a theoretical perspective covering aspects relating to corporate governance and usefulness of information which dealt with the qualitative characteristics of information in the annual report. Disclosure of information, identification of stakeholders and the information requirements of stakeholders were also discussed.

The research paradigm that informed the research, the research methodology and the strategies that were employed to collect and analyse data, were discussed in Chapter Three. The research was informed by the interpretivist point of view, according to which information is valid and reliable if those who are affected, communicate it. The mixed method and content analysis were used to collect data. Data collected was qualitative and quantitative. Questionnaires were distributed by way of email, post mail and hand delivery.

Chapter Four presented the research findings. Quantitative data were presented by means of bar charts and graphs. Data obtained from the minutes and audio recordings were coded according to different reports in the AISA annual report.

## **5.4 THE OUTCOME OF THE STUDY**

### **5.4.1 Stakeholders and their information requirements**

By observation, AISA has a large number of stakeholders, but many did not respond. From the sample, eleven stakeholder groups were identified but only seven responded. The study found that AISA themselves are not even aware of who their stakeholders are except for the Parliament, Department of Science and Technology (DST), the Council, The Auditor General, Standard Bank, National Research Foundation (NRF) and the Department of International Relations and Cooperation (DIRCO). These were identified as the recipients of AISA annual report. Other stakeholders did not appear on AISA's list for distribution of the annual report.

The study found that the annual report is given to the Parliament and to DST; the Auditor-General; Standard Bank; NRF and DIRCO by means of a disc and hard copy. Copies report are then housed at the premises and whoever visits AISA, receives a copy. The visitor might not even read it. The study revealed that even the AISA stakeholders are not aware that they have a right to the annual report; that AISA is accountable to them as stakeholders. When asked who AISA is accountable to in Question 8, many mentioned the government departments, with only two respondents mentioning the public, readers and donors. It was established in Chapter One that the stakeholder is any person who holds a stake in the entity, or who affects, or is affected by the activities of

the entity. AISA is a public entity that is funded by the government. Any member of the public has the right to ask for the annual report.

Of the groups that responded, only twenty-nine percent indicated that they have consulted the annual report. On closer examination, it was discovered that management, employees, academics and researchers consulted the annual report. Management and employees are internal stakeholders because they have defined roles within AISA, and as a result, information is easily accessible to them. Academics and researchers are external stakeholders, and they rely only on the information disclosed in the annual report, since they have limited authority, ability or resources to obtain additional information. The findings of this study are consistent with the findings of the previous studies, which reported that mostly the internal stakeholders read the annual reports of the public entities. Other groups were in the minority. Other studies also reported that even the preparers of the annual report support the statement that internal recipients are the most interested user readers of the annual report.

#### **5.4.1.1 Management**

Management plays a vital role in the preparation and production of the annual report. They ensure that the annual report provides a true reflection of the activities of the entity. The management indicated their need to be conversant with every report in the annual report in order to be able to answer questions, to clarify any unclear issues, and to enlighten Parliament, should it be necessary. Since management also plays a role in the preparation of the annual report, they will always ensure the disclosure of all the information they deem important to stakeholders. Management ensures compliance of the report to PFMA requirements, and decide on any additional reported information. Management use this platform to display the success of the political decisions and strategic plans implemented by the entity. For public entities, management includes even the Council members, since it is their responsibility to approve the annual report prior to submission.

#### **5.4.1.2 The creditors**

It was found that the creditors and/or suppliers do not utilise the annual report. The creditors and/or the suppliers are important in any organisation, since they provide goods and services on deferred payment. In the private sector, this group does not provide credit before ascertaining that the entity will be able to meet its obligations when they fall due. Information also important to them, is determining how the entity generates its cash flows or income. The creditors of public entities should be interested in solvency, which signals the ability of the government to meet their current as well as future obligations. This study; however, found that if an entity is financed by the government, suffices it to obtain credit; the belief is, that if the entity is unable to pay, the government will always bail them out. It is also believed that it is highly unlikely that public sector entities will go into liquidation. It is therefore, not surprising that only three creditors responded, and none of them stated that they consulted the annual report before giving credit. The conclusion is that they are only interested in the extent of business they get from AISA.

#### **5.4.1.3 The employees**

The employees form part of the internal stakeholders and therefore do not have to rely on the annual report for any information they need. The study has found that AISA employees do not read the AISA annual report. In the reporting year 2012-2013, AISA had a staff composition of sixty-six, including eleven interns. Though the questionnaire was circulated to research staff, only two responded. They also indicated that they read the annual report to establish if all the research papers and publications that their department produced are reported on. In the private sector, employees use the annual report to forecast future prospects of the entity in terms of stability, profitability and job security. In addition, they use it to understand the environment in which the entity was operating and to be acquainted with the achievements of the entity and salary negotiations, as they would base their arguments on the profits made by the entity. Since the public sector is not in the business of generating profits, salary negotiations are not based on the profits, but depend on the agreement of the General Public Service Sector Bargaining Council. Interestingly to note that one of the employees indicated that they had never consulted the annual report, with the exception to check on the salary of the CEO.

#### **5.4.1.4 The academics and researchers**

Thirty percent of the respondents are a combination of academics and researchers, who are not only based at South African universities, but in the rest of Africa and abroad. This group indicated that they read the annual report to get information on the researched topics and publications. One of the academics from a local university did not even attempt to answer the questionnaire. The respondent only responded by indicating that he had never consulted the AISA annual report, but is only interested in their journals. This is indicative that stakeholders are only interested in the service they get from AISA. AISA, as a research institution, deals with many academics and researchers locally and abroad. They are not interested in the reports, although they are educated individuals considered to possess a considerable knowledge of the importance and use of the annual report.

#### **5.4.1.5 The media**

The media plays a significant role in every society. They are the watchdog of society and they also play the role of an intermediary between the government and society. They are entrusted with the responsibility of informing the public about different societal matters. However, in this study, only four percent of the media responded. They indicated that they only consulted the annual report to check on the suitable analyst relating to the specific issue they would be broadcasting. They are also interested in the service AISA would be providing.

#### **5.4.1.6 The professional bodies**

Professional bodies are mostly interested in compliance issues and their interest is to ensure that rules and regulations that underlie reporting are complied with. Only one stakeholder from this group responded. With regard to the public sector, oversight bodies and the Auditor General are entrusted with the task of ensuring that compliance takes place. The report of the Auditor General will always indicate where compliance issues were disregarded.



#### **5.4.1.7 The Parliamentarians**

Parliament, represented by the Science and Technology Portfolio Committee, is obligated to read and examine the AISA annual report. None of the stakeholders from this group responded to the questionnaire. However, the minutes of their sittings were used to establish the areas of importance when the annual report is interrogated. They are guided by the document issued by the Department of Treasury: ‘Guideline for legislative oversight through annual reports.’ This group must also prepare thoroughly for interrogation and therefore are expected to go through every report in the annual report. It was found from their minutes that the Human Resource report, the Research Report and the Finance Report were given more attention than the other reports. One would assume that no significant issues could be drawn from the other reports, as some were barely entertained, and some were never mentioned in all the sittings that occurred between 2006 and 2012. The Auditor General’s report would also be given audience as it dealt with finance and compliance issues. Parliamentarians also fall into the group of internal stakeholders. They have an advantage over other stakeholder groups because of additional information available to them. Before they examine the report, they must have examined the budget and the strategic plans, and as a result will be able to compare the budgeted information with actual information. Examination provides clarity on various issues such as, why targets were not met; as these matters are always scantily dealt with in the annual report.

The needs of this group are geared towards accountability for the resources entrusted to AISA more than for decision-making.

### **5.5 CONCLUSIONS**

#### **5.5.1 The actual users of AISA annual report**

The study found out that AISA has many internal and external stakeholders. However, it was found that most of these stakeholders are not interested in reading the annual report. Some of the stakeholders did not indicate their relationship and some indicated that they do not have a relationship with AISA. Responses were obtained from seven stakeholder groups. The following stakeholder groups were identified: Management, employees, the academics and the researchers, media, professional bodies and parliamentarians. The study found that mostly internal stakeholders read the AISA annual report. The AISA

annual report is mostly utilised by Management of AISA and the Parliamentarians. The study confirms concerns echoed in previous studies that the annual report of public entities are meant for discharging accountability and are not used for decision-making as is the case with private sector annual reports. These findings are consistent with the previous studies.

The study also found that AISA do not have a close relationship with stakeholders. This became evident when it was difficult for AISA to identify their stakeholders. The study revealed that stakeholders are not aware that they have a right to demand for the annual report and even to influence the scope of and the format of the report. They think that AISA is accountable only to the government.

#### **5.5.2 The information requirements of AISA annual report users.**

The study revealed that each group is interested in a different set of information and that their expectations about the report differ. An important finding is that stakeholders are not interested in AISA as an organisation, but more in the service they can provide, as well as the extent of business, they get from AISA. This has not been mentioned in the previous studies. As mentioned in Chapter One, this is the reason why stakeholders would take to the streets if the service is not rendered as expected, since they do not take time to read the annual report that could have provided explanation on the reasons why some targets were not reached, or even to understand the environment under which the entity operated. If stakeholders read the annual report, they would gather knowledge about the entity, be informed of the reasons why targets and objectives were met, or not met, and as a result would be able support the entity. The study also confirms claims in previous studies that the annual report of public entities fulfils the role of communication mechanism between an entity and its sponsors, who in this case are the government, rather than a source of information for other stakeholders. The study found that the annual report is prepared for the national government as the provider of resources, and every effort is taken to ensure that reporting complies with the needs and the requirements of the government.

The study found that AISA stakeholders are interested mostly in research and publications that AISA produce. The kind of information in research is mostly on issues

affecting South Africa and the continent at large and how the findings are used to educate and emancipate the people of Africa. Two responses from the academics made it clear that they have never read AISA annual report but are only interested in AISA publications. This point again confirms the finding that stakeholders are only interested in the service provided by AISA.

Parliamentarians; as the biggest consumer of public sector annual reports, are the only group that are expected to read the annual report in its entirety. However, it was found that their interrogation was only biased towards some reports as the Human Resource Report, the Research Report and the Finance report were found to be discussed more often. The study found that the Parliamentarians are also interested in information pertaining to the AISA's marketing strategy, technological research, social responsibility issues, partnerships and collaborations with other departments on research as well as the impact of AISA's research on South Africans.

### **5.5.3 The usefulness of AISA annual report**

Although mostly internal stakeholders read the AISA annual report, it was found to be useful. Those who take time to read the annual report indicated that AISA annual report is informative, comparable, comprehensible, complete, and available on time, reliable and relevant to their needs. Stakeholders also indicated that AISA annual report is useful in their work even though it is presented in a format that is complex.

It was also found that AISA stakeholders are not made aware of the availability of the annual report on their website; because about 67% indicated that they do not have access to the report.

On completion of the study, the Department of Science and Technology was in the process of incorporating AISA into the Human Science Research Council (HSRC). The AISA Repeal Bill had passed through Parliament and had been waiting for approval by the National Council of Provinces. The proposed date of incorporation was set for 1 April 2014, where after AISA ceased to be an autonomous research institute, but is operating as a unit in the HSRC, although still operating from its own premises and using

its brand (HSRC & AISA, 2013). The study could not take this development into account since the study had already been completed at the time this happened.

## **5.5 RECOMMENDATIONS**

It is necessary for an entity to know who their stakeholders are and who the readers of their annual report are. Knowing stakeholders is important as it opens up communication lines between the entity and its stakeholders. AISA as a public entity keeps copies of the annual report at their premises to be given to their visitors and it is also obtainable online; this practice affects all the other public entities in South Africa. They could place a questionnaire in the annual report to be returned by the visitor in order to establish the relationship with the person to whom the report was given, the usefulness of the report by the visitor, and also if the person will be interested in receiving the annual report in the future. It is always important for an entity, even in the public sector, to have a relationship with their stakeholders. Because seventy percent of the respondents indicated that the AISA annual report is not accessible to them, AISA and other public entities should also look at the distribution methods of their annual report, and ways of alerting their stakeholders to the availability of the report. Why not place copies of the report at the community libraries and university libraries? More need to be done to bring to public the attention and to ease access to the annual report. Annual reports of private companies are always easily obtainable, even at most public libraries.

The fact that the annual report's availability online is acknowledged, but not all the stakeholders have the facilities to download the report from the internet, and the public entity that produce the report will never know what they use it for. The public entity could also send copies of their annual report to all their stakeholders. From a cost effective point of view it might not be a viable option, but it could be considered. As a way of marketing themselves, public entities could also publish summaries of their annual reports in one of the most read newspapers in each province in the country. The publication of the report might even be reinforced by holding public meetings where the information in the report would be explained.

This study has also revealed that most people do not know what AISA is, or what AISA does as an entity. Other public entities in South Africa could also be facing the same challenge. The Parliamentarians raised a concern in one of their sittings that AISA library was not being used to the optimum. The reason could be that people are not aware that AISA houses a library which the public could use. AISA and the other public entities could use their annual reports as a marketing tool to let people know what services they offer which could also serve as a communication tool to interact with their stakeholders.

The same study can be extended to other public entities in the country, and another study, which examines comparatively the contents of the annual report of public entities, grouped per service, such as all research institutions in one group; can be undertaken. Though AISA is a small entity, known only by a few; it is a public entity and therefore what applies to AISA also applies to other public entities.

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**ANNEXURE A: LETTER OF INVITATION FOR PARTICIPATION IN THE STUDY  
AND THE QUESTIONNAIRE USED IN THE STUDY**

**PARTICIPATION IN AN ACADEMIC STUDY**

**TITLE: THE USEFULNESS OF THE ANNUAL REPORT FOR PUBLIC ENTITIES IN  
SOUTH AFRICA WITH SPECIFIC REFERENCE TO THE AFRICA INSTITUTE OF  
SOUTH AFRICA**

**QUESTIONNAIRE TO OBTAIN STAKEHOLDER PERCEPTIONS ABOUT AISA  
ANNUAL REPORT**

Dear respondent

You are invited to participate in an academic study being conducted by Alina Moloi, a Masters student in Financial Accounting under the supervision of Professor Deon Scott and Professor Christa Wingard of the School of Accounting Sciences, University of South Africa.

The purpose of this study is to identify actual users of the AISA annual report, to determine their perceptions of the usefulness of the report and the extent to which their information needs are met.

*The responses obtained from the individual questionnaires will be analysed and statistically processed into the final results. The information will at all times be treated as confidential and will not be available to any entity or third party. Neither your name nor that of your company will be linked to your contributions to this study. The data obtained from the questionnaire will be used for academic research purposes only.*

You are kindly requested to complete the questionnaire and return it in the postage paid envelope, on or before 30 October 2012. Completion of the questionnaire will take approximately 30 minutes.

Irrelevant whether you have engaged with any of the annual reports, please complete the questionnaire, as your objective perceptions will be most valuable. By completing the enclosed questionnaire, you will be assisting me with valuable information for my research and indirectly to increase the value of the annual report.

An electronic copy of the final research study will be made available upon request as soon as the research is completed.

Attached is a questionnaire to obtain your perceptions regarding the AISA annual report.

Should you require any further information, please do not hesitate to contact:

Ms Alina Moloji

OR

Prof Christa Wingard

Tel: +27836706299

Department of Financial Accounting:

Fax: 0866213599

M & D Coordinator

Email: [34089454@mylife.unisa.ac.za](mailto:34089454@mylife.unisa.ac.za)

University of South Africa

Tel: +27124294013

Fax: 27124293424

(Please mark for my attention)

Email: [wingahc@unisa.ac.za](mailto:wingahc@unisa.ac.za)

Thanking you for your kind cooperation and assistance with this research project.

Yours sincerely,

Alina Moloji

September 2012

## THE QUESTIONNAIRE:

### STAKEHOLDER PERCEPTIONS REGARDING THE AISA ANNUAL REPORT

Indicate your response by marking the appropriate box with a clear cross (X) or answer the questions in the space provided.

#### A. GENERAL USER INFORMATION

		YES	NO	Office Use
1.	Are you aware of the existence of AISA			
2.	<b>The nature of my relationship with AISA</b>		<b>Mark with X</b>	
	None			
	AISA management			
	Government agency			
	Council member			
	AISA employee			
	Creditor			
	Academic			
	Donors			
	Student			
	Researcher			
	Media representative			
	Financial institution			
	Labour union			
	Supplier			
	Special interest group			
	Professional body			
	AISA library user			
3.	<b>Your age (in years)</b>		<b>Mark with X</b>	
	20 to 30 years			
	30 to 40 years			
	40 to 50 years			
	50 to 60 years			

	More than 60 years			
4.	<b>Your gender</b>	Male	Female	
5.	<b>Your highest level of education</b>	Mark with X		
	Grade 12			
	National diploma			
	Bachelors Degree			
	Honours Degree			
	National Higher Diploma			
	Post-Graduate Diploma			
	Masters Degree			
	Doctorate			
6.	<b>To whom do you think AISA is accountable? (List them)</b>			Office Use
		YES	NO	Office Use
7.	<b>Are you aware that AISA produces and distributes the annual report, which is publicly available?</b>			
8.	<b>Have you ever consulted any AISA annual report?</b>			
9.	<b>Do you have access to AISA annual report?</b>			
10.	<b>Would you like to have access to AISA annual report?</b>			
11.	<b>When you read AISA annual report, how thoroughly do you read it?</b>	Mark with X		
	Vague recollection			
	Cannot recall			
	Can recall some sections			
	Can recall all sections of the report			
12.	<b>The reason that you do not read items in the annual report is due to:</b>	Mark		

		<b>with X</b>	
	Lack of time		
	Lack of understanding		
	Lack of interest		
	A belief that the annual report is not important		
	Other (Please specify)		

**A. INFORMATION REQUIREMENTS OF AISA ANNUAL REPORT USERS**

13.	<b>If you have ever consulted AISA annual report, why have you done so?</b>		<b>Office Use</b>
14.	<b>Which sections of the AISA annual report are of interest to you? (You may select more than one)</b>	<b>Mark with X</b>	<b>Office Use</b>
	Report from the chairperson of the Council		
	Report from the Chief Executive Officer		
	AISA Governance and Council Meetings Report		
	Research Report		
	Corporate Affairs, Outreach and International Liaison		
	Library and Documentation Services(LDS) Report		
	Human Resources Report		
	Publications Report		
	Finance, Administration and Information Technology Report		
	Financial Statements		
15.	<b>Which sections of the financial statements do you usually read? (You may select more than one)</b>	<b>Mark with X</b>	
	Report of the Auditor-General		
	Report of the Council		

	Report of the Audit Committee		
	Statement of Financial Performance		
	Statement of Financial Position		
	Cash Flow Statement		
	Notes to the Financial Statement		
	None		
16.	<b>Briefly indicate why you read the annual report section(s) you selected?</b>		<b>Office Use</b>
17.	<b>Briefly indicate why you read the financial statement section(s) you selected?</b>		<b>Office Use</b>
18.	<b>Which of the annual report section(s) do you have difficulty understanding?</b>		<b>Office Use</b>
19.	<b>Which of the financial statement section(s) do you have difficulty understanding?</b>		<b>Office Use</b>





		YES	NO	Office Use
23.	Would you like to be given the opportunity to comment and make suggestions on the information in AISA annual report?			
24.	How would you like to make suggestions or concerns known to AISA			Office Use

**B. USEFULNESS OF AISA ANNUAL REPORT**

**For each of the statements below, indicate your choice by marking the appropriate box- by marking it with a cross (X).**

**The following rating scale is used:**

1. S/A : Strongly agree
2. A : Agree
3. U : Uncertain or undecided
4. D : Disagree
5. S/D : Strongly disagree

		S/A	A	U	D	S/D	Office Use
		[5]	[4]	[3]	[2]	[1]	
25.	The AISA annual report is informative.	5	4	3	2	1	
26.	The following reports are simple and understandable:	5	4	3	2	1	
	• Report from the Chairperson of the Council						
	• Report from the Chief Executive Officer						
	• AISA Governance and Council Meetings Report						
	• Research Report						
	• Corporate Affairs, Outreach and International Liaison Report						
	• Library and Documentation Services Report						
	• Human Resources Report						
	• Publications Report						
	• Finance, Administration and Information Technology Report						
• Financial Statements							
27.	The format in which the AISA annual report is presented is complex.	5	4	3	2	1	
28.	Disclosures in the AISA annual report match my expectations.	5	4	3	2	1	

29.	The layout of the AISA annual report is attractive.	5	4	3	2	1	
30.	The information in the AISA annual report is comparable to that of other research institutions.	5	4	3	2	1	
31.	The information in the AISA annual report is comparable to that of the previous years.	5	4	3	2	1	
32.	Information in the AISA annual report is comprehensible and complete.	5	4	3	2	1	
33.	The information in the AISA annual report portrays the true state of affairs.	5	4	3	2	1	
34.	Information in the AISA annual report is reliable and can be trusted.	5	4	3	2	1	
35.	Information in the AISA annual report is relevant to the needs of users.	5	4	3	2	1	
36.	The AISA annual report is always available timely for decision making.	5	4	3	2	1	
37.	AISA annual report is useful.	5	4	3	2	1	
38.	The AISA annual report is not easy to read.	5	4	3	2	1	
39.	Information AISA annual report is not biased.	5	4	3	2	1	
40.	I find the following sections in the AISA annual report useful in my work:	5	4	3	2	1	
	• Report from the Chairperson of the Council						
	• Report from the Chief Executive Officer						
	• AISA Governance and Council Meetings Report						
	• Research Report						
	• Corporate Affairs, Outreach and International Liaison Report						
	• Library and Documentation Services Report						
	• Human Resources Report						
	• Publications Report						
	• Finance, Administration and Information Technology Report						
• Financial Statements							

41.	The AISA annual reports are easily accessible.	5	4	3	2	1	
42.	<b>What type of information do you expect to find in AISA annual report?</b>						<b>Office Use</b>
43.	<b>How do you want AISA annual report to be made available?</b>				<b>Mark with X</b>	<b>Office Use</b>	
	Mailed to my postal address						
	Emailed						
	Printed on newspapers						
	Placed in community libraries						
	Placed on the AISA website						
					<b>YES</b>	<b>NO</b>	<b>Office Use</b>
44.	<b>Would you like to receive a copy of the results of this survey?</b>						

If yes, provide your name and address or e-mail address below.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

E-mail address: \_\_\_\_\_

**THANK YOU FOR YOUR PARTICIPATION!**

## **ANNEXURE B: THE CHECKLIST FOR ANSWERING THE QUESTIONS**

### **SECTION A: USERS OF AISA ANNUAL REPORT**

This section was aimed at identifying the demographics of actual users of AISA annual report and it included 'YES/ NO' questions and also questions where respondents had to tick the appropriate box. These were from question one to seven.

***Question 7: To whom do you think is AISA accountable?***

The question aimed at finding out from the respondents who they think AISA is accountable to.

***Question 8: Are you aware that AISA produces and distributes an annual report, which is publicly available?***

The question aimed at establishing the fact that respondents are aware that AISA annual report is a public good.

***Question 9: Have you ever consulted any AISA annual report?***

The question aimed at establishing if the respondent has read AISA annual report before.

***Question 10: Do you have access to AISA annual report?***

The question aimed at establishing if the respondent is one of those who receive AISA annual report.

***Question 11: Would you like to have access to AISA annual report?***

The question aimed at establishing if the respondent would like to receive the annual report and be included in their annual report mailing list.

***Question 12: When you read AISA annual report, how thoroughly do you read it?***

The question aimed at establishing the thoroughness with which the annual report is read which is affected by the interest in the report as well as the purpose of reading the report.

## SECTION B: INFORMATION REQUIREMENTS OF AISA STAKEHOLDERS

***Question 13: The reason that you do not read items carefully in the annual report is mainly due to:***

The question aimed at establishing the reason for not reading the annual report carefully by the respondent.

***Question 14: Which section(s) of the annual report are of interest to you?***

The question aimed at finding out the section(s) that the respondent reads or is likely to read and the respondents had to choose from the given list.

***Question 15: Which section(s) of the financial statements do you usually read.***

The section aimed at finding out section(s) of the financial statement that the respondent usually reads.

***Question 16: Briefly explain why you read annual report section(s) selected in “Question 14”.***

The question aimed at establishing the reason for reading the report(s) selected in “Question 14).

***Question 17: Briefly explain why you read the financial statement section(s) selected in “Question 15”.***

The question aimed at establishing the reason for reading the section(s) selected in “Question 15”.

***Question 18: Which of the section(s) stated in “Question 14” do you have difficulty understanding?***

The question aimed at establishing sections that are difficult to understand from those selected.

***Question 19: Which of the section(s) stated in “Question 15” do you have difficulty understanding?***

The question aimed at establishing sections that are difficult to understand from those selected.

***Question 20: What information is not included in the annual report that you would like to read about?***

The question aimed at identifying the information requirements of the stakeholders.

***Question 21: Have you ever contacted AISA about information that you needed and was not contained in the annual report?***

The question aimed at finding out if stakeholders ever contacted AISA about information that was not contained in the annual report.

***Question 22: If so, what was AISA's response?***

The question aimed at finding out if AISA do respond to such requests.

***Question 23: Would you like to be given a platform to make suggestions about the quality of information in AISA annual report?***

The question aimed at finding out if stakeholders would like to make their suggestions about the information in the annual report.

***Question 24: How would you like to make your suggestions known to AISA.***

The question aimed at finding out ways that could be employed to allow stakeholders to make suggestions.



## SECTION C: USEFULNESS OF AISA ANNUAL REPORT

The questions (24 to 40) in this section were aimed at establishing the usefulness of the annual report in terms of reliability, relevance, comparability, understandability, completeness, neutrality and accessibility of information.

***Question 41: What type of information do you expect to find in AISA annual report?***

The question aimed at finding out the information that stakeholders expect to find in the annual report.

***Question 42: How do you want AISA annual report to be made available?***

AISA might have stakeholders who do not necessarily receive the report annually but would like to receive it. This question aimed at establishing the method of distribution they prefer.

***Question 43: Would you like to receive a copy of the results of this survey?***

The question was aimed at stakeholders who would like to receive the results of the survey.

**ANNEXURE C: DATA TAKEN FROM THE MINUTES OF THE SCIENCE AND TECHNOLOGY PORTFOLIO COMMITTEE DURING INTERROGATION OF AISA ANNUAL REPORTS [2006 -2012]**

Data from the audio recordings and from the minutes of the Portfolio Committee were documented in such a way that it relates to a specific report in the annual report.

**1. HUMAN RESOURCES**

- a. Members of the Parliament had reservations about: (i) the composition of staff which was seen to have excluded some groups (2005/06); (ii) the high staff turnover during 2006/07 financial year at management level and also during 2010/11; (iii) the incentives if any that AISA had put in place to attract especially black women researchers (2006/07), (iv) the employment of foreign nationals as researchers; (v) the qualifications of researchers as there were few doctorates and masters researchers and they wanted to know if staff was encouraged to study (2010/11); (vi) the criteria that was used when the payment of performance incentives was done and (vii) also the issue of large employee related expenses.
- b. Parliamentarians would want to know the measures that were or would be taken to deal with the issues and also to understand why the situation was allowed to take place. They would even enquire about reports from elsewhere; ‘there are reports that AISA hires foreign nationals as researchers who would then subcontract researchers in their own countries’ (2009/2010).
- c. They also discussed the issue of AISA hiring immigrant delegates to represent South Africa even on issues they were not conversant with.

**2. RESEARCH**

- d. Research is the core business of AISA and one would expect that the Research report would be given careful attention especially in the area of performance management. The issues that were mostly discussed included disciplinary measures on plagiarism, the impact of AISA’s research on societal issues in SA such as xenophobia (2010/11), how AISA decides on projects to be undertaken.

- e. There was also concern on the users of AISA's research, if AISA knows who they are and some were of the opinion that research was being done on irrelevant topics (2005/06) and therefore they also needed information on how they decide on the projects to be undertaken.
- f. Not much was said about the set targets, if they have been achieved or not and if not, why not? However, in the 2009/10 interrogation meeting, a complaint about reported information deviating from objectives and targets was lodged and in the 2011/12 annual report, a question was asked about AISA exceeding their targets. The concern was that AISA could have set their targets too low that is why they managed to exceed them.

### **3. FINANCE**

- g. Financial issues discussed included the Auditor General's audit opinion and how the issues raised by the Auditor General would be addressed especially non-compliance issues, late payments that attracted penalty costs and the control systems that were not adequate (2005/06, 2009/10).
- h. Parliamentarians had a concern regarding the linking of financial performance with the research output (2006/07), the use of money by foreign nationals who had been travelling the world but not bringing any reward to AISA and South Africa.
- i. Another issue was raised about the decentralised supply chain management function where each department in AISA had its own personnel working on supply chain and procurement (2011/12). Parliamentarians wanted to know why the function was not centralised.
- j. Another issue that kept on coming up through the years was the issue of whether AISA had been getting additional funding somewhere, from other governmental departments, the National Research Foundation and the rest of Africa.

#### **4. LIBRARY AND PUBLICATIONS**

- k. The Library and Publications reports were also looked at but not in the same light as Human Resources, Finance and Research reports. The only issue that was raised here was about the number of people using the library as it appeared a white elephant to parliamentarians, and the fact that it was not generating income, this was a concern (2010/11).
- l. Lack of interest in the books and research material was also picked up and discussed and the main concern was the method of distributing publications (2005/06) because according to the parliamentarians, the fact that it was an in-house function was not bringing any results.
- m. They also asked the reason why AISA was not engaged in international publications.

#### **5. OTHER MATTERS**

- n. The Parliamentarians had expressed some reservations about the presentation of the information in the annual report and the costs involved in producing the annual report. They had actually indicated that it was highly academic and a waste of the taxpayer's money and is not being used to inform and educate the South African population about AISA, and the marketing strategy was also questioned (2009/10). They also indicated that the reported information was not consistent with planned objectives, indicators and targets. Another issue was regarding social responsibility such as awarding scholarships to graduates, if it done it must be disclosed in the annual report (2005-2006).
- p. Another issue that had been on the table since 2006, though not recorded anywhere in the annual report, was the issue of incorporation of AISA into a government department (2005/06, 2006/07). Foreign Affairs department was first identified as the department where AISA could be transferred, then DIRCO and later it was directed to Human Science Resource Council (HSRC) because the argument was

stating there was duplication of roles as the two institutions were both engaged in research on African issues (2011/12).

## ANNEXURE D: AISA LETTER OF PERMISSION

1 Embassy House  
Cnr Bailey and Edmond Street  
Arcadia, Pretoria

PO Box 630, Pretoria  
0001 South Africa

Tel: +27 12 304 9700 (Switchboard)  
Fax: +27 12 323 8153



21 May 2012

### TO WHOM IT MAY CONCERN

Mrs MA Moli is a lecturer in Accounting at the Tshwane University of Technology and an M Com. student at the University of South Africa. Her research topic is on annual reports of public entities and she has chosen the Africa Institute of South Africa (AISA) as her field of study. This letter serves to confirm that permission has been granted for her to conduct research on AISA. Please give her the necessary support and assistance in whatever she may need during her research.

Your cooperation will be appreciated

Yours sincerely

Madodeng P Matlou  
Chief Executive Officer  
Africa Institute of South Africa  
Tel: +27 012 304 9755 (Direct)  
Fax: +27 012 321 3164  
Cell: +27 82 653 8243  
Email: [mmatlou@aisa.org.za](mailto:mmatlou@aisa.org.za)



## ANNEXURE E: EMAIL FROM DIRECTOR OF PUBLICATIONS: AISA

### AM Moloi

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**From:** sngobeni@ai.org.za  
**Sent:** 16 May 2013 08:51 AM  
**To:** AM Moloi  
**Subject:** RE: FW: Masters Project

Since the Africa Institute of South Africa is a statutory body which was established by an ACT of Parliament it is incumbent on the organization to report annually to parliament. The Institute reports to parliament through the Department of Science and Technology.

The Institute publishes its Annual Report annually. The Annual Report encapsulate all the work that the Institute would have undertaken in the preceding year. it also encapsulate the Financial Statements which the Auditor General has to express an opinion on.

Although the Annual Report is a comprehensive reporting tool to parliament since the Institute is expected to present it in parliament, it is also used to market the Institute to its myriad stakeholders such as, other researchers and research institutes, academics at various universities, especially those who use AISA's work and any other interested parties.

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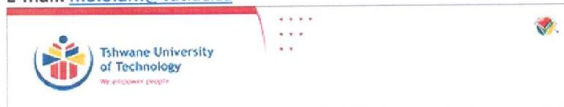
**From:** AM Moloi [<mailto:MoloiAM@tut.ac.za>]  
**Sent:** Wednesday, May 15, 2013 2:45 PM  
**To:** [SNgobeni@ai.org.za](mailto:SNgobeni@ai.org.za)  
**Subject:** FW: Masters Project

Good afternoon Mr Ngobeni

This is just a friendly reminder about my request.

Kind regards,

**Ms. M A Moloi**  
**Lecturer: Department of Accounting**  
**Office:** +27 12 382 4621  
**Mobile:** +27 83 670 6299  
**E-mail:** [moloiam@tut.ac.za](mailto:moloiam@tut.ac.za)



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**From:** AM Moloi  
**Sent:** 30 April 2013 11:44 AM  
**To:** 'Solani Ngobeni'  
**Subject:** Masters Project

Mr Ngobeni

Following our telephonic discussion today, I would like to get your input from the point of view of Management regarding AISA annual report. I would like to find out: "for what purpose do you use AISA annual report"? One or two paragraphs will suffice.

## **ANNEXURE F: MINUTES OF THE SCIENCE AND TECHNOLOGY PORTFOLIO**

### **African Institute of SA Annual Report: briefing**

- Science and Technology [1]

#### Meeting Report Information

Date of Meeting:

17 Oct 2006

Minutes:

Portfolio committee on foreign affairs

### **SCIENCE AND TECHNOLOGY PORTFOLIO COMMITTEE**

**17 October 2006**

#### **African Institute of SA ANNUAL REPORT: BRIEFING**

**Chairperson:** Mr E Ngcobo (ANC)

#### **Documents handed out:**

African Institute of South Africa Annual Report **2005/2006** presentation: Part1 [2], Part2 [3], Part3 [4] & Part4 [5]

African Institute of South Africa Annual Report 2005/2006 (available later on [www.ai.org.za](http://www.ai.org.za) [6])

#### **SUMMARY**

The Committee was briefed by the African Institute of South Africa (AISA) on their activities in African social scientific research over the 2005/2006 financial year. The Institute had increased their book publications and journals by more than 300% and 100% respectively, and had hosted many international conferences on good governance and peace-keeping measures in Africa. Challenges included the loss of senior research officers, inadequate employment equity representation among staff, and budgetary constraints.

Members expressed concerns about the financial irregularities pointed out in the Auditor-General's report. The Chief Financial Officer explained that many of these shortcomings were due to the fact that he had not been properly briefed by his predecessor. He acknowledged some irregularities in the use of AISA garage cards, credit cards, vehicles and petty cash transactions. Auditors had recently been appointed, and more vigilance in future should ensure their better financial standing.

#### **MINUTES**

##### **African Institute of South Africa briefing**

Professor Korwa Adar, AISA Research Director, reported on overall activities in advancing social science research in Africa. Some of their strategic objectives were to increase research and disseminate knowledge to further African awareness, and to ensure lucrative returns on research investment.

The Institute had increased its field research abilities by promoting methodology standards, and had held many national and international conferences. Among other successes, AISA had awarded eight research scholarships for research activities in at least five African countries. The Institute had increased its publication of journals and books by 100% and 300% respectively, meaning it had published eight books and 17 journals, all of which had been peer-reviewed and accredited.

Significant challenges included the loss of senior staff researchers, mainly because the Institute did not offer competitive remuneration packages. Another challenge was the issue of plagiarism by researchers. AISA was currently seeking software technology that could detect and curb such problems. With regards to the issue of employment equity, 17% of available vacancies within the Institute had not been filled. Only 61 out of 80 posts had



been filled. The Institute does not currently have any Indian, coloured and disabled people in their employment.

New projects in strategic intervention focus areas included international research outreach projects. AISA has recently introduced two fellowship programmes named after Archie Mafejee and Ben Magubane. The campus lecture series, AISA internships and young graduate and scholar programmes were also priorities.

### ***Discussion***

Mr R Ainslie (ANC) asked if the Institute ever measured the impact of their research on society and if so, the yardsticks used. Was there any significant reason why the Institute had no coloured, Indian or disabled employees? He felt the presented financial report was incoherent and did not fully address the Auditor-General's report findings on the Institute.

Professor Mohammed (ANC) questioned whether the Institute had done any research on Africa being used as a 'dumping zone' for nuclear waste, and of the possibility of this happening in South Africa without the government's knowledge. He also questioned if AISA was involved in any technological research as technology and science affected socio-economic discourses on the continent.

Mr S Nxumalo (ANC) queried the existence of an academic body that advised AISA on research to be done. He also asked more about AISA scholarships and bursaries to graduate students.

Mr B Mnyandu (ANC) questioned what disciplinary measures had been followed in dealing with researchers found guilty of plagiarism.

Ms A Dreyer (DA) was concerned about the distribution of AISA publications –did AISA maintain their own publishing house or contract this out? On the issue of losing staff, she asked if AISA conducted any exit interviews. Was the Council of AISA satisfied with the vacancy rate?

Mr J Blanche (DA) asked if AISA would ever be willing to move into any government department. He also questioned why the Auditor-General had declared AISA financial statements to have irregularities. He asked more about the international representation of delegates at conferences hosted in South Africa.

Mr M Mokotedi, AISA Chief Financial Officer, responded to all of the issues around financial statements. With regards to financial irregularities highlighted in the Auditor-General's report, the outgoing Chief Financial Officer had not briefed him fully when he joined the Institute, and thus he had failed to communicate all necessary documentation to the Auditor-General's Office in time before the financial audit. This then led to the disqualification of many financial transactions, but he had since sent all other documents to the Auditor-General. He did accept that there were irregularities in the use of AISA garage cards, credit cards, vehicles and petty cash transactions. Since December 2005, AISA had not appointed auditors, but had recently appointed Price Waterhouse Coopers from 1 October 2006. More vigilance would ensure better financial standing.

Professor Adar responded to all the other questions. He acknowledged that AISA was lacking in their employment equity portfolio, particularly because he knew of disabled researchers seeking employment. AISA should start a head-hunting process in this regard.

AISA had not yet studied the impact of its research and access to publications elsewhere on the continent, but promised to do so in future. The Institute had not looked into any scientific studies as most of their studies were in social science disciplines. With regards to plagiarism, this was not a major institutional problem, but two researchers had been dismissed for the offence.

Mr D Naidoo, an AISA Council boardmember, referred to the appendix of AISA's 2005/2006 Annual Report; listing the contributors and authors to all published books. AISA had its own publications department that dealt with all cross-referencing and printing of journals, paper and books. On the question of whether AISA would consider moving into another government department, Mr Naidoo stressed that AISA has not yet agreed to such a move and AISA currently viewed itself as an advisory body to all government departments. Lastly, he assured that AISA ensured that all their conferences were well-advertised internationally.

Committee Members wished to engage AISA further, but due to limited time, the Chairperson had to close the meeting.

The meeting was adjourned.

## **S A Council for Natural Scientific Professions & Africa Institute of SA Annual Report 2006/07 briefings**

- Science and Technology [1]

### Meeting Report Information

Date of Meeting:

30 Oct 2007

Minutes:

SCIENCE AND TECHNOLOGY PORTFOLIO COMMITTEE

### **SCIENCE AND TECHNOLOGY PORTFOLIO COMMITTEE**

**30 October 2007**

### **S A COUNCIL FOR NATURAL SCIENTIFIC PROFESSIONS & AFRICA INSTITUTE OF SA ANNUAL REPORT 2006/07 BRIEFINGS**

**Chairperson:** Mr G Oliphant (ANC)

#### **Documents handed out:**

South African Council for Natural Scientific Professions Presentation [Part 1 [2]][Part 2 [3]]

Africa Institute of South Africa Annual Report [available shortly at [www.ai.org.za](http://www.ai.org.za)] [4]]

Africa Institute of South Africa Presentation [5]

#### **Audio recording of meeting [6]**

#### **SUMMARY**

Members met with the South African Council for Natural Scientific Professions and the Africa Institute of South Africa in order to discuss their Annual Reports. The Council's presentation outlined the main objectives, the finances, and the registration statistics of the organisation. It had managed to revise its admission requirements and restructured its remuneration. Members questioned the removal of members from the register, and the incentives that had been implemented in order to attract black women. The role of the Council was clarified, and further questions related to the registration subscriptions, whether these were tax deductible, and whether it was possible for government to subsidise the subscription costs in any way, publication by scientists in any journals, and the challenges in non-registered scientists being appointed on tenders.

The AISA presentation outlined the achievements in the face of the numerous challenges, which included substantial loss of management staff, and a disclaimed audit report, as well as challenges to governance and the financial management. The Institute had appointed a new council in January 2007, and established an audit committee and tabled plans for the way forward in the next year.

Members questioned AISA on what was being done to address the exodus of staff from the organisation, staff loans, how it planned to graduate from a disclaimer to an unqualified report, and also how they planned to recruit young researchers.

#### **MINUTES**

##### **Africa Institute South Africa (AISA) Annual Report briefing**

Prof Nthabiseng Ogude, Chairperson of the Council, and Dr Matlotleng Matlou, Chief Executive Officer, AISA, outlined the achievements and challenges, governance structures, and the financial management of the organisation. They stated that the 2006/07 financial year proved to be a very difficult year for AISA in many respects. AISA had experienced high attrition rates at three tiers of management. The COO, Acting CEO, Director of Publications, CFO and replacing CEO had all resigned between April and August 2006. The Director of Library and documentation services and the Acting Director of Publications had also resigned later in the year. There were no internal auditors for the better part of the 2006/07 financial year. The Council had appointed MANCO on 1 July 2006

to manage the day to day activities of AISA. It had operated for eight months without an accounting officer.

The auditor General (AG) had issued a disclaimer for AISA's 2006/07 financial statements, based on the lack of internal controls, the preparation of the Annual financial statements not being in accordance with Generally Accepted or Generally Recognised accounting principles, lack of asset verification and an inability to comment on the validity, accuracy and completeness of sales and other income.

Nonetheless AISA had made some achievements. These included the hosting of three high level conference seminars, and the achievement of the publication targets, as well as retaining the accreditation of Africa Insight. AISA had also appointed a new Council in January 2007, and had established an executive, an audit, a research and an HR and Finance committee. The audit committee was to meet on a monthly basis until normality was restored. Internal auditors were appointed on 28 February 2007, and the aim was to improve the financial policy framework, to revamp the IT infrastructure and improve the security of library assets, as also to develop a third stream of income to avoid over-reliance on the government grant. Dr Matlou was appointed as CEO on 1 September 2007. A full time Chief Financial Officer had also been appointed and the rest of the management vacancies should be filled by December 2007. He outlined the strategies for the way forward as improving financial management, aligning the research strategy, improving compliance with legislation, and meeting and exceeding business plans and shareholder compacts.

### ***Discussion***

The Chairperson asked for clarity on the exodus of staff from AISA

Prof Ogude replied that the organisation had undergone a turbulent time, which created a lot of instability, which had resulted in poor running of the organization and a loss of staff.

Mr A Ainslee (ANC) thanked Dr Matlou for an open and honest report, and stated that he was happy that steps were being taken to address the Auditor General's concerns. He asked AISA to comment on the staff loans, as it was surprising to see that this situation was being allowed at government institutions. Clarity should also be given on who the loaning staff members were, and whether credit checks had been done on them. With regard to the publications, he asked for a comment on why none of the publications were published internationally.

Prof Ogude responded that AISA was not in the business of giving loans. Only one person had been given a loan, and that loan was outside the policy framework of the organisation. The loan was just one of many examples of the lack of controls that existed during the reign of the previous CEO.

Prof Bernard Lategan, Member of Council, AISA, added that research was a very important aspect of AISA. The organisation had set new targets for research, and the goal was to provide research that would in turn assist policy formulation. It should be noted that a new post had been advertised, for an executive director for research, which was aimed at providing AISA with a stronger publication record.

Ms Ngcobo questioned AISA on the incentives that had been implemented in order to attract black women. Clarity should be provided on whether AISA had received any funding from other African countries, and what the progress was between Department of Science and Technology (DST) and Department of Foreign Affairs (DFA) with regard to AISA.

Dr Matlou replied that the issue of attracting women was something with which AISA was trying to come to grips. AISA had implemented a young graduate scholar's programme, in which a large number were women. With regard to funding, AISA relied mainly on the parliamentary grant. There had been various organisations who had contributed to the funding, but it should be noted that AISA was not funded by any African government, although there might be funding from outside South Africa.

Prof Ogude added that in terms of incentivising women, five of the nine AISA Council members were women, and the chairperson of the Audit committee was a woman. With regard to the other Departments mentioned, he noted

that the Board's perspective was that research was above any political alignment with any Department, as it would compromise the integrity of research at the organization.

Mr Tshapelo, Deputy Director General, Human Capital and Science Missions, DST, stated that the reason why there was a proposal that AISA be transferred to the Department of Foreign Affairs was that at one time DST was not comfortable with dealing with the social sciences. DST however had finally accepted that social science was part of the sciences field. DST would soon be launching a plan which focused on social sciences and humanities. Therefore AISA would very much remain a part of DST.

Mr Blanche complained about the very expensive Annual Report that had been provided by AISA, and stated that it was a waste of taxpayers' money. He also felt this institution was performing research on irrelevant topics, and was duplicating functions. AISA should provide clarity on how it planned on rebuilding the brand after the turbulent times.

Dr Matlou responded that in order to successfully restructure the organisation, AISA needed to look into what had worked in the past, in order to determine the way forward. Another way was to look at forming partnerships within African countries and the diaspora.

Mr S Farrow (DA) stated that there seemed to be duplication of roles and functions between the Human Sciences Research Council (HSRC) and AISA. The Council members also had to focus on accountability and compliance in order to achieve their targets. There was no relationship between what AISA was trying to do and its financial performance.

The Chairperson stated that during the oversight visit, the Committee would meet with the Council and look into some of the issues that had been raised.

Mr S Dithebe (ANC) asked for clarity what was being done to change the negative perception on registration amongst the academics.

Prof Marais responded that there had been an establishment of a Deans' council, which planned on going on a road show across all universities in order to change the perceptions.

Mr Dithebe noted that AISA had not made mention on how it planned to graduate from a disclaimer audit report to an unqualified report. He also noted that it should give clarity how it planned to ensure that there were young researchers.

Dr Matlou replied that it was difficult to leave out the achievements. However the governance structure slide dealt with all the issues moving forward.

Mr Ainslee stated that the Minister should consult the Committee with regard to the appointment of the Council.

Prof Ogude stated that the new Council agonised a lot before choosing to be part of AISA. Many Council members knew the state of AISA before they accepted becoming part of the Council, and there was a high level now of commitment and no problems of attendance.

The meeting was adjourned.

**National Research Foundation, Africa Institute of South Africa (AISA), Academy of Science of South Africa (ASSAf)  
2009/10 Annual Reports**

- Science and Technology [1]

Meeting Report Information

Date of Meeting:


18 Oct 2010


Chairperson:


Mr N Ngcobo (ANC)


Documents handed out:

 ASSAf Annual Report 2009/10 presentation [2]

 National Research Foundation (NRF) Annual Report 2009/10 presentation [3]

 Africa Institute of South Africa (AISA) Annual Report 2009/10 presentation [4]

 Africa Institute of South Africa (AISA) Annual Report 2009/10 [5]

 National Research Foundation (NRF) Annual Report 2009/10 [6]

The Africa Institute of South Africa (AISA) then presented on its 2009/10 Annual Report. The current research agenda was focused on African Continental Integration (2008-2011). Researchers assessed regional integration of resources of individual nations as well as their influence across regions. South Africa continued to experience the impact of migration and the extent to which regional integration impacted on crime and human insecurity was of concern. Trans-border resources such as water and forestry also had implications for regional security.

The population of the African continent had reached the one billion mark and was very young in age compared to other continents. Major challenges were lack of education, jobs, cohesive societies and the extent to which governments dealt with poverty eradication. AISA had established a Science and Technology Advisory Team to address the problems relating to urban sprawl and informal settlements dynamics, such as sanitation and food security.

Total income generated amounted to R30 684 million and total expenditure was R33 114 million. Employee-related costs totaled 55% of the MTEF allocation.

AISA aimed to improve research capacity, funding from government and co-operation with like-minded institutions.

Members asked which other departments interacted with AISA; how AISA interacted with the New Partnership for Africa's Development (NEPAD); how AISA decided on what research projects to pursue; what criteria was used for deciding on which provinces to visit; whether AISA's research outcomes would be more effectively accessed if published on-line.

Members asked for clarification of the role of AISA as opposed to the role of the HSRC; if the foreign nationals employed by AISA were researchers or if they were in the Human Resources department; and whether foreign immigrant researchers traveling internationally brought back any reward to South Africa.

Members further asked for clarity on the non-compliance to the Public Finance Management Act outlined by the Auditor General in the Audit Report; how AISA planned to address the opinion of the Auditor General who stated that the Accounting Authority had not designed and implemented adequate control; if any other African governments funded AISA's research; why around R900 000 was paid out for performance incentives when AISA had not performed in terms of income generation; and for clarification on the large employee-related expenditures.

### **Africa Institute of South Africa (AISA) 2009/10 Annual Report**

Dr Matlotleng Patrick Matlou, AISA CEO, said that AISA's objectives were to promote knowledge and understanding of African affairs through leading social scientists; research and disseminate information; and give advice and facilitate appropriate action in relation to relevant events on the African continent. The current research agenda was focused on African Continental Integration (2008-2011). AISA engaged with international partners Brazil, China, India, Japan, Turkey and the USA.

Government and democracy research was focused on; South Africa's engagement in the reconstruction of Zimbabwe; on enhancing governance through Information Technology; and on exploring African government models, such as leadership issues.

AISA sought to create peaceful environments so that sustainable development could occur in countries such as Sudan, Zimbabwe, Ivory Coast, Liberia, Sierra Leone and the Democratic Republic of Congo. South Africa continued to experience the impact of migration and the extent to which regional integration impacted on crime and human insecurity was of concern. Trans-border resources such as water from Lesotho to South Africa, the management of forestry and Climate Change also had implications for regional security.

Projects undertaken assessed regional integration of resources of individual nations as well as their influence across regions. AISA had assessed trade between Ghana and Togo, as well as Cameroon and Nigeria. South Africa was interested in learning from these countries to improve on its trade partnerships and economic activity. Africa's sustainable development encompassed both human and natural resources.

Africa's relationship with China was not as effective as it appeared, as most exports to China were in raw state and did not lead to job creation or enhancement of human resource development. The population of the African continent had reached the one billion mark and was very young in age compared to other continents. Major challenges were lack of education, jobs, cohesive societies and the extent to which governments dealt with poverty eradication.

AISA's contribution to Science and Technology was from a Social Science perspective. It ensured that knowledge was holistic and contributed to Human Development and that Intellectual Property was protected. AISA facilitated technology transfer within South Africa and between South Africa and other African cities and had established a Science and Technology Advisory Team to address the problems relating to urban sprawl and informal settlements dynamics, such as sanitation and food security.

With regard to policy, AISA had a scholarship, fellowship and internship programme to promote interest in African issues as well as for sharing of information between students of South Africa and other countries. AISA had partnered with the Department of International Relations and Cooperation on an ongoing project in the Gulf of Guinea (oil and marine resources) and also to address crime which has found its way into South Africa. Norway had funded the Department of Defence project to examine gender issues within security in South Africa, SADC, and the African continent. Special projects and initiatives were listed in the presentation.

AISA published its research outcomes quarterly in the accredited journal, *Africa Insight*. AISA also published two peer reviewed books on AISA research projects and 28 policy briefs for policy makers and interest groups. Library outreach programmes had reached 121 students.

AISA's Office of International Liaison focused on developing partnerships, hosting events and engaging with the media.

Challenges for AISA were: competition from other organizations such as universities, research consultancies and non governmental organizations which also focused on Africa; the need to create varied sources of funding to augment the parliamentary grant; lack of attractiveness to work at AISA; difficulty in attracting quality researchers; non competitive remuneration; and management challenges. Solutions included delineating AISA's role as dictated by legislation; partnership with other similar research and governmental organizations in order to have better impact; develop a clear communication and marketing strategy to ensure products and services were visible and attractive to all its stakeholders and accessible to policy-makers and decision-makers; and implementing recommendations

cited in the 2010 Institutional Review to improve research capacity, funding from government, co-operation with like-minded institutions and good management.

AISA had received an unqualified audit report. The Auditor-General had alerted AISA to non-compliance with regard to AISA's Asset Register; use of a travel agency without a Service Level Agreement; and employees taking leave with incorrect data entries. An electronic system had since replaced the manual system and eliminated inaccuracies.

Total income generated amounted to R30 684 million and total expenditure was R33 114 million. Employee-related costs totaled 55% of the MTEF allocation. AISA was solvent at year end with total assets less current liabilities at R11 392 million.

### **Discussion**

Ms Mocumi asked what departments, other than Education, Social Development and Land Affairs were involved in the AISA processes.

Ms Mocumi asked for clarity on the non-compliance to the Public Finance Management Act outlined by the Auditor-General in the Audit Report: procurement of R 1.3 million; the SARS penalty for late payment; and the Workman's Compensation Fund.

Ms Dunjwa recommended that AISA produce a simplified version of the role of the entity so that the ordinary person could understand what it was doing on issues in South Africa, such as the impact of AISA on xenophobia.

Ms Dunjwa said that the Auditor-General's comment was that AISA's accounting authority had not designed and implemented adequate control. She asked how AISA planned to address the situation.

Ms Dunjwa asked AISA to provide criteria for deciding on which provinces to visit. Since AISA was important for the survival and integrity of people and Science in Africa, it would stand to reason that all the provinces should have been visited.

Ms Dunjwa asked how AISA interacted with the New Partnership for Africa's Development (NEPAD).

Ms Shinn asked how AISA decided on what research projects to pursue.

Ms Shinn asked if any other African governments funded AISA's research.

Ms Shinn was concerned that the libraries did not bring in income and that there was lack of interest in books and research material. She asked who AISA was writing the research material for as, if it was not being referenced, it was a pointless exercise. She questioned whether it would be more effectively accessed if published on-line.

Ms Shinn said that there had been debate within the internet community as to whether publicly funded research should be made available for free to the public. She asked how this would impact on AISA's research income.

Ms Shinn asked why around R900 000 was paid out for performance incentives when AISA had not performed in terms of income generation and research being accessed. She asked what the criteria was for paying incentives and who received the incentives.

Ms Shinn said that AISA's target for researchers was 15 and they had succeeded in employing only nine researchers. The breakdown of employees showed that 70% were foreign nationals. She asked if the foreign nationals were researchers or if they were in the Human Resources department.

The Chairperson asked for clarification of the role of AISA as opposed to the role of the HSRC in terms of disseminating information to the State and DST. He commented that AISA had been created by the old government for a specific role and asked how AISA had adapted its role to fit the current needs of the country.

The Chairperson asked for clarification on the large employee-related expenditures. He was concerned about



reports that AISA foreign immigrant researchers had taken South African government money to perform research in foreign countries but had not actually performed the research themselves.

The Chairperson asked how AISA was addressing the problem of AISA immigrant delegates representing South Africa in other countries. It was an embarrassment to South Africa when these foreign immigrant researchers could not interact effectively with foreign countries on the socio-economic situation in South Africa. He also asked for clarity as to whether AISA was spending a great deal of government money on foreign researchers traveling internationally without bringing back any reward to South Africa.

#### *Afternoon session*

#### **Africa Institute of South Africa response to questions**

Dr M Matluo (CEO, AISA) said that it was very important for AISA to take the initiative when embarking on research projects. The research and development agenda for 2011 focused on continental intergration so that African countries could have a united plan and researchers could work in an intergrated framework. There was no other African government contributing funds to AISA, but only the Norwegian government which was working with the Institute. The Institute also helped different government departments, such as Treasury which it assisted when they were invited to do so. International partnerships included Brazil, China, India, Japan, Turkey, USA, Africa. Funding was coming from the private sector. Standard Bank in particular was one of them, and through its Africa footprint, the bank was able to assist them in their research projects on the African continent.

He stated that AISA was seeking to spearhead its work towards the development and advancement of Africa's science and technological platforms as a basis for the pursuit of sustainable development. He emphasised that AISA strived to support processes that promoted harmonised regulations and the application and safe use of technology. The Institute promoted the development of centres of excellence in science and technology, and the development of frameworks that protected intellectual property in Africa, particularly the Pan African Organisation of Intellectual Property. It facilitated frameworks for technology sharing, transfer and adaptation across African countries. It also promoted the monitoring of the implementation of science and technology plans by the relevant ministries and departments of government.

When concentrating on projects undertaken by AISA in 2009/10, he emphasised that they had expanded the understanding of Africa's urban dynamics. They had investigated levels of food security in urban areas of major cities of Africa. They had established Science and Technology Advisory Teams that assist in taking the programmes forward throughout Africa.

In terms of policy, he stressed that they had focussed on the internal AISA programmes such as internships and fellowship programmes, AISA Young Graduates Scholars and the AISA Guest Lecture Series. The Institute also focussed on the externally driven knowledge transfers and capacity building initiatives which included the Gulf of Guinea Directorate, partnership with PRAU, South Africa – Nigeria 10 years, Annual DIRCO Conference, the Department of Defence and support to universities. There were other special projects and initiatives undertaken by the Institute such as election monitoring, women and defence, supporting SADC armed forces, AU gender policies, North Africa project, Social Science Research Council.

The research director said that they were currently developing an Electronic Publishing Portal for their publications. As a research institute they published their products in different ways which included full scholarly books, reports, monographs, occasional conference papers, policy briefs and the accredited journal called Africa Insight. The journal had a variety of audiences as it was distributed nationally, continentally, also through universities and certain bookshops. Their focus was to expand library holdings, providing efficient and effective services to clients, creating increased awareness of AISA's mandate, products and services. There was a challenge in distribution of their knowledge products, and because of the nature of their mandate, they were distributing through partnerships throughout the continent.

The Institute focussed on developing partnerships, hosting events and engaging with the media. On the continent, AISA's corporate affairs included partnerships with Standard Bank, partnership with DIRCO, conferences and seminars, and exposure to the media. In terms of business analysis, AISA's challenge was external competition from

other organisations such as universities, research consultancies and NGOs who were focusing on Africa, both in South Africa and globally. It was necessary to create varied sources of funding to augment the parliamentary grant. It was also necessary to identify internal factors that affected the business of AISA. He identified the lack of attractiveness of AISA as an employer as illustrated by the high staff attrition and the difficulty in attracting quality researchers, the non-competitive remuneration and many other challenges faced by the organisation.

Proposed solutions to these challenges were: the need to delineate AISA's niche as dictated by its mandate and its location within the DST; identify and partner with similar research and government organisations in order to have a better impact; develop a clear communication and marketing strategy to ensure AISA's products and services were visible and attractive to all its stakeholders and widely accessible to policy-makers and decision makers; implement recommendations cited in the 2010 Institutional Review to improving research capacity; funding from government; co-operation with like minded institutions and good management.

In terms of human resources, AISA had invested 55% of the MTEF allocation to labour costs, including statutory skills-levy contributions and interns. Over and above, 1.5% of that amount was invested in the training and development of staff. He explained the employment targets and the employment age distribution as at 31 March 2010.

In Finance, Administration and Information Technology, he emphasised that the Institute focused on the improvement of controlling the environment and complying with the relevant legislation, ensuring that AISA's budget was utilised efficiently and effectively.

#### ***Discussion***

Ms M Dunjwa (ANC) was concerned that the report was highly academic and she asked if their mandate was understood by the general population of South Africa. She also questioned their strategy in marketing the institution.

The Chairperson emphasised that the role of AISA was to zoom into Africa to understand all the grassroots situations of Africa. The delegates had not answered his question about the role of AISA.

In response, Dr Matluo explained that AISA had worked together with the Department of Education on a programme of history and geography in Africa at school level. It was a grassroots initiative which required funding and they had to abandon it because funding was limited. He stressed that they were looking for partnership in grassroots programmes so that they could extend their role in Africa. He also said that Parliament should lay down legislation in terms of expanding their mandate and continental intergration.

Ms P Mocumi (ANC) complained that the reported information was not consistent with planned objectives, indicators and targets projected in the report.

In terms of non-compliance, Ms E Maritz (CFO, AISA) responded that AISA acknowledged and accepted the findings of the Auditor-General. On the matter of assets, they had formulated an asset register and listed all the assets in the office, as in terms of the inventory they did not have internal control over it. Performance incentives were listed as R900 000 but were actually R895 118 and this was a consolidated amount according to the employee structure. The wasteful and irregular expenditure was incurred at three conferences that they hosted. Guests confirmed their bookings but did not turn up for the conference. The Institute also incurred a penalty for non payment of Workmens Compensation since 2004.

The Chairperson thanked the AISA delegation for their analysis and advised them to prepare better next time they visited the Committee.

## Technology Innovation Agency & Africa Institute: 2010/11 Annual Report briefings

- Science and Technology [1]

### Meeting Report Information


Date of Meeting:

11 Oct 2011

Chairperson:

Ms M Dunjwa (ANC)(Acting)

Documents handed out:

 Africa Institute of South Africa presentation [2]

 Technology Innovation Agency Annual Report 2010/11 Financial year presentation [3]

The Africa Institute of South Africa briefed the Committee on its annual report. This was largely a research institution, conducting research into various sectors throughout Africa. Its current agenda was concerned with African Continental Integration 2008-2011. Its mandate was to provide research and policy development support in its pursuit of programmes that contributed to the development of the African continent, to foster continental patriotism and to increase awareness of Africa. The five research units and their work were outlined. The post of Executive Director for Research had now been filled. The work was highlighted, and it was noted that a major portion of the research was looking into whether Africa's development was really helping its people, and whether development was done by the harvesting of natural resources. The numbers of academic outputs were given. Knowledge transfer and skills development was being done, and it ran a Fellowship programme. It participated in various book fairs, and the library and information centre continued to grow, although the utilisation could improve. AISA also ran schools outreach programmes and outreach to commissions and universities. It still needed to implement some recommendations from the institutional review in the previous year and to establish more partnerships. 55% of its budget was spent on employee-related costs. It had achieved an unqualified audit report, with no matters of emphasis, a substantial improvement on the disclaimer five years previously, through putting concerted work into improving its systems. It had ended with an effective deficit, having managed to reduce its surplus by better spending. About 93% of its income was from the Department of Science and Technology, and there was a 12% variance between budget and expenditure. It was solvent by the end of the year. Members were generally pleased with the performance, but asked questions about the number of library users and the sourcing of volumes, the staff turnover, and what AISA was doing specifically to address misperceptions giving rise to xenophobia, and to try to change attitudes. It urged AISA to tackle more at grass roots level.

Minutes:

### **Africa Institute of South Africa (AISA): Annual Report and Financial Statements 2010/11**

Dr Matlotleng Matlou, Chief Executive Officer, Africa Institute of South Africa, noted an apology from the Chairperson of the Institute (AISA). He tabled a map of Africa, showing the geographical areas that AISA had covered since the vision was altered two years previously. He noted that its current agenda was concerned with African Continental Integration 2008-2011. Its mandate was to provide research and policy development support in its pursuit of programmes that contributed to the development of the African continent, to foster continental patriotism and to increase awareness of Africa. It aimed to promote knowledge and understanding of African affairs through social sciences.

AISA's core business lay in research. This was organised through five units (see attached presentation) Dr Matlou highlighted the management structure, noting that although there was currently a vacancy for the Executive Director for Research, this post had been interviewed and an appointment was made, although the incumbent had been delayed in joining by some family commitments in Sweden.

He then highlighted a pie-chart showing what AISA had produced. In the area of governance and democracy, AISA aimed to promote and encourage the institutionalisation and entrenchment of democracy and governance fundamentals as a basis for integration on the Continent. It aimed to establish international partnerships and

monitor elections. The African Union (AU) had an industrialisation plan and one of the AISA researchers had done some work in to the extent of regional and continental synergy, subsequently producing journal articles and reports. There were two interns in the unit. In the area of peace and security, the AISA unit looked at post war conflict situations and also sought to understand what might be drivers of conflict, and how African solutions could be found. One researcher had visited Burundi and Rwanda, to investigate those countries' courts as a means for social justice. Projects were also undertaken in the areas of natural resource management, looking at the Congo Basin rainforest, because of concerns about the Chinese, European Union and multi-national organisations harvesting some resources. Journal articles, policy briefs and a book chapter had been produced. Researchers and colleagues had participated with guest lectures at the South African National Defence Forces (SANDF) Multi-lateral Organisations' meetings. In relation to sustainable development, AISA noted that Africa was developing at about a rate of 5% to 6% but the question was whether its people were benefiting from this, and to what extent development was achieved by the harvesting of natural resources. AISA had looked into how best to manage informal trading at border posts, and had shared the results with the Department of Home Affairs. Again, journal articles and policy briefs had been prepared. Work was also done into the indigenous people of Lamu District in Kenya.

Dr Matlou emphasised that it was necessary to look into how results from science and technology investigations could be used, and what the impact of science and technology could be. The AISA had also looked into renewable energy and work done in Cameroon, land use changes, and had a special focus on rural Zimbabwe and South Africa. South Africa had called for AISA's participation in a seminar series. AISA would be launching a book on the Climate Change Conference (COP17) in the next month.

AISA had moved its knowledge transfer and skills development to another unit on Special Projects. It expressed assistance to NRF and DST for their assistance. A fellowship programme existed, although the Fellows could be based anywhere in the world. The Archie Mafeje Memorial lecture honoured the late Professor Mafeje, who was formerly a Fellow at AISA. An annual Scramble for Africa conference was held each May. The next would have the theme of Ten years of the AU. Other special projects were tabled (see attached presentation for details).

In respect of publications, the quarterly journals, books, monographs and policy briefs to which AISA contributed were highlighted. AISA participated in the Cape Town Book Fair, the South African Society of Education (SASE), and the MAP conference. Its library and documentation centre continued to grow, by various means and the total holding was currently 96 784 volumes, although usage should ideally improve.

There were schools outreach programmes, through the Department of Basic Education and it was hoped that ICT use would enable it to reach more people. 3 448 maps had been captured, although AISA was competing with Google in this regard.

Outreach programmes were also tabled (see attached presentation). There was an ambassadorial forum because many high commissions were based in Tshwane. Although it had been asked to work with more universities, there were capacity challenges in achieving this.

The AISA still needed to implement some of the recommendations from its institutional review last year, and to partner with those who have similar research and governmental organisations.

In relation to the budget, it was outlined that 55% of the budget was spent on employee related costs. Tables were shown of the distribution of employees and an age chart, which also showed their gender, demographic classification and qualifications.

Ms Elsie Maritz, Chief Financial Officer, AISA, said she was proud to present the unqualified financial report. Much time had been spent in the 2010/11 year to improve the control environment and achieve financial excellence through effective controls and procurement processes. AISA had also focused on safeguarding its assets and it reviewed policies on an annual basis to improve business efficiencies. She noted that over the past five years, AISA had moved from a disclaimer to an unqualified report with no matters of emphasis.

AISA had ended the financial year with a deficit of R4,587 million. Three years ago, it showed a surplus of R15

million, but the shareholder had been concerned that AISA was not using or spending appropriately. That surplus was not reduced down to R5.5 million. The note on a deficit was due to the recognition of a Pension Fund surplus being reversed in the financial statements, as well as a writing-down of the inventory of old publications. Some projects had not been finalised at year-end and had to be completed. Ring-fenced money was also included in that surplus. Contingent liabilities were not included.

Ms Maritz noted that the total income was R32,669 million. 93% of this came from DST. The total expenditure had been R37,256 million and 55% of that related, as previously noted, to employee costs. There was a decrease in non-current assets from R7,716 million to R4,064 million, largely because of the decrease in value of equipment, furniture and intangibles. Current assets decreased from R7,932 million to R5,704 million, because of trade and other receivables and inventory value at year end. Non-current liabilities decreased from R5,559 million to R4,266 million from the prior year, and trade and other payables increased from R1,929 million to R2,381 million. AISA was solvent at the end of the year, with total assets less current liabilities at R5,502 million with a liquidity ratio of 2,3:1. It had managed to use its budget more effectively, with a 12% variance between budget and expenditure.

### ***Discussion***

The Acting Chairperson said that there was some improvement from last year, but the Committee still expected AISA to improve.

Ms Shinn was concerned by the number of people using the library, noting that the general public seemed not to be using the library. She asked how much funding was contributed by the NRF. She wondered if it was possible also to access funding from the rest of Africa, African Union and Pan-African Parliament, Southern African Development Community (SADC) or other African Governments.

Dr Matlou said AISA had digitised a lot of its information, and the University of Pretoria had agreed to assist with this expensive process. It was expecting a United States delegation to assist with a scanner, which it hoped to be able to keep, as the intention was to try to store information electronically. Although it might be desirable to have more “walk-in” users of the library, AISA did not have the capacity to carry them. Other countries’ libraries were being requested for contributions through their embassies. AISA had approached the Pan African Parliament. It had received funding from the Nigerian government through a partnership, and it seemed that the best option was for AISA to work with countries on certain specialist issues, to get funding. Standard Bank had asked AISA to look into issues on the Continent, like the Mafisa system.

Ms Shinn asked about the staff turnover.

Dr Matlou said that the turnover was largely due to some staff using AISA as a springboard to get to the next level and to gain experience. They were not lost to the country, as some had moved to other government departments. Others had left due to incompatibility and personality clashes.

The Acting Chairperson said that there seemed to be a gap between expectations and what it meant to be “African”, as South Africa was very much affected by what happened elsewhere in Africa. She was concerned about the high rate of xenophobia still in the country, and said that most conflict arose about resources.

Ms Plaatjie wondered how schools were identified and what programmes were being run in schools and on the ground to try to bring about change.

Dr Matlou said South Africa should also try to learn from the Continent. It was important for AISA to try to use the media to reach the rest of the country, although radio stations were not always ideal. Many of the AISA researchers were from other countries and were mostly fluent in only English and French, but not local languages. TV might be an option. AISA was using social networking sites. It had worked with the Department of Basic Education on geography and history, was also working on a book in South Africa on education, safety, violence, and drugs at schools. He added that the corporate world should also assume more responsibility. So far, only 200 schools out of 17 000 in the country had been covered. The organisation Ebukhosini Solutions worked at the grassroots, and AISA also wanted to work with parliamentarians in their constituencies.

The Acting Chairperson asked AISA to talk not only to universities but also at grass root level.

The meeting was adjourned.

# Human Sciences Research Council, Africa Institute for SA; National Advisory Council on Innovation 2011/12 Annual Reports; Department of Science & Technology audit

- Science and Technology [1]

## Meeting Report Information

Date of Meeting:


17 Oct 2012


Chairperson:

Mr N Ngcobo (ANC)


Documents handed out:

 Department of Science & Technology (DST) Audit Outcomes 2011/12 [2]

 Spreadsheet of Audit Results for DST and its entities [3]

 Africa Institute for South Africa (AISA) presentation [4]

 Human Sciences Research Council (HSRC) presentation [5]

 National Advisory Council on Innovation (NACI) presentation [6]

Audio recording of the meeting:

PC Sci: Committee Session with Auditor-General on Budgetary Review & Recommendation Report Process1 [7]

Summary:

Auditor-General South Africa explained the audit outcomes of the Department of Science and Technology, Human Sciences Research Council, Africa Institute for South Africa, South Africa National Space Agency, Technology Innovation Agency, National Research Foundation, Council for Scientific and Industrial Research and Academy of Science of South Africa. AGSA looked at the key focus areas it had identified: supply chain management, predetermined objectives, human resources, information technology controls, material errors in the annual financial statements, financial health and explained where findings had been found for each of the entities. It also looked at fruitless and wasteful expenditure and irregular expenditure. It explained that section 4(3) entities were those that were not audited by AGSA but it aimed to change this and bring them under direct control. This is something the Committee found confusing and asked for a full, written explanation. Members complained that the presentation document was not user friendly and complained that it was not submitted prior to the meeting so Members could prepare. The Committee asked who could condone irregularities and what was the effect on the audit status of a department or entity.

The Africa Institute for South Africa presentation covered their research geographical spread for 2011/12; mandate and objectives and the organisational structure within AISA. The presentation outlined AISA's achievements in delivering on its mandate in 2011/12. Many of the targets were achieved or exceeded. It provided detail on the publication outputs for 2011/12, library and documentation services, corporate affairs, outreach and international liaison, human resources, employment age and race distribution, scientific qualifications. The financial report looked at strategic and audit opinions expressed for the past six years showing an unqualified audit in 2011/12. Members asked questions about the targets and why there were so few PhDs and Masters students within research.

### **AISA presentation**

Prof Phindile *Lukhele-Olorunju*, Acting Chief Executive Officer of AISA, presented on the geographical spread of the research for 2011/12; AISA's mandate and objectives and organisational structure. The research division was split into five units: Peace and Security, Sustainable Development, Governance and Democracy, Science and Technology, and Knowledge Transfer and Skills Development. The other divisions included Publications, Library and Documentation, Outreach and International Liaison, Corporate Affairs, Finance, Administration and Information

Technology and lastly Human Resources. The presentation outlined AISA'S achievements in delivering on its mandate in 2011/12 with the achievements including publications, journal articles, books and policy briefs. Many of the targets were achieved or exceeded. Achievements also included the study and monitoring of democracy in collaboration with various partner countries and entities including DIRCO. AISA had various flagship research projects (see document). AISA's Young Graduate and Scholars Programme ( in partnership with UNIVEN and the Guggenheim Foundation) was a platform for emerging African scholars to engage and exchange insights in the debates pertaining to the challenges faced by African societies. In March 2012, it met on the theme: Governance and Youth in Africa: Assessing Service Delivery, Unemployment and Sustainable Development for the 21st Century. Participants came from across Sub-Saharan Africa, including Botswana, Kenya, Nigeria, Rwanda, South Africa, Uganda, Zimbabwe and from the University of East Anglia.

Special Projects and initiatives included the Archie Mafeje Memorial Lecture, Campus Lecture Series at University of Limpopo; North West University (Mafikeng); University of Venda; University of Fort Hare; Wits and the Department of Defence and AISA – Private Sector Cooperation.

The presentation provided detail for 2011/12 on publications, the Library and Documentation Services Unit outputs, Corporate Affairs, Outreach and International Liaison, Human Resources, employment target outcomes, employee age and race distribution, AISA scientific qualifications, and its Finance and Administration and Information Technology division.

Ms Elsie Maritz, Chief Financial Officer, presented the Finance Report, looking at strategic objectives. The audit opinions expressed for the past six years showed that since a disclaimer in 2006/7, AISA had an unqualified audit with some findings in 2011/12.

The Chairperson asked her to speak more to the audit opinion.

Ms Maritz said there had been six audit findings within supply chain management. This was because AISA was such a small organisation there was a decentralized supply chain management function. This meant that there were eight different people working on supply chain management and procurement. In other entities there was a centralized unit in which only one or two people approved supply chain management. It was not that there was no commitment about supply chain management.

The Chairperson asked why this was allowed. Why had it not been centralized?

Ms Maritz replied that this had been implemented however it required human capacity to have a centralized management function. For the past three years AISA had submitted funding applications to expand the finance division to incorporate a centralized supply chain management division. AISA had managed to reduce the supply



chain audit findings from 34 in the previous year to 6 this year. The audit committee and council had prioritised supply chain management within the organisation.

### ***Discussion***

#### *Targets*

Ms Mocumi asked why AISA had managed to overshoot their targets by so much. Was it because they had set them so low? Had this been deliberate?

Prof *Lukhele-Olorunju* replied that most of the targets were set based on the performance of the previous year. They provided a baseline. Being a small organisation with few researchers the way the targets were set in terms of publications and outputs were the chief research specialists (people with PhDs) needed to produce two journal articles and policy briefs and also be involved in a book project. For those with Masters, the target was reduced as in international research organisations and a good researcher should be able to publish two articles in a year. The target was thus based on research AISA had done on other organisations as well as the number of researchers. It had been expected that each research should produce at least two policy briefs. AISA had devised it in such a way that did not leave each researcher doing research on their own on policies. What instead had happened was every Tuesday there had been a brainstorm session to tackle a particular issue or occurrence.

#### *Qualifications of researchers*

Ms Kloppers-Lourens asked why there were so few doctorates and masters researchers in the staff component (12 in total). What qualifications did the rest of the staff have compared to the HSRC who had large numbers of people with top qualifications? Were people encouraged to study?

Professor *Lukhele-Olorunju* replied that out of the total staff there were only 15 researchers. The rest were in finance, human resources, publication support units. If one looked at the 15 and the number of PhDs, it was not a bad number. AISA gave support for people to further their studies.

The Chairperson thanked the delegation for the report.

The meeting was adjourned.

**ANNEXURE G: AUDIO RECORDINGS OF THE PORTFOLIO COMMITTEE**

**(CD ATTACHED)**

## ANNEXURE H: ANALYSIS OF RESULTS

### Are you aware of the existence of AISA?

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid	Yes	1	16.7	100.0	100.0
	Missing	System	5	83.3		
	Total		6	100.0		
Yes	Valid	Yes	7	100.0	100.0	100.0
No	Valid	Yes	12	70.6	70.6	70.6
		No	5	29.4	29.4	100.0
		Total	17	100.0	100.0	

### The nature of my relationship with AISA

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid	Academic	1	16.7	100.0	100.0
	Missing	System	5	83.3		
	Total		6	100.0		
Yes	Valid	Academic	3	42.9	42.9	42.9
		Management	2	28.6	28.6	71.5
		Employee	2	28.6	28.6	100.0
		Total	7	100.0	100.0	
No	Valid	None	7	41.2	41.2	41.2
		Creditor	1	5.9	5.9	47.1
		Academic	3	17.6	17.6	64.7
		Researcher	2	11.8	11.8	76.5
		Media representative	1	5.9	5.9	82.4
		Supplier	2	11.8	11.8	94.1

		Professional body	1	5.9	5.9	100.0
		Total	17	100.0	100.0	

**Your age (in years)**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid	30 to 40 years	1	16.7	100.0	100.0
	Missing	System	5	83.3		
	Total		6	100.0		
Yes	Valid	30 to 40 years	2	28.6	28.6	28.6
		40 to 50 years	2	28.6	28.6	57.2
		50 to 60 years	3	42.9	42.9	100.0
		Total	7	100.0	100.0	
No	Valid	20 to 30 years	3	17.6	18.8	18.8
		30 to 40 years	1	5.9	6.3	25.0
		40 to 50 years	2	11.8	12.5	37.5
		50 to 60 years	6	35.3	37.5	75.0
		More than 60 years	4	23.5	25.0	100.0
		Total	16	94.1	100.0	
	Missing	System	1	5.9		
Total		17	100.0			

**Your gender**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid	Female	1	16.7	100.0	100.0
	Missing	System	5	83.3		
	Total		6	100.0		

Yes	Valid	Female	4	57.1	57.1	57.1
		Male	3	42.9	42.9	100.0
		Total	7	100.0	100.0	
No	Valid	Female	7	41.2	41.2	41.2
		Male	10	58.8	58.8	100.0
		Total	17	100.0	100.0	

**Your highest level of education**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid	Doctorate	1	16.7	100.0	100.0
	Missing	System	5	83.3		
	Total		6	100.0		
Yes	Valid	Masters Degree	3	42.9	42.9	42.9
		Doctorate	4	57.1	57.1	100.0
		Total	7	100.0	100.0	
No	Valid	National diploma	4	23.5	23.5	23.5
		Bachelors Degree	1	5.9	5.9	29.4
		Honours Degree	3	17.6	17.6	47.1
		Masters Degree	5	29.4	29.4	76.5
		Doctorate	4	23.5	23.5	100.0
		Total	17	100.0	100.0	

**To whom do you think AISA is accountable? (List them)**

Have you ever consulted any AISA annual report?		Frequency	Percent	Valid Percent	Cumulative Percent
	Valid		6	100.0	100.0
Yes	Valid	AISA and the South Africa and African Public	3	42.9	42.9
		Foreign Affairs	1	14.2	57.1
		government	3	42.9	100.0
		Total	7	100.0	
No	Valid	1. The Government2. The Public	1	5.9	5.9
		Board of Directors Dept of Science and Technology	1	5.9	11.8
		BoardDST	1	5.9	17.6
		Council	1	5.9	23.5
		Department of Education	1	5.9	29.4
		do not know	1	5.9	35.3
		Dr Matlou	1	5.9	41.2
		Government	1	5.9	47.1
		I am not aware	1	5.9	52.9
		I assume its board and potentially government as I thought it received funding from them	1	5.9	58.8
		I do not know	1	5.9	64.7
		I do not know.	1	5.9	70.6
		I have no idea	1	5.9	76.5
		Its fundersIts readersIts governance structure	1	5.9	82.4
		No idea.	1	5.9	88.2
		The Department of Arts and Culture	1	5.9	94.1
		University of South Africa/RSA Government	1	5.9	100.0
Total	17	100.0			

**Are you aware that AISA produces and distributes the annual report, which is publicly available?**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Yes	7	100.0	100.0	100.0
No	Valid	Yes	6	35.3	35.3	35.3
		No	11	64.7	64.7	100.0
		Total	17	100.0	100.0	

**Do you have access to AISA annual report?**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Yes	6	85.7	85.7	85.7
		No	1	14.3	14.3	100.0
		Total	7	100.0	100.0	
No	Valid	Yes	2	11.8	11.8	11.8
		No	15	88.2	88.2	100.0
		Total	17	100.0	100.0	

**Would you like to have access to AISA annual report?**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Yes	7	100.0	100.0	100.0
No	Valid	Yes	11	64.7	64.7	64.7
		No	6	35.3	35.3	100.0
		Total	17	100.0	100.0	

**When you read AISA annual report, how thoroughly do you read it?**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Can recall some sections	4	57.1	57.1	57.1
		Can recall all sections of the report	3	42.9	42.9	100.0
		Total	7	100.0	100.0	
No	Valid	Vague recollection	1	5.9	5.9	5.9
		Cannot recall	2	11.8	11.8	17.6
		Never read it before	14	82.4	82.4	100.0
		Total	17	100.0	100.0	

**The reason that you do not read items in the annual report is due to:**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Lack of time	3	42.9	100.0	100.0
	Missing	System	4	57.1		
	Total		7	100.0	100.0	
No	Valid	Lack of time	4	23.5	66.7	66.7
		Lack of understanding	1	5.9	16.7	83.3
		Lack of interest	1	5.9	16.7	100.0
		Total	6	35.3	100.0	
	Missing	System	11	64.7		
	Total		17	100.0		



**The reason that you do not read items in the annual report is due to:[Other]**

Have you ever consulted any AISA annual report?		Frequency	Percent	Valid Percent	Cumulative Percent
	Valid		6	100.0	100.0
Yes	Valid		6	85.7	85.7
		i only read issues that are of interest to me	1	14.3	14.3
		Total	7	100.0	100.0
No	Valid		8	47.1	47.1
		Because it deals with accounting, which is not my field and area of specialization.	1	5.9	5.9
		Di not know it existed	1	5.9	5.9
		I consult the annual report to get to know whether certain issues that I would like to showcase in my programmes have been covered by AISA	1	5.9	5.9
		I had never have acces to it	1	5.9	5.9
		Never had it	1	5.9	5.9
		Never seen it.	1	5.9	5.9
		no access	1	5.9	5.9
		Not in my fied of expertise/interest	1	5.9	5.9
		wasnt aware of it	1	5.9	5.9

**If you have ever consulted AISA annual report, why have you done so?**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid		6	100.0	100.0	100.0
Yes	Valid	pure interes in reading and understanding the state of indigenou institutions and their contributions to South African and African development concerns	1	14.3	14.3	14.3
		Research Report-key findings of published articles on development	2	28.6	28.6	28.6
		they are the only serious African institute.. so not to consult is to lose knowledge	1	14.3	14.3	57.2
		Not applicable	3	42.8	42.8	100.0
		Total	7	100.0	100.0	
No	Valid		3	17.6	17.6	17.6
		Have not consulted	1	5.9	5.9	23.5
		I have never consulted AISA annual report.	1	5.9	5.9	29.4
		I have never consulted it	1	5.9	5.9	35.3
		I have never consulted it before	1	5.9	5.9	41.2
		I have not	1	5.9	5.9	47.1
		I have not consulted AISA annual report	1	5.9	5.9	52.9

**If you have ever consulted AISA annual report, why have you done so?**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
No	Valid	I have not.	1	5.9	5.9	58.8
		N/A	1	5.9	5.9	64.7
		never consulted AISA annual report	1	5.9	5.9	70.6
		Never consulted it	1	5.9	5.9	76.5
		Never consulted it before.	1	5.9	5.9	82.4
		Never seen it So all rest is not applicable	1	5.9	5.9	88.2
		no	1	5.9	5.9	94.1
		To check on past coverage of the subject that I would to portray	1	5.9	5.9	100.0
		Total	17	100.0	100.0	

**Which sections of the AISA annual report are of interest to you? (You may select more than one)[Report from the chairperson of the Council]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid	Not selected	6	100.0	100.0	100.0
Yes	Valid	Not selected	7	100.0	100.0	100.0
No	Valid	Not selected	14	82.4	82.4	82.4
		Yes	3	17.6	17.6	100.0
		Total	17	100.0	100.0	

**Which sections of the AISA annual report are of interest to you? (You may select more than one)[Report from the Chief Executive Officer]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid	Not selected	6	100.0	100.0	100.0
Yes	Valid	Not selected	4	57.1	57.1	57.1
		Yes	3	42.9	42.9	100.0
		Total	7	100.0	100.0	
No	Valid	Not selected	16	94.1	94.1	94.1
		Yes	1	5.9	5.9	100.0
		Total	17	100.0	100.0	

**Which sections of the AISA annual report are of interest to you? (You may select more than one)[AISA Governance and Council Meetings Report]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid	Not selected	6	100.0	100.0	100.0
Yes	Valid	Not selected	4	57.1	57.1	57.1
		Yes	3	42.9	42.9	100.0
		Total	7	100.0	100.0	
No	Valid	Not selected	16	94.1	94.1	94.1
		Yes	1	5.9	5.9	100.0
		Total	17	100.0	100.0	

**Which sections of the AISA annual report are of interest to you? (You may select more than one)[Research Report]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid	Not selected	6	100.0	100.0	100.0
Yes	Valid	Yes	5	71.4	71.4	71.4
		Not selected	2	28.6	28.6	100.0
		Total	7	100.0	100.0	
No	Valid	Not selected	10	58.8	58.8	58.8
		Yes	7	41.2	41.2	100.0
		Total	17	100.0	100.0	

**Which sections of the AISA annual report are of interest to you? (You may select more than one)[Corporate Affairs, Outreach and International Liaison]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid	Not selected	6	100.0	100.0	100.0
Yes	Valid	Not selected	4	57.1	57.1	57.1
		Yes	3	42.9	42.9	100.0
		Total	7	100.0	100.0	
No	Valid	Not selected	17	100.0	100.0	100.0

**Which sections of the AISA annual report are of interest to you? (You may select more than one)[Library and Documentation Services(LDS) Report]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid	Not selected	6	100.0	100.0	100.0
Yes	Valid	Not selected	7	100.0	100.0	100.0
No	Valid	Not selected	16	94.1	94.1	94.1
		Yes	1	5.9	5.9	100.0

		Total	17	100.0	100.0	
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**Which sections of the AISA annual report are of interest to you? (You may select more than one)[Human Resource Report]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid	Not selected	6	100.0	100.0	100.0
Yes	Valid	Not selected	5	71.4	71.4	71.4
		Yes	2	28.6	28.6	100.0
		Total	7	100.0	100.0	
No	Valid	Not selected	15	88.2	88.2	88.2
		Yes	2	11.8	11.8	100.0
		Total	17	100.0	100.0	

**Which sections of the AISA annual report are of interest to you? (You may select more than one)[Publications Report]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid	Not selected	6	100.0	100.0	100.0
Yes	Valid	Yes	5	71.4	71.4	71.4
		Not selected	2	28.6	28.6	100.0
		Total	7	100.0	100.0	
No	Valid	Not selected	13	76.5	76.5	76.5
		Yes	4	23.5	23.5	100.0
		Total	17	100.0	100.0	

**Which sections of the AISA annual report are of interest to you? (You may select more than one)[Finance, Administration and Information Technology Report]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid	Not selected	6	100.0	100.0	100.0
Yes	Valid	Not selected	6	85.7	85.7	85.7
		Yes	1	14.3	14.3	100.0
		Total	7	100.0	100.0	
No	Valid	Not selected	15	88.2	88.2	88.2
		Yes	2	11.8	11.8	100.0
		Total	17	100.0	100.0	

**Which sections of the AISA annual report are of interest to you? (You may select more than one)[Financial Statements]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid	Not selected	6	100.0	100.0	100.0
Yes	Valid	Not selected	5	71.4	71.4	71.4
		Yes	2	28.6	28.6	100.0
		Total	7	100.0	100.0	
No	Valid	Not selected	15	88.2	88.2	88.2
		Yes	2	11.8	11.8	100.0
		Total	17	100.0	100.0	

**Which sections of the financial statements do you usually read? (You may select more than one)[Report of the Auditor-General]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid	Not selected	6	100.0	100.0	100.0
Yes	Valid	Not selected	3	42.9	42.9	42.9
		Yes	4	57.1	57.1	100.0

		Total	7	100.0	100.0	
No	Valid	Not selected	13	76.5	76.5	76.5
		Yes	4	23.5	23.5	100.0
		Total	17	100.0	100.0	

**Which sections of the financial statements do you usually read? (You may select more than one)[Report of the Council]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid	Not selected	6	100.0	100.0	100.0
Yes	Valid	Not selected	6	85.7	85.7	85.7
		Yes	1	14.3	14.3	100.0
		Total	7	100.0	100.0	
No	Valid	Not selected	16	94.1	94.1	94.1
		Yes	1	5.9	5.9	100.0
		Total	17	100.0	100.0	

**Which sections of the financial statements do you usually read? (You may select more than one)[Report of the Audit Committee]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid	Not selected	6	100.0	100.0	100.0
Yes	Valid	Not selected	4	57.1	57.1	57.1
		Yes	3	42.9	42.9	100.0
		Total	7	100.0	100.0	
No	Valid	Not selected	16	94.1	94.1	94.1
		Yes	1	5.9	5.9	100.0
		Total	17	100.0	100.0	



**Which sections of the financial statements do you usually read? (You may select more than one)[Statement of Financial Performance]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid	Not selected	6	100.0	100.0	100.0
Yes	Valid	Not selected	6	85.7	85.7	85.7
		Yes	1	14.3	14.3	100.0
		Total	7	100.0	100.0	
No	Valid	Not selected	15	88.2	88.2	88.2
		Yes	2	11.8	11.8	100.0
		Total	17	100.0	100.0	

**Which sections of the financial statements do you usually read? (You may select more than one)[Statement of Financial Position]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid	Not selected	6	100.0	100.0	100.0
Yes	Valid	Not selected	6	85.7	85.7	85.7
		Yes	1	14.3	14.3	100.0
		Total	7	100.0	100.0	
No	Valid	Not selected	15	88.2	88.2	88.2
		Yes	2	11.8	11.8	100.0
		Total	17	100.0	100.0	

**Which sections of the financial statements do you usually read? (You may select more than one)[Cash Flow Statement]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid	Not selected	6	100.0	100.0	100.0
Yes	Valid	Not selected	6	85.7	85.7	85.7
		Yes	1	14.3	14.3	100.0
		Total	7	100.0	100.0	
No	Valid	Not selected	13	76.5	76.5	76.5
		Yes	4	23.5	23.5	100.0
		Total	17	100.0	100.0	

**Which sections of the financial statements do you usually read? (You may select more than one)[Notes to the Financial Statement]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid	Not selected	6	100.0	100.0	100.0
Yes	Valid	Not selected	6	85.7	85.7	85.7
		Yes	1	14.3	14.3	100.0
		Total	7	100.0	100.0	
No	Valid	Not selected	16	94.1	94.1	94.1
		Yes	1	5.9	5.9	100.0
		Total	17	100.0	100.0	

**Which sections of the financial statements do you usually read? (You may select more than one)[None]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid	Not selected	6	100.0	100.0	100.0
Yes	Valid	Not selected	4	57.1	57.1	57.1
		Yes	3	42.9	42.9	100.0
		Total	7	100.0	100.0	
No	Valid	Not selected	9	52.9	52.9	52.9
		Yes	8	47.1	47.1	100.0
		Total	17	100.0	100.0	

**Which sections of the financial statements do you usually read? (You may select more than one)[Other]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Frequency	Percent
	Missing	System			6	100.0
Yes	Missing	System			7	100.0
No	Missing	System			17	100.0

**Briefly indicate why you read the annual report section(s) you selected?**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid		6	100.0	100.0	100.0
Yes	Valid	-to track development issues in SA and the continent at large	1	14.3	14.3	14.3
		Purely academic interest and to garner knowledge	1	14.3	14.3	14.3
		to know the extent of research done by AISA, what is selected for research and how well it is done	1	14.3	14.3	14.3
		To fulfil my job responsibilities	3	42.8	42.8	85.7
		To check on the research output	1	14.3	14.3	100.0
		Total	7	100.0	100.0	

No	Valid		5	29.4	29.4	29.4
		As I explain, I have not consulted AISA annual report	1	5.9	5.9	35.3
		Do not read	1	5.9	5.9	41.2
		I have never read it	1	5.9	5.9	47.1
		I have not read or seen the report before.	1	5.9	5.9	52.9

**Briefly indicate why you read the annual report section(s) you selected?**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
No	Valid	I read them when I am looking for experts to interview I normally engage the writers and also source the material to get information on the subject on hand.	1	5.9	5.9	58.8
		I would read those section because they are relevant to my work.	1	5.9	5.9	64.7
		N/A	1	5.9	5.9	70.6
		None	2	11.8	11.8	82.4
		To gain more insights in how the money is spent; in other words more interested in how they use their budgets	1	5.9	5.9	88.2
		To update myself on the financial and governance position of the establishment.	1	5.9	5.9	94.1
		xxx	1	5.9	5.9	100.0
		Total	17	100.0	100.0	

**Briefly indicate why you read the financial statement section(s) you selected?**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
Yes	Valid	i do not read the finnance side	1	14.3	14.3	14.3
		N/A	2	28.6	28.6	28.6
		To understand the financial context in which the institutions functions under	1	14.3	14.3	57.2
		To fulfil my job responsibilities	3	42.8	42.8	100.0
		Total	7	100.0	100.0	
No	Valid		5	29.4	29.4	29.4
		Do not read	2	11.8	11.8	41.2
		I have never read it	1	5.9	5.9	47.1
		I have not consulted AISA annual report	1	5.9	5.9	52.9
		I have not selected the financial section.	1	5.9	5.9	58.8
		n/A	1	5.9	5.9	64.7
		None	2	11.8	11.8	76.5
		So as to gain more knowledge on how they money is spent and why	1	5.9	5.9	82.4
		To see whether there is profit made or not.	1	5.9	5.9	88.2

**Briefly indicate why you read the financial statement section(s) you selected?**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
No	Valid	To update myself on the fonancial position of the establishment.	1	5.9	5.9	94.1
		xxx	1	5.9	5.9	100.0
		Total	17	100.0	100.0	

**Which of the annual report section(s) do you have difficulty understanding?**

Have you ever consulted any AISA annual report?		Frequency	Percent	Valid Percent	Cumulative Percent
	Valid		6	100.0	100.0
Yes	Valid	None	5	71.4	71.4
		none.. all are clear	1	14.3	14.3
		Not interested in other sections	1	14.3.	14.3
		Total	7	100.0	100.0
No	Valid		5	29.4	29.4
		Do not read	1	5.9	5.9
		Financial statements due to on interest in day to day running of AISA	1	5.9	5.9
		I do not read the report	1	5.9	5.9
		I do not think I have any difficult in any area	1	5.9	5.9
		I have never read it	1	5.9	5.9
		I have not consulted AISA annual report	1	5.9	5.9
		I have not read the report before.	1	5.9	5.9
		None	2	11.8	11.8
		None though I have n't seen the annual report.	1	5.9	5.9
		None.	1	5.9	5.9
		xxx	1	5.9	5.9

**Which of the financial statement section(s) do you have difficulty understanding?**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid		6	100.0	100.0	100.0
Yes	Valid	N/A	1	14.3	14.3	14.3
		None	4	57.1	57.1	71.4
		not applicable to me	2	28.6	28.6	100.0
		Total	7	100.0	100.0	
No	Valid	Not applicable	5	29.4	29.4	29.4
		All	1	5.9	5.9	35.3
		ALL	1	5.9	5.9	41.2
		Financial performance	1	5.9	5.9	47.1
		I do not read the report	1	5.9	5.9	52.9
		I have never read it	1	5.9	5.9	58.8
		I have not consulted AISA annual report	1	5.9	5.9	64.7
		I have not read the report before.	1	5.9	5.9	70.6
		none	1	5.9	5.9	76.5
		None	2	11.8	11.8	88.2
		None.	1	5.9	5.9	94.1
		xxx	1	5.9	5.9	100.0
		Total	17	100.0	100.0	

**What information is not included in the annual report that you would like to read about?**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid		6	100.0	100.0	100.0
Yes	Valid	more about pan-africanism and african renaissance	1	14.3	14.3	14.3
		N/A	1	14.3	14.3	28.6
		none so far	5	71.4	71.4	100.0
		Total	7	100.0	100.0	
No	Valid	Not applicable	5	29.4	29.4	29.4
		I do not read the report	1	5.9	5.9	35.3
		I have never read it	1	5.9	5.9	41.2
		I have not consulted AISA annual report	1	5.9	5.9	47.1
		I have not noted any information that is omitted in the report	1	5.9	5.9	52.9
		I have not read the report before.	1	5.9	5.9	58.8
		None	3	17.6	17.6	76.5
		NONE	1	5.9	5.9	82.4
		Not applicable	1	5.9	5.9	88.2
		Still need to scritinize the report.	1	5.9	5.9	94.1
		xxx	1	5.9	5.9	100.0
Total	17	100.0	100.0			

**Have you ever contacted AISA about information that you needed and was not contained in the annual report?**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Yes	1	14.3	14.3	14.3
		No	6	85.7	85.7	100.0



		Total	7	100.0	100.0	
No	Valid	Yes	1	5.9	7.1	7.1
		No	13	76.5	92.9	100.0
		Total	14	82.4	100.0	
	Missing	System	3	17.6		
	Total		17	100.0		

**If so, what was AISA's response to your request?**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	My request was met	1	14.3	100.0	100.0
	Missing	System	6	85.7		
	Total		7	100.0		

**Would you like to be given the opportunity to comment and make suggestions on the information in AISA annual report?**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Yes	1	14.3	14.3	14.3
		No	6	85.7	85.7	100.0
		Total	7	100.0	100.0	
No	Valid	Yes	4	23.5	28.6	28.6
		No	10	58.8	71.4	100.0
		Total	14	82.4	100.0	
	Missing	System	3	17.6		
	Total		17	100.0		

**How would you like to make suggestion or concerns known to AISA?**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid		6	100.0	100.0	100.0
Yes	Valid	Not applicable	1	14.3	14.3	14.3
		N/A	5	71.4	71.4	85.7
		recommendation to the CEO	1	14.3	14.3	100.0
		Total	7	100.0	100.0	
No	Valid	Not applicable	9	52.9	52.9	52.9
		Email	1	5.9	5.9	58.8
		I do not think it necessary at this stage	1	5.9	5.9	64.7
		I have None	1	5.9	5.9	70.6
		I live in Mexico City, I have been in South Africa several times. The only way is via e-mail	1	5.9	5.9	76.5
		I want to read it first then make track changes	1	5.9	5.9	82.4
		My only interest is the journal Africa iNsight	1	5.9	5.9	88.2
		Through AISA web page	1	5.9	5.9	94.1
		Through e-mails anf interviews.	1	5.9	5.9	100.0
		Total	17	100.0	100.0	

**Usefulness of AISA annual report [The AISA annual report is informative]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Strongly agree	4	57.1	66.7	66.7
		Agree	2	28.6	33.3	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		

	Total		7	100.0		
No	Valid	Agree	4	23.5	33.3	33.3
		Uncertain/undecided	7	41.2	58.3	91.7
		Disagree	1	5.9	8.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
	Total		17	100.0		

**The following reports are simple and understandable [Report from the Chairperson of the Council]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Agree	5	71.4	83.3	83.3
		Uncertain/undecided	1	14.3	16.7	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
	Total		7	100.0		
No	Valid	Agree	4	23.5	33.3	33.3
		Uncertain/undecided	7	41.2	58.3	91.7
		Disagree	1	5.9	8.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
	Total		17	100.0		

**The following reports are simple and understandable [Report from the Chief Executive Officer]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Agree	6	85.7	100.0	100.0
	Missing	System	1	14.3		
	Total		7	100.0		
No	Valid	Agree	4	23.5	33.3	33.3
		Uncertain/undecided	7	41.2	58.3	91.7
		Disagree	1	5.9	8.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
	Total		17	100.0		

**The following reports are simple and understandable [AISA Governance and Council meetings Report]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Agree	5	71.4	83.3	83.3
		Uncertain/undecided	1	14.3	16.7	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
Total		7	100.0			
No	Valid	Agree	5	29.4	41.7	41.7
		Uncertain/undecided	7	41.2	58.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
	Total		17	100.0		

**The following reports are simple and understandable [Research Report]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Strongly agree	5	71.4	83.3	83.3
		Uncertain/undecided	1	14.3	16.7	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
	Total		7	100.0		
No	Valid	Strongly agree	1	5.9	8.3	8.3
		Agree	5	29.4	41.7	50.0
		Uncertain/undecided	6	35.3	50.0	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
	Total		17	100.0		

**The following reports are simple and understandable [Corporate Affairs, Outreach and Internation Liaison report]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Agree	5	71.4	83.3	83.3
		Uncertain/undecided	1	14.3	16.7	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
	Total		7	100.0		

No	Valid	Agree	5	29.4	41.7	41.7
		Uncertain/undecided	7	41.2	58.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
	Total		17	100.0		

**The following reports are simple and understandable [Library and Documentation Services Report]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Agree	6	85.7	100.0	100.0
	Missing	System	1	14.3		
	Total		7	100.0		
No	Valid	Agree	6	35.3	50.0	50.0
		Uncertain/undecided	6	35.3	50.0	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
	Total		17	100.0		

**The following reports are simple and understandable [Human Resource Report]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Agree	5	71.4	83.3	83.3
		Uncertain/undecided	1	14.3	16.7	100.0
	Total		6	85.7	100.0	
	Missing	System	1	14.3		
	Total		7	100.0		

No	Valid	Agree	4	23.5	33.3	33.3
		Uncertain/undecided	8	47.1	66.7	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
	Total		17	100.0		

**The following reports are simple and understandable [Publications Report]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Strongly agree	3	42.9	50.0	50.0
		Agree	3	42.9	50.0	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
	Total		7	100.0		
No	Valid	Strongly agree	1	5.9	8.3	8.3
		Agree	4	23.5	33.3	41.7
		Uncertain/undecided	6	35.3	50.0	91.7
		Disagree	1	5.9	8.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
	Total		17	100.0		

**The following reports are simple and understandable [Finance, Administration and Information Technology Report]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Agree	3	42.9	50.0	50.0
		Uncertain/undecided	3	42.9	50.0	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
	Total		7	100.0		
No	Valid	Strongly agree	2	11.8	16.7	16.7
		Agree	2	11.8	16.7	33.3
		Uncertain/undecided	7	41.2	58.3	91.7
		Disagree	1	5.9	8.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
	Total		17	100.0		

**The following reports are simple and understandable [Financial Statements]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Agree	3	42.9	50.0	50.0
		Uncertain/undecided	3	42.9	50.0	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
	Total		7	100.0		



No	Valid	Strongly agree	3	17.6	25.0	25.0
		Agree	1	5.9	8.3	33.3
		Uncertain/undecided	7	41.2	58.3	91.7
		Disagree	1	5.9	8.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
	Total		17	100.0		

**[The format in which the AISA annual report is presented is complex]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Strongly agree	4	57.1	66.7	66.7
		Agree	1	14.3	16.7	83.4
		Uncertain/undecided	1	14.3	16.7	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
	Total		7	100.0		
No	Valid	Strongly agree	2	11.8	16.7	16.7
		Agree	2	11.8	16.7	33.3
		Uncertain/undecided	8	47.1	66.7	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
	Total		17	100.0		

**[Disclosures in the AISA annual report match my expectations]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Strongly agree	4	57.1	66.7	66.7
		Agree	1	14.3	16.7	83.4
		Uncertain/undecided	1	14.3	16.7	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
Total			7	100.0		
No	Valid	Strongly agree	1	5.9	8.3	8.3
		Agree	3	17.6	25.0	33.3
		Uncertain/undecided	7	41.2	58.3	91.7
		Disagree	1	5.9	8.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
Total			17	100.0		

**[The layout of the AISA annual report is attractive]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Strongly agree	4	57.1	66.7	66.7
		Agree	1	14.3	16.7	83.4
		Uncertain/undecided	1	14.3	16.7	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
Total			7	100.0		

No	Valid	Strongly agree	1	5.9	8.3	8.3
		Agree	4	23.5	33.3	41.7
		Uncertain/undecided	7	41.2	58.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
Total			17	100.0		

**[The information in the AISA annual report is comparable to that of other research institutions]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Strongly agree	4	57.1	66.7	66.7
		Agree	2	28.6	33.3	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
Total			7	100.0		
No	Valid	Strongly agree	1	5.9	8.3	8.3
		Agree	4	23.5	33.3	41.7
		Uncertain/undecided	7	41.2	58.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
Total			17	100.0		

**[The information in the AISA annual report is comparable to that of the previous years]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Strongly agree	3	42.9	50.0	50.0
		Agree	2	28.6	33.3	83.3
		Uncertain/undecided	1	14.3	16.7	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
	Total		7	100.0		
No	Valid	Agree	3	17.6	25.0	25.0
		Uncertain/undecided	8	47.1	66.7	91.7
		Disagree	1	5.9	8.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
	Total		17	100.0		

**[Information in the AISA annual report is comprehensible and complete]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Strongly agree	4	57.1	66.7	66.7
		Agree	2	28.6	33.3	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
	Total		7	100.0		

No	Valid	Strongly agree	1	5.9	8.3	8.3
		Agree	4	23.5	33.3	41.7
		Uncertain/undecided	7	41.2	58.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
Total			17	100.0		

**[The information in the AISA annual report portrays the true state of affairs]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Strongly agree	4	57.1	66.7	66.7
		Agree	1	14.3	16.7	83.4
		Uncertain/undecided	1	14.3	16.7	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
Total			7	100.0		
No	Valid	Agree	2	11.8	16.7	16.7
		Uncertain/undecided	9	52.9	75.0	91.7
		Disagree	1	5.9	8.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
Total			17	100.0		

**[Information in the AISA annual report is reliable and can be trusted]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Strongly agree	4	57.1	66.7	66.7
		Agree	2	28.6	33.3	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
	Total		7	100.0		
No	Valid	Strongly agree	1	5.9	8.3	8.3
		Agree	3	17.6	25.0	33.3
		Uncertain/undecided	8	47.1	66.7	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
	Total		17	100.0		

**[Information in the AISA annual report is relevant to the needs of the users]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Strongly agree	4	57.1	66.7	66.7
		Agree	1	14.3	16.7	83.4
		Uncertain/undecided	1	14.3	16.7	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
	Total		7	100.0		

No	Valid	Strongly agree	1	5.9	8.3	8.3
		Agree	2	11.8	16.7	25.0
		Uncertain/undecided	9	52.9	75.0	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
Total			17	100.0		

**[The AISA annual report is always available timely for decision making]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Strongly agree	4	57.1	66.7	66.7
		Uncertain/undecided	2	28.6	33.3	100.0
		Total	6	85.7		
	Missing	System	1	14.3		
Total			7	100.0		
No	Valid	Strongly agree	1	5.9	8.3	8.3
		Agree	1	5.9	8.3	16.7
		Uncertain/undecided	9	52.9	75.0	91.7
		Disagree	1	5.9	8.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
	Total			17	100.0	

**[AISA annual report is useful]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Agree	6	85.7	100.0	100.0
	Missing	System	1	14.3		
	Total		7	100.0		
No	Valid	Strongly agree	1	5.9	8.3	8.3
		Agree	4	23.5	33.3	41.7
		Uncertain/undecided	7	41.2	58.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
	Total		17	100.0		

**[The AISA annual report is not easy to read]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Agree	5	71.4	83.3	83.3
		Disagree	1	14.3	16.7	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
Total		7	100.0			



No	Valid	Agree	2	11.8	16.7	16.7
		Uncertain/undecided	8	47.1	66.7	83.3
		Disagree	1	5.9	8.3	91.7
		Strongly disagree	1	5.9	8.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
Total			17	100.0		

**[Information AISA annual report is not biased]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Agree	5	71.4	83.3	83.3
		Uncertain/undecided	1	14.3	16.7	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
Total			7	100.0		
No	Valid	Strongly agree	1	5.9	8.3	8.3
		Agree	4	23.5	33.3	41.7
		Uncertain/undecided	7	41.2	58.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
	Total			17	100.0	

**I find the following sections in the AISA annual report useful in my work [Report from the Chairperson of the Council]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Strongly agree	4	57.1	66.7	66.7
		Agree	1	14.3	16.7	83.4
		Uncertain/undecided	1	14.3	16.7	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
Total			7	100.0		
No	Valid	Agree	2	11.8	16.7	16.7
		Uncertain/undecided	10	58.8	83.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
	Total			17	100.0	

**I find the following sections in the AISA annual report useful in my work [Report from the Chief Executive Officer]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Strongly agree	4	57.1	66.7	66.7
		Agree	1	14.3	16.7	83.4
		Uncertain/undecided	1	14.3	16.7	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
Total			7	100.0		

No	Valid	Agree	2	11.8	16.7	16.7
		Uncertain/undecided	10	58.8	83.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
	Total		17	100.0		

**I find the following sections in the AISA annual report useful in my work [AISA Governance and Council Meetings Report]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Strongly agree	3	42.9	50.0	50.0
		Agree	2	28.6	33.3	83.3
		Uncertain/undecided	1	14.3	16.7	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
Total		7	100.0			
No	Valid	Strongly agree	2	11.8	16.7	16.7
		Uncertain/undecided	10	58.8	83.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
	Total		17	100.0		

**I find the following sections in the AISA annual report useful in my work.[Research Report]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Strongly agree	4	57.1	66.7	66.7
		Agree	2	28.6	33.3	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
	Total		7	100.0		
No	Valid	Strongly agree	1	5.9	8.3	8.3
		Agree	3	17.6	25.0	33.3
		Uncertain/undecided	8	47.1	66.7	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
	Total		17	100.0		

**I find the following sections in the AISA annual report useful in my work.[Corporate Affairs, Outreach and International Liaison Report]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Strongly agree	5	71.4	83.3	83.3
		Uncertain/undecided	1	14.3	16.7	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
	Total		7	100.0		

No	Valid	Strongly agree	1	5.9	8.3	8.3
		Agree	1	5.9	8.3	16.7
		Uncertain/undecided	10	58.8	83.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
Total			17	100.0		

**I find the following sections in the AISA annual report useful in my work.[Library and Documentation Services Report]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Strongly agree	5	71.4	83.3	83.3
		Agree	1	14.3	16.7	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
Total			7	100.0		
No	Valid	Strongly agree	1	5.9	8.3	8.3
		Agree	2	11.8	16.7	25.0
		Uncertain/undecided	9	52.9	75.0	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
Total			17	100.0		

**I find the following sections in the AISA annual report useful in my work [Human Resource Report]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Strongly agree	1	14.3	16.7	16.7
		Agree	4	57.1	66.7	83.4
		Uncertain/undecided	1	14.3	16.7	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
Total			7	100.0		
No	Valid	Strongly agree	1	5.9	8.3	8.3
		Uncertain/undecided	10	58.8	83.3	91.7
		Disagree	1	5.9	8.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
	Total			17	100.0	

**I find the following sections in the AISA annual report useful in my work [Publications Report]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Strongly agree	4	57.1	66.7	66.7
		Agree	2	28.6	33.3	100.0
		Total	6	85.7	100.0	
	Missing	System	1	14.3		
Total			7	100.0		

No	Valid	Strongly agree	1	5.9	8.3	8.3
		Agree	2	11.8	16.7	25.0
		Uncertain/undecided	8	47.1	66.7	91.7
		Disagree	1	5.9	8.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
Total			17	100.0		

**I find the following sections in the AISA annual report useful in my work [Finance, Administration and Information Technology Report]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Uncertain/undecided	3	42.9	50.0	50.0
		Strongly agree	3	42.9	50.0	50.0
	Missing	System	1	14.3		
	Total		7	100.0		
No	Valid	Strongly agree	2	11.8	16.7	16.7
		Uncertain/undecided	9	52.9	75.0	91.7
		Disagree	1	5.9	8.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
	Total		17	100.0		

**I find the following sections in the AISA annual report useful in my work [Financial Statements]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Uncertain/undecided	2	28.6	33.3	33.3
		Strongly agree	4	57.1	66.7	100.0
	Missing	System	1	14.3		
	Total		7	100.0		
No	Valid	Strongly agree	1	5.9	8.3	8.3
		Agree	1	5.9	8.3	16.7
		Uncertain/undecided	9	52.9	75.0	91.7
		Disagree	1	5.9	8.3	100.0
		Total		12	70.6	100.0
	Missing	System	5	29.4		
	Total		17	100.0		

**[The AISA annual reports are easily accessible]**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System				
Yes	Valid	Strongly Agree	5	71.4	83.3	83.3
		Uncertain/undecided	1	14.3	16.7	100.0
		Total		6	85.7	100.0
	Missing	System	1	14.3		
	Total		7	100.0		



No	Valid	Strongly agree	1	5.9	8.3	8.3
		Agree	2	11.8	16.7	25.0
		Uncertain/undecided	6	35.3	50.0	75.0
		Disagree	2	11.8	16.7	91.7
		Strongly disagree	1	5.9	8.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
Total		17	100.0			

**What type of information do you expect to find in AISA annual report?**

Have you ever consulted any AISA annual report?		Frequency	Percent	Valid Percent	Cumulative Percent	
	Valid	6	100.0	100.0	100.0	
Yes	Valid		5	71.4	71.4	
		good for AISA u do this	1	14.3	14.3	85.7
		research and policy issues affecting south africa and the African continent in general	1	14.3	14.3	100.0
		Total	7	100.0	100.0	
No	Valid		5	29.4	29.4	
		??	1	5.9	5.9	35.3
		Any information available to the public	1	5.9	5.9	41.2
		Basically I have no administrative stake in AISA as such issues of governance and finance are not of much interest to me. My interest lies in the research and publication that are undertaken in AISA	1	5.9	5.9	47.1
		Everything about the governance issues in the university.	1	5.9	5.9	52.9
		I don't know.	1	5.9	5.9	58.8

**What type of information do you expect to find in AISA annual report?**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
No	Valid	I have not consulted AISA annual report	1	5.9	5.9	64.7
		More research findings	1	5.9	5.9	70.6
		Non other than what is contained in the report.	1	5.9	5.9	76.5
		None	1	5.9	5.9	82.4
		Objectives set and met; the varianceResearch conductedResearch budgetSponsorsFuture plans	1	5.9	5.9	88.2
		Relevant information about accounting.	1	5.9	5.9	94.1
		Research progress	1	5.9	5.9	100.0
		Total	17	100.0	100.0	

**How do you want AISA annual report to be made available?**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Mailed to my postal address	1	14.3	33.3	33.3
		Emailed	2	28.6	66.7	100.0
		Total	3	42.9	100.0	
	Missing	System	4	57.1		
	Total		7	100.0		

No	Valid	Mailed to my postal address	4	23.5	33.3	33.3
		Emailed	6	35.3	50.0	83.3
		Printed on newspapers	1	5.9	8.3	91.7
		Placed on the AISA website	1	5.9	8.3	100.0
		Total	12	70.6	100.0	
	Missing	System	5	29.4		
	Total		17	100.0		

**Would you like to receive a copy of the results of this survey?**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Missing	System	6	100.0		
Yes	Valid	Yes	1	14.3	100.0	100.0
	Missing	System	6	85.7		
	Total		7	100.0		
No	Valid	Yes	7	41.2	87.5	87.5
		No	1	5.9	12.5	100.0
		Total	8	47.1	100.0	
	Missing	System	9	52.9		
	Total		17	100.0		

**If yes, provide your name and address or e-mail address below**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
	Valid		6	100.0	100.0	100.0
Yes	Valid		2	66.7	66.7	66.7
		Puleng LenkaBulaP.O. Box 392 UNISA 0003	1	33.3	33.3	100.0
		Total	3	100.0	100.0	
No	Valid		10	58.8	58.8	58.8
		Dr. BR. HanyaneP.O. Box 41Tshiwelo1817bhanyane@unisa.ac.za	1	5.9	5.9	64.7
		ikhomo@yahoo.comkhomoir@sabc.co.za	1	5.9	5.9	70.6
		khonzimbatha@gmail.com	1	5.9	5.9	76.5
		Michael Mofokeng, mofokeng61@gmail.com or michael@lesedi.co.za	1	5.9	5.9	82.4
		Prof Sandy AfricaDepartment of Political SciencesUniversity of Pretoriasandy.africa@up.ac.za	1	5.9	5.9	88.2
		Tankie Khalanyanekhalanyanet@gmail.com	1	5.9	5.9	94.1
		zkazapua@unam.na	1	5.9	5.9	100.0

**If yes, provide your name and address or e-mail address below**

Have you ever consulted any AISA annual report?			Frequency	Percent	Valid Percent	Cumulative Percent
No	Valid	Total	17	100.0	100.0	

## ANNEXURE I: EMAIL FROM THE DEPARTMENT OF SCIENCE AND TECHNOLOGY



Good day

I am busy with your questionnaire and hope the attached will also assist you.

Remember that on an annual basis the Office of the Accountant General (at the National Treasury) issue instructions on how Annual Reports should be prepared and there are changes on an annual basis depending on the Accounting environment for the period under review.

Regards;

**Motlagomang Diphoko**

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science  
& technology

Department:  
Science and Technology  
REPUBLIC OF SOUTH AFRICA

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**From:** AM Moloi [<mailto:MoloiAM@tut.ac.za>]  
**Sent:** Tuesday, April 30, 2013 1:34 PM  
**To:** Motlagomang Diphoko  
**Subject:** Masters Project on AISA

Good afternoon Me Motlagomang

My name is Alina Moloi, a Masters student at Unisa. My Dissertation focuses on the usefulness of AISA annual report from the point of view of stakeholders. Following our telephonic discussion earlier today, I would like to get your input on AISA annual report, particularly looking at " **FOR WHAT PURPOSE DOES DST use AISA annual report**". Are there any decisions about AISA that DST base on information from the annual report? One or two sentences will suffice.