

Corporate governance, integrated reporting, and stakeholder management: A case study of Eskom

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ABSTRACT

King III recommends the use of integrated reporting to report on an organisation's corporate governance practices and triple-bottom-line (TBL) performance. This article qualitatively evaluates Eskom's response to their stakeholders' TBL interests and expectations. Eskom's 2012 integrated report did not fully disclose stakeholder management at the rational level, i.e. it did not identify, group, and map its stakeholder groups with their respective TBL interests and expectations. Through content analysis, applying deductive coding on the Eskom 2012 integrated report, it was found that, at a transactional level, the report meaningfully disclosed the utility's

engagement with the majority of stakeholders' TBL interests and expectations.

Keywords: business ethics; corporate governance; integrated reporting; King III; stakeholder management; sustainability; triple bottom line

INTRODUCTION

Eskom, a state-owned utility, generates 95 per cent of electricity used in South Africa. It is one of the single largest contributors to South Africa's gross domestic product (GDP), and, through employment creation and skills development, has a massive local social impact (Inglesi-Lotz and Bignonaut, 2011; Eskom, 2011a).

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From government's vantage point, reliable and affordable access to electricity is a key enabler of social and economic growth and development (Inglesi-Lotz & Blignaut, 2011). Yet, the utility faces an imbalance between the rapidly-growing demand and its supply capacity constraints (Kiratu, 2010). Simultaneously, Eskom relies heavily on coal as its primary source of energy and, consequently, is one of the largest emitters of greenhouse gases on the African continent. The utility also has a significant water consumption footprint, and directly affects air quality and health in local communities (Department of Environmental Affairs and Tourism, 2007; Eskom, 2011b; Eskom, 2012b).

In this context, the organisation's triple-bottom-line (TBL) performance is a key sustainability concern, where a TBL is understood to include the financial, social, and environmental measures of sustainability, or 'people', 'planet' and 'profit' in more colloquial terms. A multitude of stakeholders – including employees, government as shareholder and regulator, capital markets, unions, suppliers and contractors, communities, environmental non-governmental organisations (NGOs), and the media – represent an extensive and varied list of TBL interests and expectations in relation to Eskom. These interests and expectations can be grouped under the three value components of sustainability, reflecting a classical trade-off between economic value-creation, social value-creation, and environmental value-preservation. To be able to navigate and negotiate these trade-offs in a meaningful way requires of Eskom to adopt best practice corporate governance, and develop integrated reporting and stakeholder management capabilities and processes.

A stakeholder-inclusive approach is emphasised in the third King Report on Corporate Governance (King III). King III defines business ethics as "the ethical values that determine the interaction between a company and its stakeholders" (Institute of Directors of South Africa (IoDSA), 2009:51). King III is a

principle-based governance framework that emphasises the use of integrated reporting as communication vehicle for reporting on an organisation's corporate governance practices and triple-bottom-line performance (World Finance, 2013; IoDSA, 2009; Institute for a Democratic Alternative for South Africa (IDASA), 2010). King III applies to private and state-owned enterprises (Braxton, 2011).

Eskom participated in the development of all three versions of King III (World Finance, 2013), and has received public accolades for adopting King III (Maoto, 2013; Ernst & Young, 2009; Eskom, 2011a). Eskom is also participating in the International Integrated Reporting Council's (IIRC) pilot programme for the development of an integrated reporting framework (IIRC, 2011; IIRC, 2012). The IIRC's reporting guidelines highlight the importance of disclosing stakeholder management in the integrated report, and stipulate that an integrated report should provide insight into an organisation's stakeholder relationships, stakeholder interests and expectations, as well as the organisation's response thereto (IIRC, 2011).

To date, very little of Eskom's integrated reporting journey, corporate governance practices, and stakeholder management processes has been documented and reviewed. Hanks (2005) benchmarked Eskom's 2005 annual report against the sustainable development reporting practices of global utility corporations, while Fabrikus (2004) used Eskom in a case study on trends and perceptions in respect of sustainability reporting and corporate governance. Khoza and Adam (2005) described Eskom's corporate governance as that of a state-owned enterprise, whereas Pillay (2010) focused on the stakeholder engagement between the National Energy Regulator of South Africa (NERSA), the Department of Energy, Eskom, and various energy sector stakeholders. No systematic research has, however, focused on the disclosure of Eskom's stakeholder management through its integrated reporting.

Consequently, to address this knowledge gap, the research objective was to make an assessment of what Eskom's 2012 integrated report disclosed in terms of its management of stakeholders' TBL interests and expectations, with a focus on the transparency and responsiveness of the product (i.e. integrated report), rather than the process (i.e. integrated reporting).

To lay the basis for this analysis, described in Sections 3 to 5, the literature review in Section 2 describes the conceptual link between corporate governance, integrated reporting, and stakeholder management. Based on frameworks and benchmarks identified in Section 2, Section 3 outlines the research questions and methodology. Section 4 identifies and maps Eskom's stakeholders, and records their TBL interests and expectations, which, in turn, constituted the basis for the analysis, reported in Section 5, of Eskom's response to these. Finally, in Section 6, conclusions are drawn, and recommendations are made.

THEORETICAL CONTEXT: THE CONCEPTUAL LINK BETWEEN CORPORATE GOVERNANCE, STAKEHOLDER MANAGEMENT, AND INTEGRATED REPORTING

The most widely-used definition of corporate governance is that of the Cadbury Committee (1992:14), which described it as "the system by which companies are directed and controlled." In this context, "system" refers only to the "financial aspects of corporate governance" (Cadbury Committee, 1992:14). Shleifer and Vishny (1997) elaborated on this definition by describing corporate governance as an assurance measure towards attaining a favourable return on investment for shareholders. Their view had been based on Friedman's (1970) agency theory, which holds that the primary objective of an organisation is to maximise shareholder profit. Greenwood (2004) described this as a "share-centred view", where corporate actions are determined by shareholders' short-term

need for profit maximisation and share-price performance, often to the detriment of "good practices and ethical considerations" (Abraham, 2012:283). This shareholder-centred view is sometimes regarded as a major contributor to the global financial crises of 2008 (Stiglitz, 2009, cited by Spitzeck & Hansen, 2010:379).

Following the global financial crisis, organisations are increasingly expected to not only self-regulate by complying with legislative requirements, but to also act in a morally and ethically defensible way by considering stakeholders whose interests are affected by the organisation (Eccles & Krzus, 2010; KPMG, 2010; Cavico & Mujtaba, 2014).

Consequently, there has been an increased recognition of a more stakeholder-inclusive approach to corporate governance, which forces organisations to accept accountability towards all stakeholders who "can affect and [are] affected" by the organisation (Freeman, 1984:1), instead of a narrow group of shareholders with financial interests in the organisation (Greenwood, 2004; KPMG, 2010; IoDSA, 2009). The Organisation for Economic Cooperation and Development (OECD) defined this stakeholder-inclusive approach to corporate governance as "a set of relationships between a company's management, its board, its shareholders and other stakeholders" (OECD, 2004:11). Thus, the focus of at least one approach to corporate governance has shifted to an emphasis on stakeholder relationships (Van der Laan Smith, Adhikari & Tondkar, 2005). In this respect, it should be acknowledged that there is an on-going debate between the proponents of, respectively, stakeholder- and shareholder-oriented approaches to corporate governance, and it has been observed that, rather than a convergence on the ethics of corporate governance, there is divergence of approaches (see, e.g., Rossouw, 2009; Hansmann & Kraakman, 2000).

In South Africa, both private and state-owned companies are subject to King III, a best-practice governance framework that empha-

sises good business ethics as an integral part of the “interaction between a company and its stakeholders” (IoDSA, 2009:51). This stakeholder-inclusive approach to corporate governance and business ethics implies that decisions made by the board of an organisation must be in the best interests of the organisation, whilst also considering “the legitimate interests and expectations of stakeholders” (IoDSA, 2009:4, 11). These legitimate interests and expectations of stakeholders encompass more than just the financial performance of an organisation, as stakeholders are increasingly challenging organisations to act sustainably by delivering on the three TBL value components (Adams, Frost & Webber, 2007; Cavico & Mujtaba, 2014; Eccles & Krzus, 2010; Elkington, 1998).

A key requirement of King III is that organisations view sustainability as part of organisational strategy (Ernst & Young, 2009), with good governance implying integrated performance across all three value components (Khoza & Adam, 2005:35). This then informs annual sustainability reports and/or integrated reports (Henriques, 2007; Gray & Milne, 2004).

Historically, in seeking transparency and accountability, financial reporting was viewed as organisations’ primary form of disclosure and communication with stakeholders (Eccles & Krzus, 2010). However, this falls short of full transparency (Weybrecht, 2010), and stakeholders now expect organisations to also include non-financial performance in reporting (Eccles & Krzus, 2010). Companies have generally responded by including sustainability reporting, either in their annual shareholders reports or in stand-alone reports (Weybrecht, 2010; Global Reporting Initiative, 2011; International Corporate Governance Network, 2008). For such reporting, the Global Reporting Initiative (GRI) framework is the most widely used guideline (Epstein, 2008). Similarly, AccountAbility’s AA1000 is a set of principle-based assurance standards that support integrated reporting and assurance by helping organisations become

more accountable, responsible, and sustainable through stakeholder engagement and involvement (AccountAbility, 2011; Terry, 2008).

Integrated reporting requires more than simply combining a company’s financial and sustainability reports; it also suggests that sustainability should be entrenched in an organisation’s strategy (Eccles & Krzus, 2010). Integrated reporting has therefore migrated from simply reporting to a process that assists organisations in prioritising sustainability issues at a strategic level (Jeyaretnam & Niblock-Siddle, 2010; Fava & Smith, 1998; Emerson, 2003). In addition, it enables an organisation to better understand stakeholder expectations, societal pressures, environmental risks, and challenges (Rea, 2011), as well as to evaluate, in this context, its ethics, values, and governance. An integrated report also provides a holistic view of an organisation’s financial and non-financial performance (IoDSA, 2009).

The importance of organisations recognising and managing stakeholders’ expectations has been explored by numerous authors (Hasselhoff, 1976; Dill, 1976; Davis & Freeman, 1978; Mitroff & Emshoff, 1979; Emshoff, 1980; Mason & Mitroff, 1982; Rowe, Mason & Dickel, 1982).

Freeman (1984) put forward stakeholder theory as a normative framework (Donaldson & Preston, 1995). Freeman (1984:46) also advanced the classic definition of stakeholders, namely “any group or individual who can affect or is affected by the achievement of the organisation’s objectives.”

Freeman’s (1984) stakeholder theory is based on two major assumptions. The first is that an organisation cannot survive without the support of its stakeholders, “as the firm can be viewed as a set of interdependent relationships among primary stakeholders” (Hillman & Keim, 2001:127). The second is that organisations experience turbulence caused by sources of internal and external change. *Internal change* refers to changes in an organisation and its managers’ relations with stakeholders, such

as the organisation's owners, employees, customers, and suppliers. In turn, *external change* refers to actions of stakeholders, such as government, competitors, consumer advocates, special interest groups, and the media, that affect the organisation (Freeman, 1984:13).

Stakeholder theory postulates that a critical role of the management of an organisation is to assess, prioritise, and integrate stakeholders' needs (Freeman, Harrison & Wicks, 2007; Lim, Ahn & Lee, 2005; Grant, 1991). This is referred to as *stakeholder management* (Freeman, 1984).

According to Freeman (1984), an organisation's stakeholder management capability can be analysed at three levels:

- i) **The rational level:** At this level, stakeholders, as well as their interests in and expectations of, an organisation are identified.
- ii) **The process level:** This level refers to processes created to manage stakeholder interests. Organisations must design and implement processes that will support stakeholder management (AccountAbility, 2011:14).
- iii) **The transactional level:** This level of analysis provides insight into the organisation's style of response to stakeholder concerns, which is also referred to as the 'strategic posture' of an organisation (Roberts, 1992).

The rational level of stakeholder management

The rational level of stakeholder management focuses on stakeholder identification and classification, as well as the identification of stakeholders' interests and expectations (Perrini, Russo, Tencati & Vurro, 2011; O'Riordan & Fairbrass, 2008; Reed, 2008). When identifying stakeholders and their interests in and expectations of an organisation, stakeholder classification is important to better understand these stakeholders, their relevance,

and their importance in terms of engagement (AccountAbility, 2011), as well as how they should be managed (Epstein, 2008). This level of analysis is also critical for integrated reporting, as the "reasonable expectations and interest of stakeholders are a key reference point" for decisions such as the report's "scope, boundary application of indicators and assurance approach" (GRI, 2011:10).

There are different approaches to classifying stakeholders (Epstein, 2008; Clarkson, 1995; AccountAbility, 2011). Classification of stakeholders into primary and secondary stakeholders can be based on an organisation's ethical/moral obligation (Phillips, 2003), stake and influence (Freeman, 1984), involvement in the organisation (Achterkamp & Vos, 2003), and resource dependency (Freeman, Martin & Parmar, 2007).

Primary stakeholders generally include external stakeholders, such as customers, communities, suppliers, and the natural environment, while internal stakeholders include employees and investors (Galbreath, 2006). These stakeholders have contractual relationships with an organisation; they have a claim, rights, or an interest in the organisation, and have the ability to influence and/or supply critical resources to the organisation (Freeman, Martin & Parmar, 2007; Phillips, 2003).

Secondary stakeholders, or 'stake-watchers,' include the media and special interest groups. Although secondary stakeholders have no contractual obligation towards organisations (i.e. they are independent), they greatly influence public opinion about the organisation (Clarkson, 1995; Frooman, 1999; Fassin, 2012).

Another way to classify stakeholders is to consider that an organisation operates across three environments, namely the (i) organisational, (ii) transactional, and (iii) contextual environments (Hichert, 2011). Within each of these, there are stakeholders who affect and are affected by the organisation. In the **organisational environment**, the organisation

has control over the internal processes, structures, and functions of stakeholders. Stakeholders within this environment may include management and employees (Freeman, 1984). In the **transactional environment**, the organisation both influences and is influenced by stakeholders over whom it has no direct control (Emery & Trist, 1965). Stakeholders within this environment may include customers, suppliers, shareholders, investors, and local communities (Freeman, Harrison & Wicks, 2007). Finally, the stakeholders in the **contextual environment** affect the organisation, although the organisation has little or no influence over them. Here, stakeholders often fulfil the role of 'referee,' impacting the rules of the game. Stakeholders within this environment may include competitors, the media, trade unions, government, regulators, NGOs, industry experts, and academia (Freeman, Harrison & Wicks, 2007).

At the rational level of stakeholder analysis, an organisation's stakeholders can be grouped on a stakeholder map (Freeman, 1984). Stakeholder maps are tailored to specific circumstances, and, in some instances, stakeholders could fulfil multiple roles (Freeman, Harrison & Wicks, 2007). For the purpose of this article, the authors use a three-tier stakeholder map to group stakeholders within each environment (see Figure 1, in Section 4).

The process level of stakeholder management

Regarding the process level, Freeman, Harrison, and Wicks (2007:67) noted that an organisation's focus should not end with the identification of stakeholders and their interests and expectations, but should also "build into their standard operating procedures a concern with creating value for these stakeholders." These processes include establishing governance structures, policies, objectives, targets, management systems and processes, and measurement and monitoring of performance or assurance (AccountAbility, 2011).

The transactional level of stakeholder management

Transactional level refers to an organisation's interaction with stakeholders, and can include day-to-day transactions such as buying and selling, wage negotiations with unions, and paying dividends to stockholders (Freeman, 1984), as well as stakeholder engagement through focus groups, opinion polls, panels, and formal groups (Epstein, 2008).

The AA1000 approach to stakeholder engagement is based on three principles, namely (i) inclusivity, (ii) materiality, and (iii) responsiveness (AccountAbility, 2008). Stakeholder **inclusivity** and consideration of their interests and expectations in organisational decision making and strategy are critical for enhanced TBL performance (IoDSA, 2009). The second principle, **materiality**, refers to an organisation's ability to identify the "relevance and significance of an issue to an organisation and its stakeholders" (AccountAbility, 2008:10). A material issue reflects an organisation's TBL performance (GRI, 2011), which can affect the organisation's and its stakeholders' "actions, decisions and performance" (AccountAbility, 2008:12). Finally, **responsiveness** refers to an organisation's response (i.e. decisions, actions, and communication) to stakeholder issues that affect its TBL performance (AccountAbility, 2008).

The World Business Council for Sustainable Development (WBCSD) (2012) expanded on these principles by adding the principles of measurement and transparency. Measurement of the stakeholder engagement process is critical to ensure on-going improvement of and responsiveness to stakeholders' expectations and interests. Transparency implies disclosure of information to stakeholders about the organisation's decisions, activities, and impacts.

Clearly, a broad distinction can be drawn between an integrated report (the product) and integrated reporting (the process). This article focuses on the product (i.e. the 2012 Eskom

integrated report) as the unit of analysis, and, specifically, in terms of Freedman's (1984) typology, disclosure at the rational and transactional levels of stakeholder management.

RESEARCH QUESTIONS AND METHOD

In the context of the notion of a stakeholder-inclusive approach to corporate governance, as well as the disclosure thereof through integrated reporting, as emphasised by King III, the primary research question was:

- **RQ_{primary}**: Based on Freeman's (1984) rational and transactional levels of analysis for stakeholder management, what did Eskom's 2012 integrated report disclose in terms of addressing stakeholder's TBL interests and expectations?

To explore all dimensions of the primary research question, three secondary research questions were considered:

- **RQ₁**: At the rational level, which stakeholders affect or are affected by Eskom within its contextual, transactional, and organisational environments?
- **RQ₂**: At the rational level, what are the different stakeholder groups' TBL interests and expectations?
- **RQ₃**: At the transactional level, did Eskom's 2012 integrated meaningfully disclose aspects related to addressing the stakeholders' TBL interests and expectations, specifically organisational challenges, current and future initiatives, and performance against indicators?

RQ₁ was addressed by identifying, grouping, classifying, and mapping Eskom's stakeholders within the contextual, transactional, and organisational environments in which they operate. RQ₂ builds on RQ₁, and was addressed by identifying the TBL interests and expectations per stakeholder group. The

interests and expectations were summarised on a grid, categorised as economic, social, and environmental interests and expectations per stakeholder group. This grid (as per RQ₂) was then used as a framework for the assessment to answer RQ₃.

Primary and secondary data used to draw a stakeholder map (RQ₁) and identify their TBL interests and expectations (RQ₂) included legislation, government policies, stakeholder submissions during public consultation processes, as well as public information, such as media articles, research papers, and Eskom's website and annual reports. To close information gaps, data were supplemented and validated through interviews with a limited number of carefully selected external stakeholders and Eskom's internal management. Interviews included face-to-face and telephonic engagements, using semi-structured questions (see Table 1). The stakeholder map (compiled to answer RQ₁) and the TBL interests and expectations grid (formulated to answer RQ₂) were based on a content analysis of these interviews, as well as the secondary literature mentioned above.

TABLE 1: PROFILE OF INTERVIEWEES

Organisation	Role of interviewee	Interview focus area
Eskom	Chief Advisor: Climate Change and Sustainable Development	Integrated reporting and stakeholder management
Eskom	Senior Manager: Climate Change and Sustainable Development	Integrated reporting and stakeholder management
Eskom	General Manager: Stakeholder Relations	Stakeholder management
NERSA	Regulatory Specialist: Electricity Division	TBL interests and expectations of Eskom
Department of Public Enterprises	Acting Chief Director: Financial Analysis	TBL interests and expectations of Eskom
Energy Intensive User Group	Chairman	TBL interests and expectations of Eskom
The IIRC's Reporting Committee	Member of the working group	Integrated reporting

Source: Authors' own.

Deductive coding was used to provide a qualitative assessment of Eskom's disclosure of stakeholder management at the transactional level in its 2012 integrated report, in order to answer RQ₃. The grid that emerged in answering RQ₂ was used as the basis to define 'codes' or concept phrases, which were then linked to text passages or quotations in the 2012 integrated report. The TBL interests and expectations identified at the rational level were used to assess the report at a transactional level against five aspects that relate to the AA1000 (AccountAbility, 2008) and WBCSD (2012) principles of inclusivity, materiality, responsiveness, measurement, and transparency.

The five aspects that informed the assessment were:

- i) Disclosure of organisational challenges in meeting each of the identified TBL interests/expectations;
- ii) Disclosure of initiatives under way to address stakeholders' TBL interests and expectations;
- iii) Disclosure of future initiatives planned to address each of the identified TBL interests and expectations;
- iv) Disclosure of performance indicators for stakeholder groups' TBL interests and expectations; and
- v) Disclosure of organisational performance in addressing stakeholder groups' TBL interests and expectations.

The Atlas.ti 7 qualitative data analysis tool was used for coding. Once all codes were linked to quotations in the entire 2012 integrated report, and double-checked during a second reading, it was possible to perform a qualitative assessment of the TBL interest and expectations.

The following sections (Sections 4 and 5) present the findings of this assessment, respectively at the rational and transactional levels.

RATIONAL LEVEL: WHO ARE ESKOM'S STAKEHOLDERS, AND WHAT ARE THEIR TBL INTERESTS AND EXPECTATIONS?

This section addresses RQ₁ and RQ₂. First, Eskom's stakeholders were identified, grouped, classified, and mapped, whereafter the TBL interests and expectations of these stakeholder groups were categorised.

Eskom's stakeholders were grouped into 13 stakeholder groups. These stakeholder groups were classified as primary and secondary stakeholders, and mapped within the environment in which they operate (see Figure 1).

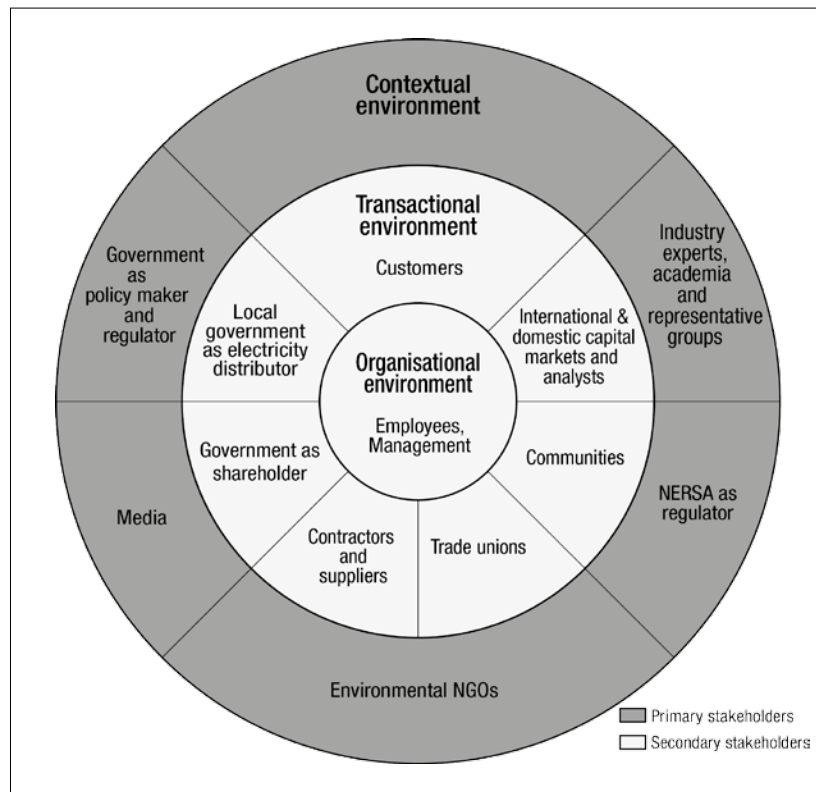


Figure 1: Eskom's stakeholder map. [Source: Authors' own]

Eskom's primary stakeholders include those within the organisational and transactional environments that either (i) have a contractual relationship with Eskom, such as local government as electricity distributors, employees, and management; (ii) have a claim, rights, or interests in the organisation, such as government as shareholder, international and domestic capital markets and analysts, communities, trade unions, and customers; or (iii) supply critical resources such as contractors and suppliers (Phillips, 2003; Freeman, Harrison & Wicks, 2007).

Secondary stakeholders have no contractual obligation towards Eskom, but have the ability to influence the organisation, as well as public opinion, about the organisation (Clarkson, 1995; Frooman, 1999; Fassin, 2012). Secondary stakeholders in Eskom's contextual environment include government as policy maker and regulator, the media, environmental NGOs, NERSA as regulator, industry experts, academia, and representative groups.

Freeman, Harrison and Wicks (2007) noted that stakeholders could fulfil multiple roles. This is evident in the different roles of governmental entities, e.g., government as policy maker and regulator (secondary stakeholder within Eskom's contextual environment), government as shareholder, NERSA as regulator (secondary stakeholder within Eskom's contextual environment), and local government as electricity distributor (primary stakeholder within Eskom's transactional environment).

At Eskom, this process of stakeholder identification, categorisation, and management uses two approaches. The first of these is to monitor the media in order to identify issues that can affect Eskom's reputation. The relevant stakeholders are identified accordingly. The second approach is to proactively identify and categorise stakeholders based on the utility's commercial, social, and environmental impact on these parties, and, in turn, their impact on the utility (Rambharos, 2012; Jameson, 2012). Once identified, Eskom prioritises stakeholders

through the use of a stakeholder prioritisation matrix (Jiya, 2013).

In its integrated report, Eskom identified only seven stakeholder groups, namely (i) employees and unions; (ii) government, parliament, and regulators; (iii) lenders, analysts, and investors; (iv) industry experts, academia, and the media; (v) business groups, civil society, and NGOs; (vi) suppliers and contractors; and (vii) customers (Eskom, 2012a). These stakeholder groups correspond roughly with those identified in Figure 1. Yet, the report does not fully disclose how stakeholders were identified, grouped, or classified.

In the authors' considered view, Eskom should unbundle the categories of stakeholder groups. As an example, consider that Eskom's 2012 integrated report clustered employees and trade unions into a single stakeholder group. Employees, however, operate within Eskom's

organisational environment, while trade unions operate within Eskom's transactional environment. Similarly, Eskom clustered government, parliament, and regulators into one stakeholder group. Government as policy maker and regulator and NERSA as regulator operate within Eskom's contextual environment. However, local government as electricity distributor operates within Eskom's transactional environment. Furthermore, Eskom should consider distinguishing between business groups and NGOs. NGOs operate in Eskom's contextual environment, while business groups most often operate in the transactional environment.

In order to identify the TBL interests and expectations of Eskom's major stakeholders, the most significant legislative and policy instruments applicable to Eskom first had to be identified. This analysis is presented in Figure 2.



Figure 2: Legislative and policy instruments affecting Eskom and its stakeholders. [Source: Authors' own]

Based on the analysis of legislative and policy frameworks, two broad stakeholder groups in Eskom’s contextual environment were identified:

- i) Government as policy maker and regulator (including national government, the Department of Energy (DoE), the Department of Environmental Affairs, the Department of Trade and Industry (DTI), the Department of Water Affairs, National Treasury, the Department of Labour, and the Department of Higher Education and Training); and
- ii) NERSA as regulator.

Based on an analysis of the media, personal interviews, company-specific literature, and public consultation submissions, three further stakeholder groups within Eskom’s contextual environment were identified:

- i) industry experts and representative industry groups;
- ii) environmental NGOs; and
- iii) the media.

The TBL interests and expectations of these respective stakeholder groups within Eskom’s contextual environment are summarised in Table 2.

TABLE 2: THE TBL INTERESTS AND EXPECTATIONS OF STAKEHOLDERS, WITHIN ESKOM’S CONTEXTUAL ENVIRONMENT

Stakeholder group	Economic	Social	Environmental
Government as policy maker and regulator	<ul style="list-style-type: none"> • Ensure the implementation and maintenance of good corporate governance practices ^{1, 2} • Access to information on the economic impact of Eskom’s business operations ^{2, 3, 4} • Provide an enabling environment to meet the objective of government’s NGP, i.e. ensure reliable, affordable electricity, and increase electrification and opportunities for employment ^{5, 6} • Reduce the monopolistic structure of Eskom ^{7, 8} • Implement preferential procurement and affirmative action in policies and practices to ensure transformation ^{9, 10} • Comply with economic legislation as applicable to SOEs and corporate entities ¹¹ • Comply with governance legislation ¹¹ • Increase technology transfer and investment in research and innovation ¹² 	<ul style="list-style-type: none"> • Drive social development through advancing electrification of South Africa ^{5, 6} • Ensure a safe and healthy working environment for employees and contractors ^{13, 14} • Investment in training and skills development for Eskom employees, prospective employees, and contractors ^{1, 14} • Enhance employee health and wellness practices, with specific emphasis on HIV/Aids initiatives ^{14, 15} • Manage business operations in a way that does not unfairly affect any consumer ¹⁶ • Access to information on the social impact of Eskom’s business operations ^{2, 3, 4} • Protect workers and job seekers from unfair discrimination ⁹ • Transformation of the workforce to ensure demographic representation at all levels ¹⁰ • Stakeholder engagement ¹⁷ • Comply with social legislation as applicable to SOEs and corporate entities ¹¹ 	<ul style="list-style-type: none"> • Access to information on the environmental impact of Eskom’s business operations ^{2, 3, 4} • Environmental impact assessments (EIAs) for the construction and upgrade of facilities for commercial electricity generation and supply ^{18, 19} • Management and control of environmental pollutants ²⁰ • Acquire a licence for hydro-energy projects (implement responsible water management practices) ²¹ • Identify and implement methods to reduce emissions ²² • Increase renewable and nuclear energy in the energy mix ²² • Integrate carbon capture and storage (CCS) with existing and new coal-fired electricity plants ²² • Energy-efficiency technology research and innovation ¹² • Implement, monitor, and manage energy-efficiency measures ²² • Comply with environmental legislation as applicable to SOEs and corporate entities ¹¹

Stakeholder group	Economic	Social	Environmental
NERSA as regulator	<ul style="list-style-type: none"> Secure sustainability of electricity supply ²³ Secure electricity tariffs that are affordable for Eskom’s customers ^{23, 24} Secure Eskom’s investment in infrastructure to meet capacity demands ²⁴ Increase competitiveness of sector through introduction of IPPs ²⁴ Access to information on the economic impact of Eskom’s business operations ⁴ Increased accessibility of electricity to the South African population ²⁴ Comply with economic legislation as applicable to SOEs and corporate entities ⁴ Comply with governance legislation as applicable to SOEs and corporate entities ⁴ 	<ul style="list-style-type: none"> Access to information on the social impact of Eskom’s business operations ⁴ Comply with social legislation as applicable to SOEs and corporate entities ⁴ 	<ul style="list-style-type: none"> Implement renewable energy programmes ²⁴ Access to information on the environmental impact of Eskom’s business operations ⁴ Comply with environmental legislation as applicable to SOEs and corporate entities ⁴
Industry experts, academia, and representative groups	<ul style="list-style-type: none"> Establish strategic partnerships and improved transparency to better understand economic impact of business operations ^{25, 26} Reliable electricity supply ^{27, 28, 29, 30} Affordable tariffs ^{27, 28, 29, 30} Research and innovation ² 	<ul style="list-style-type: none"> Establish strategic partnerships and improved transparency to better understand social impact of business operations ^{25, 26} 	<ul style="list-style-type: none"> Establish strategic partnerships and improved transparency to better understand environmental impact of business operations ^{25, 26} Energy-efficiency technology research and innovation ¹²
Environmental NGOs			<ul style="list-style-type: none"> Compliance with environmental legislation ³¹ Increase electricity generation from renewable energy sources to lower carbon emissions, as well as particulate and gaseous emissions ^{32, 33} Reduce pressure on South Africa’s scarce resources, such as water, and implement effective water management initiatives ³³ Access to information on the environmental impact of Eskom’s business operations ⁴ Energy-efficiency technology research and innovation ¹²
Media	<ul style="list-style-type: none"> Access to information on the economic impact of Eskom’s business operations ^{4, 25} 	<ul style="list-style-type: none"> Access to information on the environmental impact of Eskom’s business operations ^{4, 25} 	<ul style="list-style-type: none"> Access to information on the environmental impact of Eskom’s business operations ^{4, 25}

1. RSA, 2008a; 2. BDO, 2008; 3. RSA, 2008a; 4. RSA, 2000b; 5. RSA, 2012; 6. Inglesi-Lotz & BIGNAUT, 2011; 7. Kiratu, 2010; 8. RSA, 2011; 9. RSA, 1998b; 10. RSA, 2003; 11. RSA, 2001; 12. Franz, 2001; 13. RSA, 1993; 14. RSA, 1999; 15. RSA, 1997; 16. RSA, 2008b; 17. IoDSA, 2009; 18. RSA, 2010a; 19. RSA, 2010b; 20. RSA, 2004; 21. Sparks, 2006; 22. Tyler, 2009; 23. Geldard, 2013; 24. NERSA, 2013; 25. Freeman, Harrison & Wicks, 2007; 26. ERC, 2013; 27. SACCI, 2013; 28. Goldman, 2013; 29. Baxter & Kruger, 2013; 30. Kritzinger, 2013; 31. Alfreds, 2012; 32. Hendley, 2012; 33. Eskom, 2012b.

Following a similar logic, but more systematically focusing on value chain components, Eskom's stakeholders and their TBL interests and expectations in its organisational and transactional environments were identified. These stakeholder groups' TBL interests and expectations are summarised in Table 3, at the end of this section.

Within Eskom's governance function, two stakeholder groups within its transactional environment were identified, namely:

- i) government as shareholder, i.e. the Department of Public Enterprise (DPE); and
- ii) international and domestic capital markets and analysts, including Treasury, domestic and international debt capital markets, and rating agencies such as Standard and Poor's and Moody's.

Within Eskom's human resource function, two stakeholder groups were identified, namely:

- i) employees and management operating within Eskom's organisational environment; and
- ii) trade unions operating within Eskom's transactional environment.

Within Eskom's construction, maintenance, and primary energy operations, two stakeholder groups in the transactional environment were identified, namely:

- i) communities affected by Eskom's construction and current operations; and
- ii) suppliers and contractors contributing to the new-build programme and maintenance operations, as well as suppliers of primary energy (i.e. coal suppliers) and logistics services and transport infrastructure (e.g., Transnet).

Finally, within Eskom's generation-, transmission-, distribution-, and client service operations, three stakeholder groups were identified, namely:

- i) local government as electricity distributor, i.e. municipalities;
- ii) consumers, including those within the industrial and manufacturing, residential, mining, commercial, transport, and agricultural sectors, as well as electricity users in the Southern African Development Community (SADC) region; and
- iii) suppliers and contractors, such as independent power producers (IPPs).

TABLE 3: THE TBL INTERESTS AND EXPECTATIONS OF STAKEHOLDERS WITHIN ESKOM'S TRANSACTIONAL AND ORGANISATIONAL ENVIRONMENTS

Stakeholder group	Economic	Social	Environmental
Government as shareholder	<ul style="list-style-type: none"> • Good corporate governance practices ¹ • Access to information on the economic impact of Eskom's business operations ^{2, 3} • Electrification ⁴ • Support government's prerogative of introducing more competition within the electricity sector ⁵ • Comply to economic legislation as applicable to SOEs and corporate entities ⁶ • Comply with governance legislation ⁶ • Increase technology transfer and investment in research and innovation ⁷ • Reliable electricity supply ⁸ • Cost-reflective tariffs ³ • Improvement of maintenance and operational efficiency ⁸ • Reduction of Eskom's dependence on the fiscus for new-build programmes ⁸ • Economic assurance mechanisms and risk management ⁹ • Increase generation- and distribution capacity ¹⁰ • Balance supply and demand factors Eskom ¹⁰ • Improve revenue collection ^{11, 12} • Sustainable energy supply ¹⁰ • Embed sustainability within the corporate strategy and operations ¹¹ • Secure Eskom's assets, such as distribution cables, equipment, information ¹⁰ 	<ul style="list-style-type: none"> • Social assurance mechanisms and risk management ⁹ • Health and safety of contractors, employees and customers ^{4, 12} • Access to information on the social impact of Eskom's business operations ^{2, 3} • Successful implementation of Competitive Supplier Development Programme to ensure development of local supplier industries ⁸ • Increase customer focus, interaction, and communication, and restore reputational damage ¹³ • Attract and retain employees with critical and core skills required to ensure a high-performance utility ¹³ • Ensure security of resources, such as Eskom's assets, information, knowledge, and people ¹³ • Comply with social legislation applicable to SOEs and corporate entities ⁶ 	<ul style="list-style-type: none"> • Environmental assurance mechanisms and risk management ⁹ • Comply with environmental legislation ³ • Access to information on the environmental impact of Eskom's business operations ³ • Energy-efficiency technology research and innovation ³ • Reduce carbon footprint ¹³ • Lower particulate and gaseous emissions ¹³ • Reduce impact on natural ecosystem ¹³ • Waste management ¹³ • Water management ¹³ • Access to information on environmental performance ²
International and domestic capital markets and analysts	<ul style="list-style-type: none"> • Good credit rating ¹ • Good corporate governance practices ¹ • Access to information on the economic impact of Eskom's business operations ² 	<ul style="list-style-type: none"> • Access to information on the social impact of Eskom's business operations ² 	<ul style="list-style-type: none"> • Access to information on the environmental impact of Eskom's business operations ²

Stakeholder group	Economic	Social	Environmental
Employees and management	<ul style="list-style-type: none"> Fair wages and remuneration ¹⁴ Access to information on the economic impact of Eskom's business operations ² Transformation ¹⁵ 	<ul style="list-style-type: none"> Safe working environment ¹⁶ Enhancement of employee health and wellness practices ¹⁶ Fair labour practices ¹⁴ Training and skills development ¹⁷ Access to information on the social impact of Eskom's business operations ² 	<ul style="list-style-type: none"> Access to information on the environmental impact of Eskom's business operations ²
Trade unions	<ul style="list-style-type: none"> Fair wages and remuneration ^{18, 19} Access to information on the economic impact of Eskom's business operations ² Affordable tariffs ^{20, 21, 22, 23} 	<ul style="list-style-type: none"> Safe and healthy working environment ^{7, 16, 18} Access to information on the social impact of Eskom's business operations ² Training and education of members ¹² 	<ul style="list-style-type: none"> Access to information on the environmental impact of Eskom's business operations ²
Communities	<ul style="list-style-type: none"> Employment ^{18, 19} Infrastructure provision near new-build sites ¹³ Electrification ^{4, 25} Reliable electricity supply ^{26, 27} Affordable tariffs ^{26, 27} Access to information on the economic impact of Eskom's business operations ² 	<ul style="list-style-type: none"> Access to information on the social impact of Eskom's business operations ² Public safety during new-build construction and operations; and creating awareness of dangers of illegal connections ²⁸ 	<ul style="list-style-type: none"> Access to information on the environmental impact of Eskom's business operations ²
Suppliers and contractors	<ul style="list-style-type: none"> Fair wages and remuneration ^{18, 19} Increased access to participation in the electricity sector for, for example, independent power producers (IPPs) ²⁹ Preferential procurement practices for previously disadvantaged entities ³⁰ Transformation ¹⁷ 	<ul style="list-style-type: none"> A safe and healthy working environment ^{18, 19} Enhancement of employee health and wellness practices ¹⁶ Fair labour practices ¹⁴ Training and skills development ¹⁵ 	
Customers	<ul style="list-style-type: none"> Quality and reliable electricity supply ^{26, 27, 31} Affordable tariffs ^{32, 33} Access to information on the economic impact of Eskom's business operations ⁶ Electrification ⁷ 	<ul style="list-style-type: none"> Public safety ²⁸ Access to information on the social impact of Eskom's business operations ² Increase customer focus, interaction, and communication, and restore reputational damage ¹⁰ 	<ul style="list-style-type: none"> Access to information on the environmental impact of Eskom's business operations ²
Local government as electricity distributor	<ul style="list-style-type: none"> Reliable electricity supply ^{26, 27} Affordable tariffs ^{26, 27} Electrification ⁴ 		

1. Khoza & Adam, 2005; 2. RSA, 2000b; 3. Molathwe, 2013; 4. RSA, 2012; 5. Kiratu, 2010; 6. RSA, 2001; 7. Franz, 2001; 8. DPE, 2011; 9. IoDSA, 2009; 10. Eskom, 2012b; 11. Mantshantsha, 2012; 12. Buthelezi, 2013; 13. Eskom, 2011b; 14. RSA, 1997; 15. RSA, 2003; 16. RSA, 1993; 17. RSA, 1998a; 18. Faku, 2013; 19. Paton, 2013; 20. Cosatu, 2013; 21. SACTWU, 2013; 22. De Wet, 2012; 23. Cloete, 2013; 24. NUM, 2013; 25. IRC, 2011; 26. Strydom, 2013; 27. Sapa, 2013; 28. RSA, 2008b; 29. Roy, Disenyana & Kiratu, 2010; 30. RSA, 2000a; 31. Rossouw, 2013; 32. Flanagan, 2012; 33. EIUG, 2013

TRANSACTIONAL LEVEL: HOW DOES ESKOM RESPOND TO STAKEHOLDERS' TBL INTERESTS AND EXPECTATIONS THROUGH ITS INTEGRATED REPORT?

This section assesses the disclosure of stakeholder management at the transactional level in Eskom's 2012 integrated report, more specifically whether the report addressed the

TBL interests and expectations as identified in Tables 2 and 3. The authors used the TBL interests and expectations identified at the rational level (RQ₂) to code Eskom's 2012 integrated report. In total, 47 TBL interests and expectations were identified, defined, and coded. During the coding process, different disclosure aspects were assessed. These are summarised in Table 4, and described in more detail below.

TABLE 4: DISCLOSURE OF CHALLENGES, INITIATIVES UNDER WAY, FUTURE INITIATIVES, AND PERFORMANCE PER TBL INTEREST AND EXPECTATION

TBL interest/expectation (I&E)	The report disclosed:				
	Challenges in meeting this I&E	Initiatives underway to address the I&E	Future initiatives to meet this I&E	Key performance indicators for this I&E	Performance against an indicator for this I&E
1. Good corporate governance		■	■		
2. Access to information: economic performance		■	■		
3. Stimulate economic growth		■			
4. Electrification	■	■	■	■	■
5. Employment		■	■		■
6. Increase competitiveness of sector	■	■	■	■	■
7. Transformation		■	■	■	■
8. Comply with governance legislation		■	■		
9. Comply with economic legislation		■	■		
10. Research and innovation		■	■		■
11. Reliable electricity supply	■	■	■	■	■
12. Increase generation-, transmission-, and distribution capacity	■	■	■	■	■
13. Affordable tariffs	■	■			
14. Health and wellness of employees	■	■			■
15. Drive social development		■	■	■	■
16. Safe working environment	■	■	■	■	■
17. Training and skills development		■	■	■	■
18. Access to information: social performance		■	■		
19. Consumer protection		■			
20. Stakeholder engagement		■			
21. Comply with social legislation	■	■	■		■
22. Public safety	■	■	■		■
23. Access to information: environmental performance		■	■		

TBL interest/expectation (I&E)	The report disclosed:				
	Challenges in meeting this I&E	Initiatives underway to address the I&E	Future initiatives to meet this I&E	Key performance indicators for this I&E	Performance against an indicator for this I&E
24. Lower carbon emissions	■	■	■	■	■
25. Lower particulate and gaseous emissions	■	■	■	■	■
26. Reduce impact on natural ecosystem	■	■	■	■	■
27. Waste management			■	■	■
28. Water management	■	■	■		
29. Diversify energy mix	■	■	■		■
30. Energy efficiency		■	■	■	■
31. Comply with environmental legislation	■	■	■	■	■
32. Improve maintenance and operational efficiency	■	■	■	■	■
33. Financial sustainability	■	■	■	■	■
34. Implement economic assurance mechanisms and risk management		■			■
35. Minimise reputational damage	■	■	■		
36. Sustainable resources	■	■	■		
37. Balance supply and demand factors	■	■	■	■	■
38. Good credit rating	■	■			
39. Embedding sustainability in business practices		■			■
40. Improve revenue collection	■		■	■	■
41. Attract and retain key skills		■			■
42. Resource security	■	■	■		■
43. Implement social assurance mechanisms and risk management		■			■
44. Improve customer service	■	■	■	■	■
45. Implement environmental assurance mechanisms and risk management		■			■
46. Fair wages and remuneration		■			
47. Fair labour practices		■			

Source: Authors' own, based on Atlas.ti 7 coding.

Eskom's 2012 integrated report addressed the majority of the identified TBL interests and expectations of its stakeholder groupings – to varying degrees and on the basis of different disclosure aspects. The relevant aspects are: disclosure of (i) challenges in addressing the interests and expectations, (ii) initiatives underway and planned to address interests and expectations, and (iii) Eskom's performance in addressing them.

Most of the disclosures seem to have focused on stakeholder concerns, which correspond with Eskom's over-arching strategic objectives, and coincide with Eskom's stakeholder engagement matrix, which was disclosed in the integrated report. Stakeholder interactions seem to have been based on identifying issues that were deemed 'material' to the 2012 integrated report and gaining stakeholder feedback on risks and issues in meeting Eskom's strategic objectives.

This finding was not surprising, as the integrated report stated that “material” issues disclosed in the report had been determined through “extensive consultation with the company’s stakeholders” (Eskom, 2012a:8), and defined *material issues* as those that “have the potential to significantly affect the company’s achievement of its strategic objectives” (Eskom, 2012a:42).

Challenges addressed included those faced by the organisation for the reporting period. This finding was equally unsurprising, as the report defined its disclosure as related to “qualitative and quantitative issues arising in 2011/12 that are material to Eskom’s business operations and strategic objectives” (Eskom, 2012a:8). The predominant challenges disclosed in Eskom’s report related to the utility’s ability to meet the deadlines for the new capacity expansion programme, as expressed in the report: “The central challenge facing this [capacity expansion] programme is to remain on schedule” (Eskom, 2012a:49). The challenges that were disclosed in the report also emphasised the “significant health and safety risks associated with an electricity business” (Eskom, 2012a:44) for employees and the public, the impact of Eskom’s operations on the natural environment, as well as operational and funding challenges in meeting electrification targets and the capacity expansion programme. However, challenges in meeting stakeholder concerns related to employment, transformation, stakeholder engagement, skills development, fair labour practices, and embedding sustainability within business practices were not mentioned in the report.

Importantly, the report disclosed challenges (Column 1) experienced in meeting roughly half of the TBL interests and expectations. In terms of ensuring transparency, one would have expected the report to disclose the challenges in meeting most of the TBL interests and expectations identified. The report did, however, disclose the initiatives that were under way (Column 2) at the time to address the majority

of stakeholder TBL interests and expectations identified, and related those initiatives to Eskom’s strategic objectives. In doing so, the report disclosed the eight strategic objectives to meet Eskom’s purpose to “provide sustainable electricity to grow the economy and improve the quality of life of people in South Africa and in the region” (Eskom, 2012a:26). Performance in terms of the identified indicators for each of the strategic objectives was disclosed. However, the report failed to assign performance indicators and disclose performance in respect of many of the other TBL interests and expectations (Columns 4 and 5).

The 2012 integrated report outlined “business operations as they stand now”, and presented “Eskom’s assessment of the period ahead” (Eskom, 2012a:8). The ‘period ahead’ included priorities and focus areas for the following five years for each operational unit within Eskom’s value chain. The five-year priorities and focus areas disclosed in the report included about 40 per cent of the interests and expectations identified (Column 3). The report, however, did not focus on any future initiatives beyond the five-year horizon. According to King III, “today’s stakeholders also want assurance on the quality of ... forward looking information” (IoDSA, 2009:12). Although the Eskom report disclosed future initiatives to address identified TBL interests and expectations, the report could have been more forward-looking by placing greater emphasis on disclosing future initiatives beyond its five-year strategic goals.

Column 4 indicates which of the TBL interests and expectations had been assigned performance indicators. It also indicates whether performance in respect of these interests and expectations was disclosed (Column 5), be that by way of comparison to set targets, the performance of previous years, international benchmarks, or through the disclosure of performance highlights and/or lowlights. On balance, the 2012 integrated report disclosed performance in respect of initiatives to address the majority of TBL interests and expectations identified by the

authors. Ideally, however, all of the identified TBL interests and expectations should have been allocated a performance indicator, to ensure accurate performance measurement and assessment. It is also important to note that the report did not disclose any form of measurement to assess the effectiveness of Eskom's stakeholder engagement process, responsiveness to stakeholders' interests and expectations, or on-going improvement thereof.

The report discloses that Eskom has aligned to King III's governance and ethical business conduct requirements through establishing an ethics management programme. Although the programme is managed by the executive management committee, the corporation's board bears the ultimate responsibility in this regard. The programme includes the establishment of a code of ethics that guides internal and external business courtesies *vis-à-vis* stakeholders (Eskom, 2012a). This is consistent with King III's emphasis on establishing "ethical values that determine the interaction between a company and its stakeholders", as well as the recommendation that responsibility for a company's ethical conduct should ultimately remain with the board (IoDSA, 2009:51).

CONCLUSION AND RECOMMENDATIONS

The objective of this study was to assess Eskom's stakeholder management outcomes by evaluating the extent of disclosure in its 2012 integrated report. As there is no recognised all-encompassing framework with which to assess disclosure of stakeholder management in an organisation's integrated report, this study suggested possible frameworks – based on the relevant theory – within which to conduct the assessment of Eskom's 2012 integrated report. The corporate governance focus was two-pronged: (i) the three pillars of sustainability, of which the TBL interests and expectations of stakeholders are a proxy, and (ii) integrated reporting as a communication vehicle.

The study was informed by the conceptual link between corporate governance, integrated reporting, and stakeholder management, including the relationship between the latter and business ethics. The primary intent of an integrated report is not necessarily the disclosure of stakeholder management as such, but rather to combine traditionally silo-based information (i.e. financial and the TBL) into "a coherent whole", in order to illustrate "the connectivity between them and explain how they affect the ability of an organization to create and sustain value in the short, medium and long term" (IIRC, 2011:16). However, because of the strong linkages, King III takes that mandate further, and recommends that "the board should disclose, in its integrated report, the nature of the company's dealings with stakeholders and the outcomes of these dealings" (IoDSA, 2009:47), including the ethical dimensions. Stakeholder management is, in other words, an important component of ensuring both a stakeholder-inclusive approach to corporate governance and achieving transparency and accountability.

The primary framework for analysis in this study was two of Freeman's (1984) proposed levels of stakeholder management, namely the rational and the transactional level.

- i) The rational level: At this level, it was assessed whether the report had disclosed the identification, grouping, and mapping of stakeholders and their TBL interests and expectations.
- ii) The transactional level: At this level, it was assessed whether the report had disclosed outcomes against stakeholder TBL interests and expectations.

In developing its 2012 integrated report, Eskom broadly followed the IIRC's framework for integrated reporting. The IIRC's framework (2011:13) advocates that the report should provide insight into an organisation's stakeholder relationships, stakeholder interests

and expectations, as well as the organisation's response thereto.

The authors concluded that Eskom's 2012 integrated report had not provided a detailed overview of stakeholder management at the rational level. The authors identified and mapped 13 stakeholder groups, whereas Eskom's 2012 integrated report had identified only seven. In order for Eskom to improve transparency of stakeholder management at the rational level, it is recommended that future integrated reports disclose considerations on the basis of which stakeholders are identified, grouped, and mapped. Furthermore, Eskom should consider basing their stakeholder grouping on a recognised framework and unbundling their broad clusters of stakeholder groups. Stakeholder classification is important in order to better understand these stakeholders, their relevance, and their importance in terms of engagement (AccountAbility, 2011; Epstein, 2008). Eskom's grouping of stakeholders tends to cluster together stakeholders that operate in different environments, which makes it difficult to systematically manage and report on their divergent TBL interests and expectations.

On balance, though, Eskom's 2012 integrated report disclosed meaningful stakeholder management at the transactional level. The report disclosed responsiveness to stakeholder groups on the majority of TBL interests and expectations identified by the authors. Stakeholder engagement was disclosed through a stakeholder engagement matrix included in the report. However, the majority of interactions seemed to have been focused on determining material issues relating to Eskom's achievement of their strategic objectives. This creates the perception that stakeholder interaction is not aimed at identifying TBL interests and expectations, but rather at managing risks in achieving Eskom's strategic objectives. The report did disclose some of the challenges in achieving the TBL interests and expectations identified by the authors, yet focused on challenges per operational unit within Eskom's value chain. The report did disclose initiatives

that were underway at the time to address the majority of stakeholder TBL interests and expectations identified. Although the report disclosed performance against indicators for the majority of TBL interests and expectations identified, ideally, all of the identified TBL interests and expectations should, in future, be allocated a performance indicator, to ensure accurate measurement and assessment. It is also important to note that the report did not disclose any form of measurement to assess the effectiveness of Eskom's stakeholder engagement process, responsiveness to stakeholders' expectations and interests, or the on-going improvement thereof.

Although it disclosed the following five years' priorities and focus areas, addressing about 40 per cent of the interests and expectations identified by the authors, it was neither exhaustive, nor did it extend beyond the five-year horizon. Future reports should ideally disclose how Eskom aims to ensure the sustainability of their initiatives over the near- as well as the long term.

Finally, despite the highlighted concerns, this study found that Eskom has embarked on a complex journey to integrate stakeholder management with the utility's transactional business practices, and to use the integrated report as a key tool to communicate with the company's stakeholders. Eskom has also established a code of ethics that guides business interaction with primary and secondary stakeholders. From a corporate governance perspective, the above represent meaningful moves towards a stakeholder-inclusive approach.

It would have value to use the methodology and frameworks employed in this study to benchmark the disclosure of stakeholder management for different electricity utilities' integrated reports, in order to assess, comparatively, their transparency and accountability. Furthermore, the methodology can be used to benchmark the disclosure through integrated reporting between subsequent integrated reports of the same organisation, in order to assess progress.

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