

Self-serving tendencies in retrospective reasoning in accounting narratives: Does a capital market environment matter?

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Studies of verbal behaviour in the context of financial accounting narratives have evidenced self-presentational tendencies in corporate framing activities. Different authors demonstrated the tendency to attribute positive effects or outcomes to the company's own actions or corporate origins (company strategy, decisions, know how, human resources potential, etc.) and negative outcomes to external events or chance factors (business climate, inflation, market prices, government policy, weather). This explanation pattern is considered as self-serving as it leads to define situations to the company's own advantage.

In organizational research verbal impression management and related self-serving tendencies are seen as purposive, goal-directed behaviour. This type of research typically relies on a motivational explanation of such behaviour. Also studies of self-serving tendencies within the context of accounting narratives are generally set within a capital market environment where motivational factors for purposeful image management are strong. However, attributional biases could be the result of informational processes (the subjective salience of an interpretive context) rather than of impression management processes, i.e. the result of the fact that people usually intend or expect to be successful (on the basis of prior experience or prior cognitive beliefs) with their actions (the results of which they report on) rather than being motivated by the desire to construct a positive (or non-negative) image of the personal involvement in the outcomes commented on. In this paper we treat a capital market context as a pivotal variable to discern situations of strong and weak motivational influences and contrast the self-serving reasoning tendencies in public and private companies, the central assumption being, that when a motivational explanation prevails significant differences in self-serving patterns should be revealed. A second purpose of the paper is to explore the impact of the nature of the effect explained on the self-serving tendencies. Previous research has only taken into account the (positive or negative) evaluative character of the explained effect, but has ignored other content characteristics of the explained effect. Our research reveals that the self-serving character of the explanation strongly depends on the nature of the accounting effect explained with ramifications on the public/private dichotomy.

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1. Introduction

Verbal behaviour in the context of annual report narratives usually reflects significant corporate framing activities. These framing activities are deemed to be important as they add supplementary information to the financial history of the company as depicted in its financial statements. Causal explanation of the 'why' and 'how' of (the evolution of) accounting data is where new information is created. Explanations occur whenever attention moves beyond the mere offering of information to matters of meaning, relationships, causes, factors, and reasons (Ernst, 1975). These interpretative propositional elements are usually not available from the face of the annual accounts. They allow a qualitative view on the firm's performance to be incorporated in the annual report. They offer the possibility to account for corporate intangibles not recognized in annual accounts such as management quality, innovatory skills and knowledge assets, as driving forces for accounting related outcomes. The explanatory elements are generally expected in the yearly accounting narratives, but are unregulated and are as such discretionary. The explanatory patterns are however not inconsequential. As part of an ongoing discourse, the explanatory framing of accounting outcomes could have a significant rhetorical importance in building support, convincing investors, and sustaining confidence and credibility (Ginzel et al., 1993).

Attribution theory has been a popular vehicle to study explanatory tendencies in corporate framing activities. Attribution theory relates to how people explain events by ascribing them to causes. It focuses on perceived causality: people's ideas about what causes things to happen and why things happen as they do. Attributional statements are narrative statements reflecting a cause-effect or antecedent-consequence relationship. In this vein, management's attributional framing of organizational outcomes within the context of annual report narratives has been studied on several occasions (Aerts, 1994, 2001; Bettman & Weitz, 1983; Clapham & Schwenk, 1991; Clatworthy & Jones, 1998; Salancik & Meindl, 1984; Staw et al., 1983; Tsang, 2002; Wagner & Gooding, 1997). In general, these studies documented a robust tendency to attribute positive effects or outcomes to the company's own actions or corporate origins (company strategy, decisions, know how, human resources potential, etc.) and negative outcomes to external events or chance factors (business climate, inflation, market prices, government policy, weather). This explanation pattern is generally considered as self-serving as it leads to define situations to the company's own advantage.

Studies of self-serving tendencies within the context of accounting narratives are generally set within a capital market environment where motivational factors for purposeful image management are strong. However, attributional biases could to a large extent be the result of informational processes (the subjective salience of an interpretive context) rather than of impression management processes, being motivated by the desire to construct a positive (or non-negative) image of the personal involvement in the outcomes commented on. The primary aim of this paper is to test the motivational explanation model of the attributional bias by treating a capital market context as a pivotal variable to discern situations of strong and weak motivational influences and contrast the self-serving reasoning tendencies in public and private companies, the central assumption being, that when a motivational explanation prevails significant differences in self-serving patterns should be revealed. A secondary aim of the paper is to explore the effect of the nature of the topical content of the attributional statements on the strength of the attributional bias and its potential impact on attributional reasoning patterns within the context of the listing status dichotomy.

2. Nature of the self-serving bias in attributional statements

The self-serving attributional pattern was first suggested and discussed in the social psychology literature (Schlenker, 1980), but has later been extended in a functionally equivalent mode to different fields of organizational research (Brown, 1997; Gardner & Martinko, 1988; Johns, 1999). The self-

serving pattern goes back to the roots of attribution theory as originally conceived by Heider (1958). The general assumption made in the study of attribution processes is that on encountering an event a person attributes causality either to personal or to environmental factors. Within the social psychology literature several authors documented a robust 'hedonic bias' already some decades ago (Bradley, 1978; Miller & Ross, 1975; Snyder et al., 1978; Zuckerman, 1979). This hedonic bias reflects a general tendency to attribute failure to external, environmental causes or events and favourable outcomes to internal, dispositional factors. Two differential interpretations of the nature of the self-serving bias have been advanced: an informational and a self-presentational interpretation. The former claims that people typically intend or expect to arrive at favourable outcomes (on the basis of prior experience or prior cognitive beliefs). It follows that favourable outcomes are attributed internally, while unexpected and unintended outcomes are attributed externally (Miller & Ross, 1975). While this interpretation stresses the limited human information processing capacities in reaching an abstract causal understanding of events, the self-presentational interpretation raises the question of and gives more weight to the consequences of the attribution process for the attributor himself. It accounts for attributions as an image-centered activity, whereby one takes credit for successes and avoids blame for failures in order to protect or enhance one's image (Bradley, 1978; Snyder, Stephan & Rosenfield, 1978; Zuckerman, 1979). As an intra-personal phenomenon self-serving attributions serve to protect or enhance one's private image (i.e. how a person perceives himself or herself). In an organizational context where self-serving attributions serve as communications, they can be conceived as enhancing or protecting the attributor's public image (Miller, 1978). In fact these two interpretations could be seen as different processes operating to a large degree independently. So the attributional asymmetry could be the result of on the one hand unconscious, unwitting distortions in the attributor's perceptions of causality and on the other hand conscious, intentional distortions in the public descriptions of causality. Riess et al. (1981) explicitly focused on the perceptual bias versus descriptive distortion opposition. Their research showed that both effects appear to be involved in a multistep process: first a perceptual process seems to bias private attributions while afterwards these private attributions can be further distorted as a result of impression management concerns.

In an organizational context asymmetrical causal attributions offered for success and failure experiences have generally been taken as a specific form of impression management, whereby verbal impression management is seen as purposive, goal-directed behaviour (Bozeman & Kacmar, 1997; Gardner & Martinko, 1988a; Salancik & Meindl, 1984) and thus stressing a motivational model. Differentiating the impact of the two processes does seem to be important in order to appreciate the organizational consequences of the asymmetrical explanation pattern. Even when organizational research generally adheres to an impression management view, the effects of self-serving attributions have frequently been interpreted from an informational point of view. In this vein Bettman and Weitz (1983) and Schwenk (1993) argued that a distortion in causal reasoning about corporate performance could lead to a reduction of effectiveness in decision making and to ineffective strategic responses, while Wagner and Gooding (1997) reasoned that the biased attributions could imply a dangerous drift towards managerial complacency and self-satisfied inaction.

3. Differentiating informational and motivational influences

Earlier organisational level research did on several occasions try to disentangle the impact of the two processes. Staw et al. (1983) set out to differentiate between the two potential sources of attributional asymmetry in terms of the direct influence of performance on attributions. On an organisational level the egocentric mechanism was interpreted as an internal form of justification (as a legitimation and rationalisation of actions and events to organisational actors themselves), while the impression management mechanism was seen as an external form of justification (managing an impression or appearance of rationality and control) towards others outside the work environment of the company. The authors argued that an informational (perceptual) mechanism would be evident if the company's overall performance had a direct effect on the attributional composition. An impression management mechanism would not be influenced by the actual performance of the company. In the same vein Salancik and Meindl (1984) argued that if attributional tendencies were uncorrelated with outcomes (profit margin, sales, earnings per share), the bias in the tendencies was to be interpreted as

presentational rather than selective. The same argument was used by Huff and Schwenk (1990) in related research analysing the attributional content of speeches of corporate executives in a longitudinal context. The results of Salancik and Meindl (1984) showed low correlations with past performance and thus were presented as supporting the self-presentational view on attributional tendencies. The results of Staw et al. (1983) were also more in line with an impression management mechanism (although not absolutely so), while those of Huff and Schwenk (1990) clearly supported an informational explanation.

The rationale inherent in the study of Staw et al. (1983) and of Salancik and Meindl (1984) for characterizing a motivational explanation model for the attributional content of annual report narratives does however not take into account the fragmented nature of the attributional content in the exhibited attribution patterns with considerable variation as to the nature (cost, income, revenue, activities, etc.) and measurement level (group, corporate, divisional, segment level) of the explained effect and as to kind and explicitness of explanations offered (Aerts, 1994). Their rationale starts from a specific financial performance outcome with the expectation that this performance outcome will be explained in one way or another. It abstracts from the variability inherent in the exhibited attributional patterns. In this paper we contend that a research model that does not give any weight to the nuances in attributional content and the complementary mechanisms inherent in the attributional patterns exhibited in the annual report narratives is not convincing to differentiate between the two influencing factors and does not seem to be a valid way to eliminate the informational explanation as an acceptable ground to explain the self-serving bias. In essence the performance approach of Staw et al. (1983) and of Salancik and Meindl (1984) confounds the performance variable as a trigger to initiate attributional search and its potential effect on the construction of motivated attributional statements. In an annual reporting environment with its roots in accountability and retrospective sense making, the overall financial performance variable could be conceived of as a primary content variable around which (and not necessarily about which) a number of different accounting (and non-accounting) stories could be built. The absence of a significant impact of overall performance can therefore not be seen as a necessary and sufficient ground to eliminate the informational explanation. To the contrary of the argument of Staw et al. (1983) the informational explanation could be seriously compromised only if the direction of a significant association of overall performance with the asymmetrical explanation pattern would be counterintuitive, e.g. if the positive effect / internal source type of attribution would be significantly associated in the negative with overall performance or comparably if the negative effect / external explanation pattern would be associated with overall performance in a positive sense.

At about the same time as the Staw et al. (1983) and Salancik and Meindl (1984) studies Bettman and Weitz (1983) published an analysis of the informational versus motivational model on the basis of an alternative framework. They reasoned that the relative weight of both models would reveal itself when confronting the attributional asymmetries in a good and a bad economic climate (a good and a bad year). The basic logic is here the direct or indirect (through Kelley's (1972) principles of discounting and augmentation) effect of the general economic environment as a reference frame for the construction of the motivated attributional statements. In essence, a good external economic environment would trigger a stronger negative attributional asymmetry under the motivational model, while under the informational model the negative and the positive attributional asymmetry would be stronger in a bad year than in a good year. Their empirical results supported the informational model, but only in the explanation of unfavourable outcomes. Interestingly, these results were corroborated in even a stronger form (namely for the explanations of both favourable and unfavourable outcomes) in a recent replication study in a Singapore context (Tsang, 2002). While Bettman and Weitz point to the general economic environment as a primary evaluative reference frame for attributional search on company level, their exclusive reasoning from a national macro-economic reference frame abstracts from other economic factors on the industry, product or supply level that could be more important in impacting or leveraging the external attributional search on company level than the general economic environment. Interestingly Salancik and Meindl (1984) found no significant effect of national economic performance on the attributional patterns, thus contradicting the importance of the national economic environment on the content and asymmetries in the attributional behaviour. Bettman and Weitz (1983) also applied a very stringent definition of attributional statements which resulted in only 2.33 attributions coded per report, an amount that is considerably less than in other comparable studies of attributional behaviour in annual

reports¹. The apparently narrow definition of attributional statements by Bettman and Weitz could have resulted in eliminating a number of explained effects (e.g. more attention given to earnings-type effects than to cost or revenue issues) or attributional styles that are particularly sensitive to impression management concerns (e.g. by discounting antecedent-consequence relationships that are not explicitly or unequivocally causal). The low average number of attributions leads us to believe that their study focused on attributions of overall performance and eliminated attributional behaviour around overall performance, the latter being more inspired by motivational factors than the former where consistency norms could be primordial. Reasoning from a lack of impact of the regulatory environment on attributional patterns and from the absence of correlations with future performance Clapham and Schwenk (1991) concluded on the basis of a similar content analysis of annual reports that the attributional bias could best be explained from a cognitive sense making position and not from an impression management position.

The equivocal research findings on the cognition-motivation dilemma in explaining the attributional bias in annual report narratives brought us to a different approach. If the motivational effect is indeed crucial, on a stand-alone basis or in concert with informational influences, it should at least be evidenced when the motivational influences are intentionally manipulated. We set out to assess the motivational impact on the attributional bias by confronting attributional asymmetries in two environments that mainly differ as to the propensity to engage in external impression management behaviour. In this vein we treat a capital market context as a pivotal variable to discern situations of strong and weak motivational influences due to the goal-relevance or instrumentality of the external impressions (Leary and Kowalski, 1990) and contrast the self-serving reasoning tendencies in public and private companies confronted with the same legal narrative reporting requirements, the central assumption being that when a motivational explanation prevails significant differences in self-serving patterns should be revealed and potentially also attributional differences that contradict an informational explanation (e.g. an inverse effect of overall performance on the attributional bias). Staw et al. (1983), Bettman and Weitz (1983) and Clapham and Schwenk (1991) treated the acclaiming (explaining positive outcomes) and the defensive component (explaining negative outcomes) of the attributional bias as equivalent processes. In reality these processes could be driven by totally different factors or rationales resulting in a non-symmetrical responsiveness to the social context and a different motivational profile for acclaiming and defensive attributional behaviours. As further developed in the paper, it is our contention that depending on the social context a different behavioural logic for assertive and defensive attributional tendencies should be explicitly modelled in an organisational test of the attributional bias.

4. Attributional coping behaviours

Attributing positive outcomes to internal causes and negative outcomes to external causes fit traditional forms of impression management (i.e. they resemble entitlements and excuses respectively), but they only partially represent the attributional coping repertoire (Schlenker, 1980; Tetlock, 1985, 2000). Bettman and Weitz (1983) did already point to the potential of leverage effects (enhancements when positive effects occur in spite of negative external influences and denials when negative effects are registered in spite of positive company action) but these are not further incorporated in their empirical tests.

Attributional tactics to cope with predicaments are not limited to excuse-type attributions whereby negative outcomes are related to external sources. Scott and Lyman (1968) identified three basic types of what they called 'accounts', explanations of image threatening outcomes designed to minimize the apparent severity of the predicament (Scott & Lyman, 1968). These basic types of accounts are excuses, defences of innocence and justifications. In essence an attributional excuse posits a negative event, but denies responsibility for it by pointing to external determining factors. Attributions can also reflect the other types of accounts mentioned by Scott and Lyman (1968). Denial of responsibility for negative events can be implied by commenting on negative outcomes as

¹ Salancik and Meindl (1984) reported an average amount of attributional statements of 8.80, Clapham and Schwenk (1991) of 7, Aerts (2001) of 7.93 and Hooghiemstra (2001) of 6 to 7.

something that happened in spite of internal events or actions that normally should have led to the contrary (“...in spite of...” attributional statements). This kind of attributional statements, which we will refer to as internal causality denials, dissociate the actor from performance outcomes and lead to reduce responsibility for negative outcomes. Justifications are a third type of attributional tactics whereby one implicitly accepts responsibility for an outcome, but simultaneously reduces its negative repercussions by pointing to its intermediary character as a step to achieve higher goals (teleological or ideological attributions) or other anticipated favourable results. In a comparable vein attributing positive outcomes to internal causes (the positive or assertive component of the attributional bias) is only one type of attributional acclaiming tactic. These attributional entitlements, explicitly claiming responsibility for positive outcomes, are frequently accompanied by attributional enhancements whereby positive outcomes are portrayed within the contexts of negative external influences, leading to an upgrade of the favourability of the outcome (Tedeschi & Melburg, 1984).

When studying attributional behaviour from a motivational perspective these complementary attributional tactics should be taken into account as they could be used interchangeably with the entitlement and excuse component of the attributional bias. Exclusively focusing on entitlements and excuses would not capture the full motivational effect of the public company environment on the attributional behaviour.

5. Public nature of the company and attributional reasoning in annual reports

5.1. Accountability and retrospective scrutiny

In this paper we focus on the effect of the public nature of the company as a motivational trigger for self-presentational attributional framing of accounting outcomes. A prominent distinguishing feature of the reporting environment of public companies is increased public scrutiny and higher demands for accountability from external shareholders and from the capital market in general, specifically focused on the financial consequences of corporate activities. For a public company the nature of the accountability relationship (who is accountable to whom and under what ground rules) is much less ambiguous as to its intended audience and more demanding than in a non-public company (Holland, 1998; Barker, 1998). According to a study of the decision to go public (Röell, 1996) enhanced company image (related with increased publicity and visibility) and financing needs are cited as most important factors to get listed. On the other hand the most important costs of going public are increased pressure on senior management due to closer public scrutiny (including external investor scrutiny) and disclosure requirements. These propositions reflect both a motive and a context for proactive attributional behaviour: capital market dependency as a motivation to initiate intentional attributional behaviour and higher public scrutiny and accountability as the context within which the construction of motivated attributions (the content and form of attributional statements) is to be understood. But how can this proactive attributional behaviour in public companies be conceptualised?

In their grounded theory approach Gibbins et al. (1990) indicated that capital market dependency² (defined as having issued at least one publicly traded security within the four-year period preceding their study) induced an opportunistic disclosure position, defined as “the propensity to seek firm-specific advantage in the disclosure of financial information” (p.130). Capital dependent firms showed a definite desire to “keep the firm in the public eye with sufficient information on the firm’s financial position to ensure access to capital markets” (p.132). This implies a more active construction of corporate visibilities (Hopwood, 1996). Gibbins et al. (1990) did not interpret opportunistic behaviour as self-serving in the sense of biased information processing and biased information dissemination. It is more a question of sensitivity to disclosure opportunities, of a pro-active attitude towards the potential benefits of voluntary reporting. According to their research results opportunistic disclosure behaviour is not a question of stressing only the good points, but of providing an

² Gibbins et al. (1990) operationalised capital market dependency not as a listed/unlisted dichotomy, but as the frequency of use of the financial markets.

appropriate framing context for both good and bad news, with associated causal attribution and offering a prospective view on the points of interest.

Public scrutiny and related heightened accountability have been studied in a non-accounting context as to their impact on attributional behaviour. Accountability to an audience with unknown or potentially divergent views has been found to motivate people to become more vigilant, complex and self-critical information processors (Tetlock, 1985). Accountability induces people to give a more balanced view of topics and to consider arguments and evidence on both sides of the medal especially when they can expect a variety of possible critical reactions to their views. In this sense increased accountability engenders an accuracy-effect on attributional behaviour. Kruglanski (1980) and Kunda (1990) pointed out that accuracy-driven reasoning could be clearly discerned from situations where an accuracy motive is not present. Accuracy goals lead to more cognitive effort on issue-related reasoning, with deeper and more careful information handling and often with the use of more complex rules (Kruglanski & Ajzen, 1983). Accuracy goals thus promote an increase in the quantity of information processing and explanatory activity and may affect its quality (consideration of a greater number of alternatives, of more evidence, more explicit causal reasoning). As to the kind of framing patterns, Aerts (1994) revealed a tendency in quoted companies (where accuracy goals could be expected) to use more (in an absolute and a relative sense) explicit causal framing (and relatively less tautological and technical-accounting explanations), especially in explaining positive performance outcomes. Credibility concerns could also stimulate the use of more attributional statements. Effective accountability management strongly depends on the credibility of the accountable actor (Tetlock, 1985). Credibility is generally perceived as being crucial to communication effectiveness. This credibility assumption is usually sustained by projecting an image of a rational, competent and articulate agent. In a rationalized business environment competence is typically displayed with the use of argumentation (Gowler & Legge, 1981) and related attributional behaviour. Accuracy and credibility concerns both promote the use of attributions³.

Existing studies on the accuracy effect on attributional behaviour typically were conducted within a context of predecisional accountability, where information handling and reasoning patterns were observed before people had committed themselves to a course of action. Under these circumstances norms of prospective rationality (Staw, 1980) bring people to exhibit significant cognitive effort to identifying the most defensible response options. Under conditions of *ex post* accountability, where people are accountable for decisions they have already made, self-presentational concerns would lead to 'retrospective rationality'. The notion of retrospective sensemaking and rationality (Staw, 1980; Weick 1979:1995) refers to a process of *ex post* explanations or restatements of organizational outcomes and events in order to sustain or restore the image of rationality of the actor. This contrasts with a proactive focus on the rationality of future events in a calculative mode (prospective rationality). Johns (1999) argued on the basis of an extensive literature review on self-serving organizational behaviour that proactive scrutiny, echoing a context of predecisional accountability, would lead to an attenuation of self-serving behaviour while retrospective scrutiny would engender an exacerbation of self-serving tendencies. His review of research results supported his claim especially as to the defensive aspects of self-serving behaviour. Sutton and Galunic (1996) argued that public scrutiny leads to greater adherence to injunctive norms (i.e. what is commonly approved) and less to descriptive norms (i.e. what is commonly done) and thus promotes symbolic approval seeking over substantive behaviours. They concluded that the consequences of scrutiny were on balance more negative than positive and that in order to enjoy the benefits of scrutiny, symbolic defences were important to cope with its negative effects. Ashforth and Lee (1990) also emphasized that scrutiny and accountability focused on outcomes would induce significant defensive behaviours.

³ The propositional content of the accounting narratives is only one part that underlies the credibility and performative character of the text. In this research we focus on the propositional content of the accounting narratives and more specifically on the argumentation patterns. There exist however other linguistic devices, not related to the development of the propositional content of the text which guide and direct readers to how they should understand, evaluate and respond to the information selected and as such sustain the credibility of the text (Crismore et al., 1993). Hyland (1998) identifies rhetorical patterns in CEO's letters to shareholders supporting the credibility of the message, while resolving uncertainty and avoiding disputes.

Self-promotional verbal behaviours would be much less affected by accountability concerns. Gibbins et al. (1990) reported in their grounded theory approach of the disclosure process even a general aversion of self-promotion among their correspondents in public companies although they were definitely predisposed to reap the benefits from voluntary disclosure management. Positive organizational or accounting outcomes as such provide a powerful signal of managerial competence and do not necessarily need further explanation to make them consistent with a desired organizational image. This reasoning does not hold for negative accounting outcomes, which have to be explained to make them intelligible or legitimate (Scott & Lyman, 1968). The effectiveness of explicit self-promotion as a primary aim of narrative reporting is not evident due to the general taken-for-granted assumption that annual reports are in general 'sugar-coated' with an overload of positive information without real information value (Abrahamson & Amir, 1996) and credibility concerns.

The coexistence of credibility concerns and self-presentational behaviour is not evident. Self-serving tendencies relate to processes of selective attention, over accentuation, biased or distorted information processing. These self-serving tendencies can be effective as long as the message they represent is plausible and the messenger remains credible. Modesty could be of more relevance to sustain an image of a credible, rational and articulate agent than boastful assertiveness (Wosinska et al., 1996). At the same time audiences tend to discount transparent self-promotional behaviour as they generally recognize that presenters sometimes exaggerate their achievements and capabilities. Jones and Pittman (1982) referred to this phenomenon as the 'self-promoter's paradox', as presenters increase claims of competence and positive achievements, audiences become less convinced, since successful people often downplay their achievements. Audience effect studies have also suggested that self-serving behaviour is more effective in its defensive tendencies. In support of this argument and specifically related to causal attributions, Crant and Bateman (1993) demonstrated that causal accounts were more effective impression management tactics when employed in conjunction with failure than with success.

5.2. Negative overall financial performance as accountability predicament

Although we argued that in general public companies have a clear incentive and motive to engage in blame-avoiding attributional behaviour, we contend that full impression management motives would only become clear within a context where accountability is put under stress and the company is confronted with an accountability predicament. Following Schlenker (1980) organizational impression management literature and research (Caldwell & O'Reilly, 1982; Dutton, Dukerich & Harquail, 1994; Elsbach & Sutton, 1992; Elsbach, 1994; Elsbach & Kramer, 1996; Ford, 1985) generally start from the premise that verbal impression management tactics towards an external audience are activated and are most effective when the actor or the organization faces predicaments or "situations in which events have undesirable implications for the identity-relevant images actors have claimed or desire to claim in front of real or imagined audiences" (Schlenker, 1980, p.125). These authors stressed the fact that verbal impression management behaviour typically functions in a reactive mode as a repair mechanism in response to identity-threatening predicaments. Weick (1983) argued that accounting systems, due to their strong norms of rationality and their close involvement with goal-setting, have a natural effect of placing people in failure. They normatively construct organizational predicaments. A downturn of corporate financial performance as reflected in the annual accounts can be conceived as such a predicament especially in relation to an audience of external shareholders. In this vein and in line with an extended agency theory perspective (Eisenhardt, 1989), Abrahamson and Park (1994) argued that within a public company conflicts of interest specifically arise when negative organizational outcomes occur. With respect to the revelation of information concerning negative outcomes the interests of management and shareholders diverge. This makes management prone to behave opportunistically and could bring them to a concealment strategy (Sutton & Callahan, 1987). An alternative self-interested communication strategy they suggested was a defensive framing tactic, shifting the blame for negative outcomes away from themselves. A defensive explanatory tactic would be even more appropriate if the negative outcomes relate to financial performance where a concealment strategy is less plausible due to the public nature of the accounting outcomes in the published annual accounts.

We contend that negative overall performance does not only supply content for defensive excuse-type attributional statements but could be a significant trigger for the full repertoire of attributional coping behaviours with defensive as well as acclaiming tactics. Carter and Dukerich (1998) reported that a reputational downturn of organizations was followed by multiple impression management behaviours of various types with an increase in press releases and advertising expenditures. Although negative overall financial performance puts the company in the defensive, the negative ramifications of the overall performance measure could be attenuated or mitigated by making salient in an attributional mode other more favourable performance dimensions that should be taken into account when evaluating the company's performance. Acclaiming tendencies could additionally become very significant in bolstering the credibility of accounts on the negative events (Elsbach & Kramer, 1996). Addressing alternate organizational outcomes that reflect positively on the company can remind audiences that besides overall financial performance other (eventually fragmented) performance outcomes should be considered in forming impressions of the current state of affairs in the company. If these positive signals, reinforced by attributional entitlements and attributional enhancements, are effective they support an optimistic view of the company and thus make excuses, causality denials and justifications more believable (Elsbach, 1994; Shapiro, 1991). In a reactive and supporting role acclaiming attributional statements could become more effective than when they are used in a primary role as an aggressive impression management device.

6. Research focus

In this research we assume that, in general, stronger and more focused norms of accountability and related public scrutiny in public companies would engender an opportunistic disclosure position (Gibbins et al., 1990) and would activate retrospective sensemaking leading to more and more extensive use of argumentation and related attributional behaviour in public companies than in non-public companies. So we propose that:

Proposition 1: The amount of explanatory behaviour (number of attributional statements) and its intensity (number of explanations per explained effect) in the accounting narratives of public companies will be greater than the amount and intensity of attributions in the narratives of non-public companies.

In line with the retrospective scrutiny model we speculate that the stronger demands for accountability in public companies lead to a disclosure position where defensiveness should be more prevalent in public companies than in non-public companies. We anticipate that this defensiveness will be reflected in the attributional bias and can be evidenced by a stronger tendency to attribute negative accounting outcomes to external factors. As explained earlier, this line of reasoning is not maintained for assertive tendencies.

Thus it is proposed that:

Proposition 2: In public companies attributions exhibited in annual report narratives for negative accounting outcomes will be more to external causes than in non-public companies.

When accountability is under stress and potential conflicts of interests in public companies arise we contend that within a public company explicit self-presentational attributional behaviour gets activated in a rationalizing mode in order to assure the public of the rationality and competence of management. The full repertoire of attributional coping tactics related to both the assertive and defensive component of the attributional bias should be affected. Thus,

Proposition 3: In public companies the aggregate of attributional excuses, attributional causality denials and attributional justifications exhibited in annual report narratives with respect to accounting outcomes will be more prevalent when the company is confronted with a decline of its overall financial performance than when overall financial performance improves.

Proposition 4: In public companies the aggregate of attributional entitlements and attributional enhancements exhibited in annual report narratives with respect to accounting outcomes will be more prevalent when the company is confronted with a decline of its overall financial performance than when overall financial performance improves.

7. Data and method

7.1. Data

Content analysis

Content analysis is used to evidence and document corporate attributional behaviour. Content analysis consists of dividing the text into meaningful entities and of coding these entities according to well-defined rules. The content analysed was restricted to explanatory passages, operationalised as attributional statements. An attributional statement was defined as a phrase or a sentence in which a corporate event or performance outcome was linked with a reason or a cause for the event or outcome. In this study the corporate events or performance outcomes were restricted to accounting outcomes apparent in or related to the income statement. The attributional statement had to reflect a definite and logical antecedent-consequence relationship. Teleological and accounting- or consolidation-technical attributions were included but were appropriately identified in order to allow selective analyses. Technical accounting attributions refer to explanations of accounting effects framed in financial accounting language (at group and individual company level) and ranged from explanations in terms of the structure of the balance sheet or the income statement and consolidation methodology to explanations in terms of cost-volume-profit relationships. Each antecedent-consequence relationship was treated as a separate attributional statement, even when they were packed in one phrase with several antecedents related to one explained effect. Explanatory passages can be implicit or explicit. Explicit explanations are characterized by a causal conjunction or a causal connecting phrase (e.g. because of, as a result of ...). Also the verb in the sentence can refer to an explicit explanation (e.g. lead to, result in, ...). An explanation can also be implicit, when cause and effect are not explicitly related. These implicit explanations were only taken into account when cause and effect could be reasonably linked to each other.

The coded annual reports were established in Dutch or French. Examples of coded attributional statements (translated in English):

- *"The sector Distribution has managed to use its most important trumps, i.e. its strategic location in Europe, its large product mix and its service to its customers and therefore closes its accounts with profit" (Group Cockerill Sambre).*
- *"By strong investments and development of new products and markets, the turnover of UCO Technical Fabrics has nearly doubled since 1989" (UCO).*
- *"The increase of the profit with more than 10% is also due to the good results of the parent company, resulting from the realisation surplus on the sales of financial investments" (Generale Maatschappij van België).*
- *"On the level of ship paintings, the improvement of margins and a general increased efficiency, as well in Europe, the United States, as Asia, lead to a remarkable increase of the results and an increase of the turnover" (Fina).*
- *"The increase of the operational costs is due to a change in the articles of association" (Prominter).*

The explanatory passages selected had to refer to the reporting entity or its components: parent company, subsidiaries or other affiliated companies and the consolidated whole (group or subgroup). Causal explanations on events not related to the reporting entity (e.g. government decisions) were thus neglected. As we focused our research interest on the legally defined relationship between the annual (consolidated) accounts and the annual accounting narratives, we confined this study to attributional statements on accounting effects (costs, benefits, margins, income, etc.) as expressed or derived from the annual accounts. We left out attributions of corporate actions and of other events not related to financial accounting data, although we recognize that such attributional statements could have, along with other non-attributional content of the annual reports, a significant presentational effect as well.

Content variables

Coding schemes were designed to evidence content variables related to the explained effect and the explaining factor in the attributional statements and the relationship between these two components. The explained effects were coded according to nature of explained content (cost,

revenue/income, earnings), valence (negative, positive, impossible to define – point of view of a private investor), time orientation (past, present, future), expression (quantitative (absolute figure or percentage) or qualitative (narrative)), organizational level (division or product line or business unit, legal entity, group). The explaining factors were coded according to type of explanation, direction of influence (direct or opposite), causality locus (internal or external with different subcategories), explicitness (explicitly by a junction or a verb, or implicitly), expression (qualitatively or quantitatively). We discriminated the following explanation types: teleological or ideological explanations (referring to an objective, an aim or a final or desired situation), technical-accounting explanations (referring to the annual accounts logic or technical aspects of accounting), consolidation-technical explanations (referring to the consolidation logic and technique) and explicitly causal attributions.

Coding procedure

A coding manual was prepared to document coding instructions and coding worksheets. The coding procedure followed a number of steps:

- independent identification of the attributional statements in each annual report by two coders with an MBA-level;
- independent coding by two coders of the identified attributional statements for a number of content variables (see above);
- comparison of the individual coding results and timed reconciliation in case of divergent coding results with eventually, when no timely agreement could be reached, final arbitration by an independent coding supervisor.

After relating the relevant attributional dimensions the coding results were aggregated at company-year level, as in most analyses we used the annual report in a specific year as the unit of analysis and not the specific instance of attribution. The coded attributional variables were primarily expressed as frequency measures, although some, if relevant, were additionally transformed into proportional measures, reflecting the relative frequencies of specific attributional characteristics. The proportional measures control for variations in the number of attributional statements per company-year. They add perspective in the analyses by complementing the frequency measures with intensity measures (Gardner & Martinko, 1988b; D'Aveni & MacMillan, 1990). The proportional measures have however the inconvenience that their validity becomes obscured when the denominator is equal to zero. So on several occasions proportional attribution characteristics are included in the analysis, but their results should be considered with more caution than these of the frequency measures due to 'missing values'-differences.

Research population

Our research focus demands a proper design with a match of public and non-public companies in order to examine the effect of the listing status on attributional behaviour around accounting outcomes. Both groups had to be confronted with the same regulatory environment and with equivalent legal or regulatory demands on narrative reporting supplementary to the financial statements. According to Belgian company law both public companies and non-public companies (of a certain size and corporate legal status) have to comply with the same legal requirements on the preparation and publication of a directors' report. According to company law the published consolidated accounts must be accompanied by a (consolidated) narrative annual report (directors' report), which contains comments on the consolidated accounts and some additional information. The board of directors is expected to present a fair view of the development of the company business and of the position of the consolidated aggregate in the form of a commentary on the consolidated accounts. Unless such disclosure could damage an enterprise included in the consolidation, they also have to disclose circumstances and events expected to have a significant influence on the evolution of the financial condition of the consolidated aggregate. The link between the directors' report and the annual accounts is a direct one, but is not predefined as to the specifics of its attributional content. The consolidated directors' report may be combined with the directors' report on the individual accounts of the consolidating company, as long as the prescribed information is separately identifiable for the consolidating company and for the consolidated aggregate. Due to the lack of regulatory specifications on the content of attributional disclosure, this part of the annual reporting content is to be considered as voluntary. The content of the directors' commentary should be governed by the true and fair view

principle. There exist however no generally accepted standards or consensual reporting rules which, when applied, would a priori lead to a presumption of true and fair reporting. Although not specified in further regulatory prescriptions, true and fair narrative reporting has been interpreted⁴ in the sense that positive as well as negative accounting facts and results have to be commented on in an unbiased and straightforward manner. Stressing unimportant matters or presenting essential topics in vague terms should be avoided. Overinformation or misleading information can be evaluated as "unfair". The legal perspective leans to the stance of a neutral and rational commentator, applying implicit rules of proper reporting conduct.

In order to confront attributional behaviour in public and non-public companies our research design started from a matched sample of the two groups on the basis of a number of matching variables identified as influential control variables following earlier disclosure research (size and profitability level) or due to their structural impact on attributional behaviour (group structure).

The total population of Belgian public companies legally circumscribed as 'holding companies' (Holding companies Act, 1967 Royal Decree N°64) were considered as public companies. Holding companies are defined as Belgian companies, which hold shares in one or more Belgian, or foreign companies, which enable them (de facto or de jure) to direct the activities of the dependent companies, and two additional conditions are met (the company or one (or more) of its subsidiaries solicits funds from the general public in Belgium, and the total value of its investment portfolio exceeds 12.39 million euro or amounts to 50 per cent or more of the value of its own equity. The total value considered shall also include the value of the stockholdings (direct and indirect) in Belgian companies of a (Belgian or foreign) parent company) (Belgian Royal Decree N°64, 1967).

The 'holding companies' can, as to the overall nature of their activities, either be financial holdings or industrial or commercial companies. They are all quoted at the Brussels' Stock Exchange. In Belgium all consolidated accounts and reports have to be filed with the National Bank of Belgium by the parent company. The list of filed consolidated accounts of unlisted companies was identified as indicative of the population of non-public companies. All financial companies (banks, insurance companies) and subsidiaries of Belgian holdings were excluded in order to have an extraction of unlisted companies, comparable to the population of listed companies. The matching process started on the basis of the financial data filed with the National Bank of Belgium. Four matching criteria were operationalised: relative importance of participations in the parent's accounts (participating interests in affiliated enterprises + investments in other enterprises linked by participating interests/total assets), total assets (as size measure), profit/loss on ordinary activities before taxes (profitability measure) and income from financial fixed assets (in the parent's accounts). The two populations to be matched were constituted as follows: 98 public companies (total population of holding companies) and 332 non-public companies (which had filed consolidated accounts). The research was performed on the published reports for the years 1996 and 1997. After taking into account missing directors' reports the matching procedure resulted in a sample of 95 public (listed) companies and 74 non-public (unlisted) companies.

Reliability of coding

All directors' reports in the sample were examined for attributional statements by two researchers independently. All explanatory passages were marked and divided into explained effects and explanatory factors and coded according to their characteristics. If there were differences in the coding of the two researchers, they discussed the matter until they reached an agreement. In case no consensus was reached, a neutral arbiter intervened. Of the explained effect codings only 2,2% had to be discussed for the public companies and only 0,5% for the non-public companies. For the explaining factors only 2.9% of the codings had to be discussed for the public companies and 1.8% for the non-public companies. So we concluded that the reliability of the codings could be considered very high.

⁴ Belgian Parliamentary Documents, Parlementaire Staten, 1981-1982, n°210/9, pp. 51-52.

7.2. Method

Statistical analyses

We partially tested the hypotheses on the differences in attributional patterns between the listed and the not-listed companies in the matched sample on the basis of Mann-Whitney U-tests and alternative t-tests. The interaction of listing status and overall financial performance evolution was specifically tested on the basis of a regression model with additional control variables. Shifting content processes were additionally studied on the basis of statistical crosstabulations.

Context variables

** Listing status of the company*

A company was qualified as public, when the company's shares were quoted on the Brussels' Stock Exchange. As previously indicated this resulted in 95 public and 74 non-public companies. Public companies were scored as 0, non-public firms were scored as 1.

** Overall financial performance change*

Overall financial performance evolution has been measured as a binary variable on the basis of three profitability measures: return on equity, return on assets and net sales margin, three common indicators of short-term financial performance. As corporate explanations usually focus on changes in performance rather than on absolute performance levels, we started from the evolution of financial performance in time, measured as the proportional change of financial performance over a one-year period. When change in the three performance measures pointed in the same direction, overall financial performance was unambiguously classified as either positive or negative. When the signs of the changes in the three profitability measures were mixed, the overall change was evaluated by the independent coders who blind coded the annual report narratives. In 95% of the mixed cases agreement was immediate on the basis of the majority rule for the directions of change. For the residue agreement was reached after arbitrage. In the total sample 85 companies (48 listed and 37 unlisted companies) were coded as experiencing negative financial performance growth (coded as 0) while 82 companies (47 listed and 35 unlisted companies) were coded as experiencing positive financial performance growth.

Moderating effects of corporate characteristics on disclosure behaviour

In this study we focused on the effect of listing status on the amount and form of attributional behaviour around accounting outcomes. In order to isolate the listing effect we had to control for a number of other influential forces on disclosure behaviour. There has been evidence on the association of a number of company characteristics with disclosure levels. Company characteristics (besides listing status) frequently researched are company size, profitability, financial leverage (capital structure), liquidity, audit firm characteristics, industry type. For an overview and critical assessment of the studies concerned we refer to Marston & Shrivs (1991, 1996) and Ahmed & Courtis (1999). Based on previous research results and theoretical arguments the impact of company size and profitability have been considered as particularly sensitive for our research purposes so these factors were controlled ex ante in the matching process leading to the research sample. In certain analyses financial performance stability an industry type were explicitly modelled as control variables.

** Company size*

A positive relationship between company size and amount or quality of disclosure has been extensively documented (e.g. Singhvi & Desai (1971), Cooke (1989, 1992), Buzby (1975), Wallace et al. (1994)). Supporting arguments for this relationship have been diverse: cost of generating detailed information, less detailed internal reporting, higher political costs (due to greater visibility), inherent complexity of businesses in terms of business segments and geographical areas covered, the availability of sophisticated management information systems.

** Profitability*

The relationship between disclosure and profitability has been studied mainly from a motivational perspective. Research results indicate a tenuous relationship between disclosure levels and profitability. They evidence positive, negative and the absence of a significant relationship (Ahmed & Courtis (1999)). The relationship between disclosure level and profitability seems hard to conceptualise. It could be that disclosure level studies are not analytically sensitive enough to

operationalise the dynamics of profitability effects on reporting behaviour. Most arguments advanced for a hypothesized relationship between disclosure and profitability relate to impression management motives and seem to be demanding a lower level of textual analysis. This could explain the inconclusive research results. In their meta-analysis of disclosure level studies Ahmed & Courtis (1999) differentiated between aggregate, statutory and voluntary disclosure studies and discriminated a significantly positive association between disclosure levels and profitability for the voluntary disclosure segments, but not for the statutory (and aggregate) segments. On the other hand profitability will have a direct effect on the supply of information to be explained.

** Financial performance stability*

Corporate attributional behaviour has been found to be particularly sensitive to performance stability and performance history (Salancik & Meindl, 1984, Aerts, 2001). This lead us to introduce financial performance stability, defined as the stability of financial performances over time, as a control variable in certain analyses. It was measured on the basis of the three above-mentioned accounting measures of financial performance. The profitability measures were obtained for each year over a 10 years period with the last year being the most recent year for which annual reports were analysed. For each firm the variation coefficient (the standard deviation divided by the mean) of each profitability measure was related to the sample averages and a difference score was calculated. The three difference scores were factored at company level in order to weight firms according to their tendencies towards high or low variations in each of the profitability measures. Companies exhibiting tendencies for low variations were classified as stable companies, while firms for which the aggregate measure indicated tendencies for higher variations were classified as unstable companies. This procedure resulted in a classification of 90 stable companies (52 listed and 38 unlisted companies) and 77 unstable companies (43 listed and 34 unlisted companies). Stable companies were scored as 0, unstable companies were scored as 1.

** Industry*

Disclosure research has not consistently shown a significant influence of industry type on disclosure behaviour. It is however evident that attributional content will always to a certain level be determined by the industry in which the company operates. In order to control for variability in attributional behaviour across industries, industry type has been inserted as a control variable in regression analyses. We divided the sample into four broad industry groupings and created dummy variables for the first three groupings.

8. Results and discussion

8.1. Attributional content descriptives

Table 1 presents attributional content descriptives for the total sample on the basis of a broad concept of attributional statements. The average number of attributional statements in the annual reports amounted to 11.05 relative to on average 6.72 attributed effects. One attributed effect was on average accompanied by 1.73 explanations. There were on average more positively evaluated effects commented on than negatively evaluated ones (3.82 positives versus 2.80 negatives). Nearly 10% of the attributed effects related to future events (on average 0.64 prospective attributions in an accounting narrative).

The majority of the explained effects were quantitatively expressed (59.51%), while 83.01% of the explanatory factors were described in qualitative terms. Nearly one third of the attributional statements could be qualified as meta-accounts (ideological or teleological explanations, accounting- and consolidation-technical explanations) and these are biased towards the framing of negative accounting effects.

Table 1: Content descriptives of the total sample

Content characteristic	Mean	S.D.	Range maximum
Amount of explanations (1)			
Number of attributional statements	11.05	11.18	54
Number of attributed effects	6.72	4.48	25
Number of positive attributional statements	6.59	6.59	35
Number of negative attributional statements	4.43	3.82	20
Number of positive attributed effects	3.82	3.92	16
Number of negative attributed effects	2.80	2.80	16
Number of attributed prospective effects	0.64	1.23	8
Extensiveness of explanations (2)			
Multiples	1.73	0.68	3.5
Relative content characteristics (2)			
Prospectiveness of explained effects	8.11%	13.81	62.5
Qualitativeness of explained effects	40.49%	33.36	100
Qualitativeness of explanatory factor	83.01%	21.41	100
Explicitness of explanations	91.77%	15.38	100
<i>(1) Total number of companies = 169</i>			
<i>(2) Descriptives on number of companies for which the content variable is relevant</i>			

As to the self-presentational characteristics of the coded attributions there was a majority of explanations of positives, but this self-promotional effect was not overwhelming (55.14% of the attributed effects were evaluated as positive). The moderate character of the overall positiveness factor could be explained by the specifics of the coded content of the annual report. The coded attributional statements were confined to the explanations of effects linked to profit and loss statement items. Explanations of company actions and decisions not expressed in P&L terminology were thus not selected. So the choice of the attributed financial effects was de facto limited to officially stated and audited accounting effects. In the selected content of annual reports managerial discretion in selecting and commenting on facts with positive ramifications was thus constrained. This constraint should be taken into account when comparing attributional content data with studies where all company level attributional statements were selected as units of analysis.

8.2. Amount of attributional behaviour

Table 2 presents the results of a non-parametric group test on the amount of explanatory behaviour (a parametric group test leads to comparable results). The listing effect on the amount of explanatory behaviour is highly significant and quite robust over the different absolute frequency variables selected. All variables reflect a significant difference between listed and unlisted companies.

Table 2: Group test on amount of explanations of accounting effects

Variables	Public Companies	Non-Public Companies	z-value	Significance (2-tailed)
Number of attributional statements	13.35	8.09	3.38	.001
Number of attributed effects	8.26	4.73	4.11	.000
Number of positive attributional statements	7.75	5.11	2.21	.027
Number of negative attributional statements	5.59	2.95	4.03	.000
Number of positive attributed effects	4.68	2.71	3.37	.001
Number of negative attributed effects	3.44	1.99	3.53	.000
Number of attributed prospective effects	0.99	0.20	4.83	.000
<i>Mann-Whitney U-test</i>				

The listing effect is in a way aggravated by the fact that a number of annual reports of non-public companies did not contain any attributional statements. Although these data are in line with expectations, we retested the strength of the listing effect on the attribution amount by confining the companies in the group test to those exhibiting attributional behaviour. In this more restrictive test the total number of companies was reduced to 158 (95 public and 63 non-public companies). The results of the more restricted group test are presented in Table 2-bis. Even in the more restricted test the listing effect was significantly present, with a minor exception for the number of positive attributional statements (although the effect was significant for the number of positive attributed effects). As to the extensiveness of the explanations (the number of explanations per explained effect), the results are not as expected. There is no significant difference in the group means of the number of explanations per explained effect between listed and unlisted companies. Non-public companies offer on average even more explanations per explained effect than public companies (multiples in Table 2-bis: on average 1.61 explanations per explained accounting effect in public firms versus 1.71 in non-public firms).

Table 2-bis: Restricted group test on amount of explanations of accounting effects

Variables	Public Companies	Non-Public Companies	z-value	Significance (2-tailed)
Number of attributional statements	13.35	9.51	2.31	.021
Number of attributed effects	8.26	5.55	2.95	.003
Number of positive attributional statements	7.75	6	1.31	.190
Number of negative attributional statements	5.59	3.46	3.10	.002
Number of positive attributed effects	4.68	3.19	2.41	.016
Number of negative attributed effects	3.44	2.34	2.54	.011
Number of attributed prospective effects	.99	.24	4.48	.000
Multiples	1.61	1.71	.41	.682
<i>Mann-Withney U-test</i>				

These results partially confirm the hypothesis on the amount (confirmed) and intensity (not confirmed) of attributional behaviour.

8.3. Use of meta-accounts, prospectiveness and qualitiveness of attributional content

Table 3 exhibits the results of a non-parametric group test on relative content variables. Although not specifically hypothesized we explored the expectation that unlisted companies would use relatively more meta-accounts as a form of automatic script processing in their framing activities than listed companies. Although the research data are in the expected direction (29.96% of the explanations in the listed companies versus 38.85% in the unlisted companies), this difference in group means could not be established as significant. In line with the arguments of Gibbins et al. (1990) the prospectiveness of the attributional content is significantly higher for public than for non-public companies: 10.22% of the attributed content of the public companies related to future effects versus 4.93% for non-public companies. The absolute number of prospectives was also significantly different in the same direction: (0.99 versus 0.24). As to the qualitiveness factor a significant difference could be demonstrated for the qualitiveness of the explained effect (43.93% versus 35.31%), but not for the qualitative character of the explanatory factor.

Table 3: Relative content aspects of explanations of accounting effects

Variables	Public Companies	Non-Public Companies	z-value	Significance (2-tailed)
Prospectiveness of explained effects	10.22%	4.93%	-3.38	.001
Qualitativeness of explained effects	43.93%	35.31%	-2.19	.028
Explicitness of explanations	90.96%	93.34%	-1.46	.144
Qualitativeness of explanatory factor	83.79%	81.82%	-1.14	.254
Use of meta-accounts	29.96%	38.85%	-1.50	.135
<i>Mann-Withney U-test</i>				

8.4. Components of attributional bias for public and non-public companies

To line up with previous research we tested for differences in group means of attributional bias measures (as typically operationalised in previous research) in a first weak test of the motivational impact of listing status on the attributional bias. The results of a t-test are presented in Table 4. The attributional variables were differentiated according to a broad (including accounting logic explanations and teleological explanations) or a narrow definition of attributional statements (only explicitly causal explanation). The overall negativity of the attributional content was quite similar for both groups and showed to be about 45%. So there was no difference in the responsiveness of attributional behaviour to the level of profitability as controlled in the matching process. The test results do not show significant differences in the attributional tendencies between the two groups (except for a marginally significant difference in degree of defensiveness when a broad attributional concept is applied). Comparing the results of the broad and the narrow definition of attributional statements leads to a number of potentially significant observations. Knowing that in past research most propositions have taken for granted the narrow scope of attributional statements, our data indicate that a narrow definition leads to the elimination of a considerable number of cases. The degree of defensiveness (explaining negatives on the basis of external influences) is generally very low. This observation is certainly relevant when comparing with research observations on defensive attributional tendencies in US data where documented defensive tendencies in general were considerably higher (Bettman & Weitz, 1983; Clapham & Schwenk, 1991; Salancik & Meindl, 1984; Staw et al., 1983; Wagner & Gooding, 1997). Our data suggest that attributional defensiveness is more relevant in a relative sense than in an absolute one (the amount measures on the negative tendencies are in all cases negative, while the degree measures are on average lower than 50%). Eliminating explanations framed within accounting logic and teleological explanations increases the amount and degree of construed defensiveness (Aerts, 1994), but not to a marked absolute level, certainly not if compared with the self-promotional tendencies. In contrast, attributional tendencies in explaining positive accounting outcomes are, in line with US data, definitely present and quite robust.

Although these observations do evidence the impact of a different scope of what constitutes an attributional statement on the documented attributional tendencies and point to the need for definitional rigour on the concept of attributional statements when comparing research results, they do not constitute a sensitive test on the hypothesized motivational impact of listing status on corporate attributional behaviour. As argued earlier attributional entitlements and excuses (in essence reflected by the acclaiming and defensive measures displayed in Table 4), constitute only part of the impression relevant attributional tactics. The traditional measures of the attributional bias ignore attributional enhancements, causality denials and justifications. When taking into account these complementary attributional tactics we will refer to an enriched concept of the attributional bias.

Table 4: Group test on components of attributional bias for public and non-public companies

	<i>Public Companies</i>	<i>Non-public Companies</i>	<i>t-value (2-tailed significance)</i>
<i>Negativity of attributional content</i>			
% Negative attributional statements	45,83% (95)	44,70% (62)	NS
<i>Attributional bias components – Broad definition of attributional statements</i>			
%NegExt	35,36% (82)	25,19% (46)	1,716 (p=.089)
# NegExt – NegInt	-1,9292 (85)	-1,4043 (47)	NS
%PosInt	84,63% (85)	85,72% (43)	NS
# PosInt – PosExt	3,7791 (86)	4,2245 (49)	NS
<i>Attributional components – Narrow definition of attributional statements (Only explicitly causal attributions)</i>			
%NegExt	51,05% (75)	41,11% (37)	NS
# NegExt – NegInt	-0,3647 (85)	-0,3617 (47)	NS
%PosInt	79,15% (79)	79,51% (37)	NS
# PosInt – PosExt	2,0465 (86)	2,8367 (49)	NS
<ul style="list-style-type: none"> • <i>T-test</i> • <i>%-measure: e.g. %NegExt: percentage of total number of relevant attributions of negative accounting outcomes externally explained</i> • <i>#-measure: difference in frequencies</i> • <i>(Number of companies): t-test applied on companies with non-zero occurrences for specific types of attributional statements studied</i> 			

8.5. Pervasiveness of explicit impression relevant behaviour

In order to quantify the incidence of impression relevant attributional behaviour we measured the pervasiveness of the attributional tactics in both groups. The pervasiveness of the relevant characteristics of the attributional statements is expressed by ‘penetration degree’-measures. These measures quantify the degree of presence of a certain characteristic in the total sample. It is measured on the basis of a binary variable: an attributional statement with a certain characteristic is either present or absent in an individual narrative. The overall average of the measure indicates the pervasiveness of the characteristic in the sample and as such can be interpreted as a measure of the relative importance of a certain phenomenon for a group of companies. Table 5 shows the penetration degree measurements for self-serving content variables. So, for example, explanations of negative accounting effects were more widespread in public companies than in non-public companies: 90.53% of the public companies explained at least one negative accounting effect in contrast to only 76.19% of the non-public companies. The data in Table 5 do confirm that attributional enhancements, attributional justifications and causality denials are not marginal phenomena, but could represent significant complementary impression management tactics in concert with the traditionally measured entitlement-type and excuse-type attributional bias variables. Table 5 also presents a group test on the penetration degree of the attributional content variables. They evidence a listing effect on the pervasiveness of attributional entitlements, excuses, justifications and causality denials.

Table 5: Degree of penetration of self-serving aspects of explanations of accounting effects

Variables	Public Companies	Non-Public Companies	z-value	Significance (2-tailed)
<i>Attribution of negatives</i>	90.53%	76.19%	2.46	.014
<i>Attribution of positives</i>	92.63%	82.54%	1.95	.051
<i>Entitlements</i>	83.16%	63.49%	2.81	.005
<i>Enhancements</i>	35.79%	30.16%	.73	.465
<i>Excuses</i>	88.42%	65.25%	3.12	.001
<i>Justifications and causality denials</i>	46.32%	19.05%	3.51	.000
<i>Total number of companies: 158 (95 public and 63 non-public)</i>				
<i>Mann-Withney U-test</i>				

Additional correlational tests, controlling for the number of attributional statements for each company, however confirmed the significance of the association of the public nature of the firm and the pervasiveness of the self-serving statements (see Table 6).

Table 6: Partial correlation of listing status and penetration degree while controlling for number of attributional statements

Variables	Partial correlation coefficient	Significance (2-tailed)
<i>Enhancements</i>	-.0847	NS
<i>Entitlements</i>	-.2260	.004
<i>Excuses</i>	-.1356	.045
<i>Justifications and causality denials</i>	-.1901	.017

8.6. Regressing the explicit components of the enriched attributional bias

In order to test the impact of listing status and general financial performance environment on the enriched attributional bias components, we regressed the relative occurrence of attributional enhancements and entitlements and the relative use of attributional excuses, causality denials and justifications respectively on listing status, overall financial performance (growth) and their interaction while controlling for financial performance history, amount of attributional behaviour and industry type. The interaction term of listing status and overall financial performance was included in the regression model to test the differential effect of the general financial performance environment on the enriched attributional tendencies for public companies relative to non-public companies. Table 7 presents the results for the relative use of excuses, causality denials and justifications. The relative measures are expressed as a fraction of the total number of attributional statements on negative accounting outcomes, all explanation types confounded and excluding prospective attributional statements. As such these relative measures reflect a slim version of the attributional bias variables, but at the same time they are extensive in the sense that they take into account the full range of attributional explanation patterns in the denominator.

As expected listing status had a significant effect on the enriched defensive attributional component with significantly higher use of excuses, causality denials and justifications in public companies. Contrary to expectations the negative overall financial performance environment did not significantly increase this tendency.

Table 7: Regression Model on Relative Use of Excuses, Causality denials and Justifications

Model	Unstandardised Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.242	.129		1.879	.063
Listing status	-.186	.080	-.267	-2.315	.022
Overall fin. performance change	-.112	.072	-.167	-1.547	.124
Listing status x Fin. performance	.158	.123	.166	1.284	.202
Stability of performance history	8.310E-02	.059	.124	1.415	.159
Amount of attributional behaviour	1.575E-03	.003	.049	.554	.581
Industry 1	.215	.124	.280	1.736	.085
Industry 2	.127	.126	.158	1.009	.315
Industry 3	.132	.119	.198	1.115	.267

* Dependent Variable : Fraction of excuses/justifications in total negative outcome attributions
* N = 133

Table 8: Regression Model on Relative Use of Enhancements and Entitlements

Model	Unstandardised Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.494	.116		4.257	.000
Listing status	-.135	.082	-.205	-1.657	.102
Overall fin. performance change	-.178	.070	-.280	-2.556	.012
Listing status x fin. performance	.231	.118	.284	1.965	.052
Stability of performance history	4.792E-02	.056	.075	.852	.396
Amount of attributional behaviour	-5.748E-05	.003	-.002	-.021	.983
Industry 1	.111	.111	.149	.995	.322
Industry 2	9.957E-02	.112	.134	.890	.375
Industry 3	.115	.105	.180	1.093	.276

* Dependent Variable : Fraction of enhancements/entitlements in total positive outcome attributions
* N = 135

Table 8 shows the results of a comparable regression analysis for the acclaiming component of the enriched attributional bias. Overall financial performance change and the interaction of financial performance change with listing status have a significant impact on the relative occurrence of explicit enhancements and entitlements. The significance of the interaction terms is in line with the hypothesized relationship. Table 9 highlights this effect and shows the relative use of explicit defensive and offensive acclaiming attributional behaviour. The relatively low levels of defensiveness and assertiveness are due to the composition of the relative measures that are both

slim in the numerator and extensive in the denominator. Defensiveness in attributional behaviour is higher in public companies in both a positive and a negative overall financial performance context. As expected (but not statistically validated) the difference in the use of defensive accounts between public and non-public companies becomes more pronounced (44.77% versus 25.00%) when overall financial performance declines. More interesting however is the shift in the relative use of self-promotional attributions by public companies in a negative financial performance context. While explicit self-promotional behaviour in a positive performance environment is on average less pronounced in public companies than in non-public companies, it becomes quite prominent in public companies when overall financial performance declines (61.66% versus 43.86%).

Table 9: Relative Use Of Explicit Impression Relevant Attributional Behaviour

	Public companies	Non-public Companies
Negative overall performance		
<i>% enhancements / entitlements</i>	61,66 % (41)	48,26% (24)
<i>% excuses / causality denials / justifications</i>	44,77% (43)	25,00 % (28)
Positive overall performance		
<i>% enhancements / entitlements</i>	43,86 % (45)	52,40% (25)
<i>% excuses / causality denials / justifications</i>	33,36% (42)	29,26 % (19)
* % as a fraction on the total number of positively and negatively evaluated attributional statements (all explanation types confounded)		
* (Number of cases where proportional measures as defined in the regression model apply)		

These results do suggest that the degree of assertiveness and defensiveness of the (enriched) attributional bias is significantly impacted by an environment where motives for external impression management are strong and thus hold considerable support for a motivational explanation of the attributional bias. It also posits and documents the assumption that both components of the attributional bias reflect different processes and are not just two legs of a symmetric informational bias. Our data suggest that self-promotional and defensive tendencies react differently (certainly as to their intensity) to motivational triggers, possibly because they function differently within an impression management mode. Moderate defensive attributions could be quite effective as a primary coping tactic (Crant & Bateman, 1993), but once certain critical levels are attained, they could become counterproductive as over-defensiveness would not be compatible with the image of a management team in control of the situation (Salancik & Meindl, 1984). Ashforth and Gibbs (1990) discussed this as the ‘double-edge of organisational legitimation’ and suggested that in certain situations organizations may be viewed by their constituents as too defensive and thus undermine the relative adequacy of their legitimising tactics. Our research results also show that acclaiming attributions seem to be less convincing as a primary offensive tactic but do seem to function well in a reactive and supporting role. The approach presented here accounts for the impact of performance on the attributional bias not as a rationale for explaining the informational effect on the composition of the accounting bias, but as a trigger for motivational forces on impression relevant attributional behaviour. It is however interesting to confront the thesis of Staw et al. (1983) and Salancik and Meindl (1984) of a direct impact of performance on the attributional bias under the informational model with the observations in this study. While the regression results show that the relative use of defensive attributional tactics does increase when financial performance decreases (although not significantly so), the argument is definitely and significantly contradicted for the relative use of acclaiming attributional tactics where the use of

enhancements and entitlements (and thus the attributional bias) increases when overall financial performance decreases.

The acclaiming tactics in a negatively oriented performance environment do explain to a great extent the research results of Aerts (2001) who, in a longitudinal study on attributional behaviour, reported a consistently high level of positive attributions over time in listed companies and a non-responsiveness of this level to performance change. This was interpreted as an inertial effect but could in the light of the current research results, taking into account more subtle attributional tactics and additional attributional content variables, be rephrased as the result of a compensatory self-presentational mechanism. This brings us to the question of how companies manage to highlight in an attributional fashion positive accounting outcomes when financial performance evolution is generally negative or how positive news is actively constructed. Heightened attributional search, content dependent attributional tendencies and shifting topics in attributional content when general accounting outcomes become less self-promotional, will be explored as relevant mechanisms in the construction of positive news.

8.7. On the construction of positive news

8.7.1. Impact of nature of accounting effect on attributional tendencies

Most organizational studies on attributional tendencies in verbal behaviour have neglected the potential impact of attributed content on the exhibited attributional tendencies. Attributional research in applied social psychology has on the other hand demonstrated that content matters. Depending on the content to be explained people not necessarily follow the general attributional rules, but may instead use 'domain-specific' inference rules (Gilbert et al., 1998). In order to explore the content effect we categorized the explained accounting outcomes into 3 types of accounting effects (cost-effects, revenue-effects and earnings-effects) on the assumption that these three types of accounting outcomes constitute different performance dimensions with potentially different reputational or referential qualities. The perceived adequacy of explanations and their relative effectiveness could be seriously impacted by the referential characteristics of the accounting outcomes to be explained. For example revenues could be perceived as being more directly impacted by corporate actions or external economic trends than earnings that could be buffered from external influences by accounting mechanisms. By this more direct link self-promotional or defensive attributional tactics with regard to changes in revenues could engender greater plausibility and thus credibility than the same kind of explanations of changes in earnings levels.

Table 10: Crosstabulation of nature explained effect, locus of causality and valence of explained effect

Valence Explained effect				Nature Explained Effect			Total
				Costs	Revenues	Earnings	
Negative outcome	Locus of causality	internal	Count	68	46	111	225
			% within nature effect	78.2%	40.7%	55.0%	56.0%
		external	Count	19	67	91	177
			% within nature effect	21.8%	59.3%	45.0%	44.0%
		Total	Count	87	113	202	402
			% within nature effect	100.0%	100.0%	100.0%	100.0%
Positive Outcome	Locus of causality	internal	Count	26	156	245	427
			% within nature effect	50.0%	82.1%	78.5%	77.1%
		external	Count	26	34	67	127
			% within nature effect	50.0%	17.9%	21.5%	22.9%
		Total	Count	52	190	312	554
			% within nature effect	100.0%	100.0%	100.0%	100.0%
<i>N= 956 explicitly causal attributions of accounting outcomes</i> Negative outcomes: $\chi^2 = 24.666$ ($p < .00$) Positive outcomes: $\chi^2 = 28.151$ ($p < .00$)							

Similarly, explicit explanations of earnings-related effects would by definition be confronted with more competitive accounting type explanations than revenues. The presumption of alternative accounting related explanations for earnings trends could under a kind of discounting rule negatively affect the rhetorical effectiveness of self-presentational explanations of earnings. This kind of discounting mechanism would less apply to revenues and possibly also less to trends in levels of expenses. Reasoning from these arguments we crosstabulated locus of causality and nature of explained effect for negative and positive accounting outcomes separately in Table 10. The crosstabulation refers to the individual causal statements and more specifically to those with an explicitly causal explanation mode (in order to eliminate the potential effect of explanation type on the relative strength of attributional tendencies for the three types of explained accounting outcomes). Table 10 shows significant differences for both the negative outcomes ($\chi^2 = 24.666$ ($p < .00$)) and the positive outcomes ($\chi^2 = 28.151$ ($p < .00$))⁵. The crosstabulation brings forward that the self-promotional component of the attributional bias is evident for explaining revenue and earnings outcomes, but is completely absent when explaining positive effects related to costs. On the other hand the expected attributional tendencies related to negative accounting outcomes are only moderately present when attributing negative revenue outcomes and are even generally counter-defensive when attributing negative outcomes on the costs and earnings front. The difference in relative strength of attributional tendencies does not seem unimportant and suggests that specifically explanations of revenue-related matters are prone to self-serving patterns.

8.7.2. Shifting topics in attributional acclaiming tactics

In order to explore the potential shifting of subject to positive attributions in public companies when overall financial performance becomes negative, we crosstabulated the nature of the explained effects in the attributional enhancements and entitlements and the orientation of overall financial performance change. We specifically focused on the use of attributional entitlements and enhancements in public companies because this was the subset of data where the effect of financial performance change was most intriguing. Table 11 shows that within the context of a financial performance downturn, the number of positive attributional statements on revenues increases, while the number of impression relevant attributional statements on earnings decreases only slightly⁶.

Table 11: Crosstabulation of nature of explained effect in explicit entitlements and enhancements and overall financial performance change in public companies

Overall financial performance change		Nature Explained Effect			Total
		Costs	Revenues	Earnings	
Negative	Count	5	59	94	158
	% within nature effect	3.2%	37.5%	59.5%	100.0%
Positive	Count	16	47	105	168
	% within nature effect	9.5%	28.0%	62.5%	100.0%
Total	Count	21	106	199	326
	% within nature effect	6.4%	32.5%	61.0%	100.0%

$\chi^2 = 7.429$ ($p = .024$)

⁵ Although by treating the individual incidences of attributional relationships as units of analysis we breach rules of independence of data units and overestimate sample size, these analyses are useful in comparing the relative form of the attributional tendencies for the three types of accounting outcomes. The analyses are however not suited for formal hypothesis testing.

⁶ A comparable crosstabulation for non-public companies showed a decrease in the number of enhancements and entitlements for all three categories of explained effect when overall financial performance decreased. The number of entitlements and enhancements of positive earnings effects diminished by more than 40%.

Our data demonstrate that there is definitely a tendency to pick up more positive news on outcomes related to revenues, where the self-presentational patterns could be perceived as more acceptable or believable. As the overall amount of positive attributions of accounting outcomes does not diminish substantially with overall financial performance we further speculated that negative overall performance measures were substituted by fractional accounting measures of a positive kind (e.g. on divisional or segmental level). This effect is explored in Table 12 where we crosstabulated for the same data as in Table 11 the organizational level of the explained accounting effect (group, legal entity, divisional or segmental level) and the orientation of the overall financial performance change. The crosstabulation shows a significant shift to explanations of positive accounting achievements on divisional or segmental level within the context of a financial performance downturn.

Table 12: Crosstabulation of organizational level of explained effect in explicit entitlements and enhancements and overall financial performance change in public companies

Overall financial performance change		Organizational level of Explained Effect			Total
		<i>Divisional</i>	<i>Legal entity</i>	<i>Group</i>	
<i>Negative</i>	Count	48	46	64	158
	% within nature effect	30.4%	29.1%	40.5%	100.0%
<i>Positive</i>	Count	14	65	89	168
	% within nature effect	8.3%	38.7%	53.0%	100.0%
Total	Count	62	111	153	326
	% within nature effect	19.0%	34,0%	47,0%	100.0%

$\chi^2 = 24.609$ ($p < .001$)

These results bring us to speculate that intentional attributional search for positive news could account for a large part of these observations whereby the positive pieces of performance outcomes that remain within a context of negative overall performance are actively picked up to portray a globally optimistic image where negatives are compensated by positives or where positives are presented as support for the defences construed around negative overall performance news. By doing so the company affirms positive aspects of the company's performance profile that fall outside the overall performance measures. These compensatory attributional statements turn attention away from the global picture and focus it on favourable aspects of corporate performance that the company construes as needing consideration in an evaluation of the company's performance profile. By affirming positive achievements on several (partial) performance dimensions, companies may be in a better position to relieve audience dissonance related to the overall financial performance trend. This compensatory mechanism could in practice be even more important and pervasive than what is documented in our data, because it is not confined to an attributional search for positive accounting outcomes, but could relate to all kinds of positive corporate actions and events, not constrained by direct and physical reference material available in the accompanying annual accounts.

9. Summary and conclusions

Annual report narratives are a medium to put specifics of the annual accounts within a wider explanatory context. They document a move from releasing facts to framing and interpreting facts. In this research we focused on the effect of the public nature of reporting entity as a motivational trigger on the amount and scope of explanations of accounting outcomes and on the self-serving attributional tendencies, which were expected in explanatory behaviour exhibited in the directors' report. In line with the retrospective scrutiny model, an organizational process model that captures essential features of the annual reporting process, we assumed that public companies would be motivated to exhibit more and more extensive attributional search and to be generally more defensive in their explanations

and that both acclaiming and defensive self-presentational tendencies in attributional behaviour would be more pronounced in public companies when accountability was under stress. Agency theory with its focus on self-interested behaviour especially in management/shareholders relationships was used to argue a motivational trigger for opportunistic attributional behaviour in public companies, especially when they experience a downturn in financial performance.

The data of our research confirm that public companies use more attributional statements than non-public companies. This tendency is however not biased towards positive news: the tendency to offer more explanations is evident for both positive and negative accounting news. Contrary to expectations this does not mean that explanations by public companies of a particular accounting effect are in general more grounded (as to the number of reasons or causes mentioned in explaining an accounting outcome). As expected public companies exhibited a higher degree of defensiveness in explaining negative accounting outcomes. This effect was however only significantly present when the defensive component of the self-serving attributional bias was both scrutinized to explicitly causal attributions and enriched (in line with impression management concerns) with attributional justifications and attributional causality denials. A striking observation was that the overall degree of attributional defensiveness in our data was low to moderate. Although attributional defensiveness was significantly higher in public than in non-public companies, we speculate that the reactive and protective stance of defensiveness is only effective up to a certain level where it is no longer compatible with general expectations regarding managerial behaviour and its achievement standards. Confronting this moderate attributional defensiveness with comparable US research data which in general reflect a higher degree of defensiveness, points to potentially significant cultural influences on the exhibited explanation patterns (Hooghiemstra, 2001).

Our research evidences various patterns that support a motivational explanation of the self-serving bias. First there is the primary impact of social and environmental factors (accountability, publicness) on attributional tendencies where it can be argued that this kind of impact is more easily explained on grounds of external self-presentation than by informational processes (Morrison & Bies, 1991; Leary & Kowalski, 1990). Secondly the significantly higher acclaiming tactics when overall financial performance declines in public companies is counterintuitive within an informational explanation model (especially when arguing from a direct impact of performance on attributional tendencies) and thus support a motivational framework.

Our research data reveal that the attributional bias is to a large extent content dependent. These findings suggest that although the content of the explained effect of attributional statements has been largely ignored by organizational impression management research, the type of content may play a crucial role in understanding attributional coping behaviour and should be taken into account when comparing research results. Attributional statements provide both the content of valued company characteristics and the appropriate cues for interpreting them. Both aspects are important in understanding how attributional statements function in an impression management mode. Attributional behaviour becomes very flexible when combining variability in both components. By selectively directing and focusing attention attribution processes can be powerful and flexible instruments to correct and supplement negative performance characteristics or reinforce positive performance identities. Alternate use of attributional content can heighten the salience of some positive performance dimensions and deflect attention away from others. Attributional content in certain attributional statements can interact with attributional form in others to sustain the credibility of the latter or even to substitute the latter. Attributional entitlements and attributional enhancements could be functioning in an assertive and in a defensive way according to their content and its relationship to salient performance characteristics. Its process logic would however be totally different. It is our contention that both content and form of attributional statements in accounting narratives should be fully taken into account when studying their organizational ramifications. Earlier research on the motivational versus informational basis of attributional statements (Bettman & Weitz, 1983; Clapham & Schwenk, 1991; Salancik & Meindl, 1984; Staw et al., 1983; Tsang, 2002; Wagner & Gooding, 1997) ignored this distinction between content and form and this could explain to a large degree the equivocal interpretations given to their research results.

Our data suggest that within a capital market environment a financial performance downturn is a salient cue for impression management, while an upturn is not (cf. Carter & Dukerich, 1998). Following Eisenhardt (1989) and Abrahamson and Park (1994) this study also enriches agency theory

by pointing to the importance of information not only as a commodity that can be traded in principal-agent relationships, but as a context-sensitive communication device with symbolic as well as intrinsic substance. The observation of the same degree of negativity in the sample matched for financial performance in public and private companies does not indicate a tendency to conceal negative information as assumed by Abrahamson and Park (1994), but on the other hand the shift in attributional tendencies and in attributional content point to more subtle mechanisms to cope with an accountability predicament due to a negative financial performance experience, where positive pieces of accounting information are actively picked up in an attributional mode to construct an aura of optimism around an inherently negative financial base signal and or to support the credibility of responsibility reducing verbal tactics.

Finally we posit that the differing attributional profiles of costs, revenues and earnings (or related content categories) as observed in our data surely demand more attention in future research and when comparing research results on attributional tendencies.

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