Online-Appendix

„Leveraging Credit Ratings Through Impression Management: An Exploratory Study of German Small and Medium-Sized Family Firms“

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Appendix A

Appendix A, List of previous synthesized IM tactics (Bolino et al. 2008, p. 1082)

Accounts	provide explanations for a negative event to escape disapproval; excuses and justifications are specific types of accounts.
Apologies	accept responsibility for a negative event, offer to make things right, and promise to do better in the future; a form of defensive IM.
Assertive IM	proactively manage impressions about themselves, typically by means of enhancements, ingratiation, self-promotion, exemplification.
Blaring	publicly minimize their connections with unfavorable others; a form of self-focused IM
Blurring	blur their connections with favorable others by way of strategic omissions; a form of self-focused IM.
Boasting	boast about their positive connections with favorable others; a form of self-focused IM.
Burying	conceal their connections with unfavorable others; a form of self-focused IM
Defamation	attempt to harm the reputation of the target
Defensive IM	reactively manage impressions about themselves, typically by means of apologies, excuses, justification, and self-handicapping.
Demonstra-tive IM	provide facts or details regarding the organization's specific activities.
Enhancement	claim that positive outcomes for which they are responsible are more valuable than generally believed; a form of assertive, self-focused IM.
Excuses	deny responsibility for negative behavior or outcomes; a form of account; defensive IM.
Exemplifica-tion	do more or better than is necessary to attempt to appear dedicated or superior; a form of assertive IM.
Favor render-ing	help others or do favors for them; a form of ingratiation.
Illustrative IM	focus on things like pictures or broad generalizations.
Ingratiation	use flattery and favor rendering to attempt to appear likeable; a form of assertive IM.
Intentionally looking bad at work	decrease performance, work at less-than-full potential, withdraw, display a bad attitude, or broadcast limitations to look bad or incompetent.
Intimidation	or broadcast limitations to look bad or incompetent.

Job-focused IM	manipulate job performance information for their own benefit; similar to self-promotion.
Justifications	accept responsibility for negative outcomes but not the negative implications, that is, there is an external cause for their action; a form of account; defensive IM.
Nonverbal	alter facial expressions, posture, and so on to attempt to manage impressions.
Opinion conformity	speak or behave in ways consistent with the target; form of ingratiation.
Other-enhancement	compliment or flatter targets; form of ingratiation.
Other-focused IM	behave in ways intended to make the target perceive them as likable or attractive; a form of ingratiation.
Self-enhancement	make their best characteristics salient to targets; a form of ingratiation.
Self-focused IM	behave in ways intended to make the actor seen as nice and polite by acting like a “model” employee or working hard when results will be seen by others; similar to exemplification.
Self-handicapping	behave so as to provide an external explanation for poor performance; a form of defensive IM.
Self-promotion	communicate abilities and accomplishments to attempt to appear competent; a form of self-focused IM.
Supervisor focused IM	engage in favor rendering, opinion conformity, and other forms of ingratiation that is targeted toward supervisors.
Supplication	portray themselves as weak or dependent to obtain help; a form of assertive IM.
Verbal	use spoken or written words to attempt to actively manage impressions.

Appendix B

Appendix B, Comparison of Credit Rating Factors between rating agencies and commercial banks (Krahnen & Weber 1999, p. 8)

S&P	Moody´s	Commercial Banks
Financial risk: ▪ Balance sheet and P &L ▪ Financial policy ▪ Return ▪ Capital structure ▪ Cash-flow ▪ Financial flexibility	**Financial risk:** ▪ Cash-flow ▪ Liquidity ▪ Debt structure ▪ Equity and reserves	**Economic situation:** ▪ Earnings ▪ Financial situation (Capital structure)
Business risk: ▪ Industry code ▪ Competitive situation	**Competition and business risk:** ▪ Relative market share, competitive position ▪ Diversification ▪ Turnover, costs, return ▪ Sales and purchases **Legal structure and legal risk:** ▪ Consolidation of related firms	**Business situation:** ▪ Industry assessment ▪ USP and competition ▪ Product mix ▪ Special risks ▪ Forecast: earnings and liquidity ▪ Legal structure
▪ Management	**Quality of management:** ▪ Planning and controlling ▪ Managerial track record ▪ Organisational structure ▪ Entrepreneurial succession	**Quality of management:** ▪ Experience ▪ Succession ▪ Quality of accounting and controlling
		Customer relationship, account management

Appendix C1

Appendix C1, Interview questionnaire for family firm respondents

Block I: Credit Rating- Relevant factors of the qualitative "soft" rating

1. In your experience, what factors do banks typically consider when qualitatively assessing your company's creditworthiness?
    a. Can you imagine which factors are most important to the bank?
    b. Do you think that banks have special requirements for you as a family business? If so, what are they?
2. Do you think banks take into account the unique characteristics of your family business, such as family ownership and management, when assessing your creditworthiness?
    a. Do they see potential disadvantages from the unique features mentioned?
    b. Where do you think the risk potential lies for you as a family business?
3. To what extent do you think family ties and responsibility within your company play a role in the eyes of banks when negotiating loans?
    a. How do you think the bank rates your family ownership structure and management style within a credit rating?
    b. Can you imagine possible influences on risk assessment through family relationships and dynamics?
    c. If so, how do you ensure that these influences are positive?
4. How do you think banks assess the performance and stability of your company and what information besides financial ratios do they typically ask for?
    a. How do you think banks evaluate your risk management practices and strategies and what role do they play in the qualitative evaluation of your business?
    b. How do you communicate your performance and stability to banks?
    c. What do you think is the advantage of your risk management and strategies as a family business within a credit rating process?
5. What role does building relationships and personal connections play in the qualitative assessment of your company by banks?

Block II: Presentation, communication and behaviour in bank talks (impression management)

1. How often do you conduct bank negotiations and who is your contact person at the bank?
    a. How do your bank meetings typically proceed?

    b. Do you have any preferences regarding the location? In person? At your company or at the bank? Are there any reasons for this?
    c. How does the location of the negotiation influence the bank interview?

2. How and to what extent do you present your entrepreneurial qualities and strengths in loan negotiations with banks?
    a. Can you give me an example from one of your bank negotiations?
    b. Do you use media such as PowerPoint or similar to clarify your presentation?
    c. How do you ensure a certain transparency?

3. How do you go about communicating the strengths and positive aspects of your family business to banks during loan negotiations?
    a. Do you have any special approaches?
    b. Do you behave proactively or reactively?
    c. To what extent do you think that as an entrepreneur you should convince the bank of your plans during loan negotiations?

4. How do you prepare for bank negotiations?
    a. How do you think family relationships and dynamics within the company influence the loan negotiation process?
    b. How do you deal with any weaknesses or challenges your company may have when negotiating loans with banks?
    c. To what extent do you think the image and reputation of your family business influences the loan negotiation process with banks?

5. Do you work with several banks for your credit needs and how does this affect their negotiations?
    a. How do you adapt your negotiations to different banks and loan officers?
    b. Do you have examples from previous loan negotiations with different banks that show differences?

6. Can you give specific examples of how and if your presentation and behaviour influenced the outcome of a loan negotiation with a bank?
    a. Have you ever received feedback from banks on the effectiveness of your company presentation and communication style in loan negotiations?
    b. What is your long-term strategy for maintaining a positive relationship with banks and successfully negotiating loans for your family business?

7. Have you noticed any changes in recent years in the way banks look at and evaluate family businesses when negotiating loans?

Appendix C2

Appendix C2, Interview questionnaire for bank respondents

Block I: Credit Rating- Relevant factors of the qualitative "soft" rating

1. In your experience, what key factors do banks typically consider when qualitatively assessing the creditworthiness of a family business?

    a. What is most important to you?
    b. Are there differences in the way banks approach loan negotiations with family businesses compared to non-family businesses?
    c. Do banks have any special considerations or requirements for family businesses seeking a line of credit compared to non-family businesses?

2. How do banks take into account the unique characteristics of a family business, such as family ownership and management, when assessing its creditworthiness?
    a. Do you see any disadvantages from the unique features mentioned?
    b. In which aspect do risks exist in family businesses?

3. To what extent do you think that the special responsibility for employees and the company within a family business plays a role in the eyes of banks when negotiating loans?

    a. How do you see the influence of family ownership structure and management style on the credit rating? How do you assess this?
    b. How do you approach the risk assessment of family businesses, taking into account the possible influence of family relationships and dynamics?

4. To what extent are the reputation and standing of a family business important in the eyes of banks?

5. How do you assess the performance and stability of a family business and what information besides financial ratios do they typically request?
    a. How do you assess the risk management practices and strategies of a family business and what role do they play in the credit rating process?
6. What role does building relationships and personal connections play in the credit rating process for family businesses?

7. What steps can family businesses take to improve their credit rating and increase their chances of obtaining funding from banks?

Block II: Presentation, communication and behaviour in bank talks (impression management)

1. How do you perceive family businesses in negotiations?

a. Are there differences to non-family businesses? If so, which ones?
b. Can you describe your experience of working with family businesses in credit negotiations?
c. How do family businesses behave and present themselves?

2. How important is the presentation of entrepreneurial qualities and strengths when negotiating loans with family businesses?
    a. How do family businesses communicate their performance and stability to banks?
    b. How transparent are the companies in this?

3. What do you think are the behaviours that family businesses exhibit during credit negotiations?
    a. To what extent does the behaviour and presentation of an entrepreneur influence the decision-making process in lending and if so, to what extent?
    b. To what extent do they see open and convincing forms of behaviour as required of a family business when obtaining a credit line?
    c. How do you react to family businesses that make a special effort to leave a positive impression? Do you view this sceptically?

4. Can you provide specific case studies or examples where behaviour/presentation has had an impact during a loan negotiation with a family business?
    a. What kind of presentation and communication was particularly evident here?

5. How do you ensure an objective balance between presentation and behaviour and the actual financial performance of a family business in credit negotiations?
    a. How do you assess the informative value and credibility of a family business during credit negotiations? What do you explicitly pay attention to?
    b. Do you have an example where the statements made by a family entrepreneur were not too accurate?
    c. How did you find this out?

Appendix D

Appendix D, Visualisation of identified IM tactics of Bolino et al. (2008, p. 1082) and own developed IM tactics (Own Illustration)