ECONSTOR
Make Your Publications Visible.

A Service of

ZBW Leibniz-Informationszentrum Wirtschaft
Leibniz Information Centre for Economics

Dierkes, Meinolf; Berthoin Antal, Ariane

Article — Digitized Version

The usefulness and use of social reporting information

Accounting, organizations and society: an international journal devoted to the behavioural, organizational and social aspects of accounting

Provided in Cooperation with:
WZB Berlin Social Science Center

Suggested Citation: Dierkes, Meinolf; Berthoin Antal, Ariane (1985) : The usefulness and use of social reporting information, Accounting, organizations and society: an international journal devoted to the behavioural, organizational and social aspects of accounting, ISSN 0361-3682, Elsevier Science, Amsterdam, Vol. 10, Iss. 1, pp. 29-34

This Version is available at:
https://hdl.handle.net/10419/122417

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

WWW.ECONSTOR.EU

Mitglied der Leibniz-Gemeinschaft

WZB
Wissenschaftszentrum Berlin
für Sozialforschung

WZB-Open Access Digitalisate

WZB-Open Access digital copies

Das nachfolgende Dokument wurde zum Zweck der kostenfreien Onlinebereitstellung digitalisiert am Wissenschaftszentrum Berlin für Sozialforschung gGmbH (WZB).
Das WZB verfügt über die entsprechenden Nutzungsrechte. Sollten Sie sich durch die Onlineveröffentlichung des Dokuments wider Erwarten dennoch in Ihren Rechten verletzt sehen, kontaktieren Sie bitte das WZB postalisch oder per E-Mail:
Wissenschaftszentrum Berlin für Sozialforschung gGmbH
Bibliothek und wissenschaftliche Information
Reichpietschufer 50
D-10785 Berlin
E-Mail: bibliothek@wzb.eu

The following document was digitized at the Berlin Social Science Center (WZB) in order to make it publicly available online.
The WZB has the corresponding rights of use. If, against all possibility, you consider your rights to be violated by the online publication of this document, please contact the WZB by sending a letter or an e-mail to:
Berlin Social Science Center (WZB)
Library and Scientific Information
Reichpietschufer 50
D-10785 Berlin
e-mail: bibliothek@wzb.eu

Digitalisierung und Bereitstellung dieser Publikation erfolgten im Rahmen des Retrodigitalisierungsprojektes **OA 1000+**. Weitere Informationen zum Projekt und eine Liste der ca. 1 500 digitalisierten Texte sind unter http://www.wzb.eu/de/bibliothek/serviceangebote/open-access/oa-1000 verfügbar.

This text was digitizing and published online as part of the digitizing-project **OA 1000+**.
More about the project as well as a list of all the digitized documents (ca. 1 500) can be found at http://www.wzb.eu/en/library/services/open-access/oa-1000.

Accounting, Organizations and Society, Vol. 10, No. 1, pp. 29–34, 1985.
Printed in Great Britain

0361–3682/85 $3.00+·00
© 1985 Pergamon Press Ltd.

THE USEFULNESS AND USE OF SOCIAL REPORTING INFORMATION

MEINOLF DIERKES and ARIANE BERTHOIN ANTAL
Science Center Berlin

Abstract

This article presents a stepwise process for evaluating the usefulness and use of corporate social reporting information. Drawing on surveys conducted in Germany and Switzerland of readers and potential users of social reports, it discusses the stage of development of this information tool and it suggests qualitative considerations for assessing its impact on business behaviour.

One of the disturbing aspects about the history of social accounting and reporting is the dearth of information on which to base an assessment of the usefulness of this tool (cf. Preston, 1982, p.174). Like other information media, corporate social reporting is neither a goal in itself nor an exercise to satisfy academic research interests. It is intended to serve as a basis for the formulation, execution, and control of business social policy by management, and as a data base for dialogue with constituencies of the business corporation interested in the performance of the company in the social arena (Johnston, 1979, pp. 113–114). Therefore, the critical questions in evaluating social reporting concepts experimented with thus far are not only whether or not social impacts can be measured and reported on in a methodologically sound manner, but also whether the information published in social reports is perceived to be useful, and, moreover, whether it is used — internally by management and externally by the various stakeholder groups. And finally, is the use of the information actually changing behaviour? Is corporate social reporting an effective mechanism for achieving social responsiveness?

The development of corporate social reporting has been propelled by a conceptual view: the need to document corporate social responsibility and to publicly disclose this information as a basis for dialogue with business' constituencies. A great deal of work has been done on operationalizing the general idea. But astoundingly little attention has been paid to answering the basic questions related to determining usefulness and use, although one of the authors, among others, has argued for research in this field on several occasions over the years (e.g. Dierkes, 1979, p.82; Dierkes & Hoff, 1981, p.65). In practice, key individuals in business and academics in particular have postulated information needs and determined how to meet them, with almost no attempts to obtain inputs and feedback from the potential target groups.

The measurement of the usefulness and use of social reporting information is a stepwise process. In the case of such a relatively new concept, the assessment must start at the earliest stages of perception, because the process of discovering usefulness and uses is not yet as fully developed, explored, and internalized by management and constituency groups as can be expected of more traditional information tools, such as financial reporting.

The minimum level of perception is the indication of interest in such a concept by the target groups. Do they see any purpose in the idea of collecting and publishing information on corpo-

rate social performance? Is the concept of business social responsibility important to them at all?

Second, it is necessary to ascertain whether the way in which the concept is operationalized is considered useful. Assuming interest in principle, do the target groups consider the information which is actually collected to be useful?

The third step in assessing the usefulness of social reporting information is the specification of the extent to which the information needs perceived by the target groups are met in the social reports. What kinds of information do management and stakeholders feel to be significant for their decision-making, and are these needs satisfied in the social reports?

Fourthly, it is necessary to investigate whether the report is considered usable. This is a two-pronged question (Sorg, 1979, p.59). Is the information perceived to be reliable and trustworthy? And is it presented in such a way that the target groups can use it?

Finally, the ultimate test for the usefulness of social reporting information is its impact on decision-making. There are two aspects of this question: the direct and the indirect impacts of corporate social reporting. On the one hand, how much do the target groups actually use the information provided in social reports? Does it directly influence their policies and positions? On the other hand, to what extent does the actual process of collecting and publishing the information influence the policies and decisions of management? How does the very existence of the document indirectly impact behavior?

Clearly, there are good reasons for first having concentrated all efforts on the conceptual and methodological aspects of social reporting, rather than on the development of a data base on the information needs to be met. One key reason is the fact that it is difficult for most people to envisage the potential usefulness and uses of a new concept until it has been developed to a certain extent. In most cases the awareness of needs follows rather than precedes the availability of models for the potential satisfaction of those needs. It therefore has been necessary for the pace-setters in the business and academic communities to focus first on developing concepts before confronting a larger community of constituencies with the new instrument.

A second reason was and still is the difficulty of collecting, evaluating, and integrating the divergent information needs of such diverse groups as shareholders, social activists, management, employees, local community groups, and government. There are a number of aspects to this problem: the identification of target groups and of their spokespersons; the level of problem awareness in the groups, allowing for the articulation of concrete information needs; and the integration into a single document of diverse and potentially conflicting information needs. While some target groups are obvious and well-organized, so that business can recognize their existence, the legitimacy of their information claims, and the spokesperson to deal with (e.g., government and unions), other groups are diffuse and insufficiently organized, so that their claims for information are less well aggregated and articulated (e.g., consumers). Some groups, particularly management, and more recently employees' representatives, have a relatively clear-cut sense of their information needs, while others, such as consumers and local groups seem to be at an earlier stage of problem awareness in which the specific articulation of information needs is still underdeveloped. To the problem of identifying information needs is added that of aggregation and integration: the information required by shareholders most likely has a limited amount in common with that of environmentalists. The interests of the different constituencies not only vary significantly, they can also conflict seriously on certain issues, so that the publication of data for these distinct publics is a delicate matter.

The manner in which this information should be presented so as to be useful to the various constituencies may also differ. For example, a document considered readable and useful by shareholders or management may be unintelligible for employees. In sum, the process of identifying information needs in a specific way and responding to them in a useful form is therefore not only an extremely important but also a very

difficult research task.

Two approaches can be taken to identify information needs: the most effective is to survey the stakeholders directly, obtain inputs and feedback through questionnaires or interviews. A second approach would entail reviewing, compiling, and integrating the indicators proposed for external audits by activist groups, research teams, or the media (Dierkes & Ullmann, 1979; Preston *et al.*, 1978; Schredelseker, 1981, p.12). The very fact that attempts have been made by different stakeholder groups to formulate demands shows that their interest in the concept is high. Therefore a major research effort should be undertaken to examine this as yet largely untapped resource; however, since such work is beyond the scope of this article, it has to rely on efforts which have been conducted to survey the information needs of constituencies directly.

Amongst the most important, though quite limited, pilot studies are those conducted in 1979 and 1981 by Gehrmann, 1979, 1981, and 1982 by Deutsche Shell AG, and in 1982/3 by the Migros Genossenschaftsbund. The research conducted by Gehrmann focused on the perceptions of employees regarding social reporting by surveying first 100 workers with no previous knowledge of social reports, then 199 members of worker councils, of which half belonged to companies with no social reporting experience and the other half to companies having published at least one social report. The purposes were to take a first cut at determining the general categories of employees' information needs which were perceived as possible central components of a social report, to clarify the potential significance of social indicators in such a report, to get a feeling for the possible role of social accounts in bargaining with unions, and also to obtain feedback on the mode of presentation of information.

While the Gehrmann studies were conducted by an academic on the potential of social reports, the other two efforts were undertaken by companies with years of comprehensive reporting experience and were directed at the readers of specific reports. The Deutsche Shell survey was based on the 1979 combined annual report/social report. 440 responses were received to the short questionnaire from employees, business school students, and representatives of government agencies, business associations and the media. The questions posed aimed at establishing whether the readers found the concept of social reporting as operationalized by the company useful, whether the presentation of information was effective, whether the information was considered valuable, and what other topics should be included.

A more comprehensive feedback survey was organized by Migros in 1982/3 on its 1980 report. Responses from four target groups (employees; personnel committees; associates of the cooperative; and organizations, business and government agencies) were surveyed in written and oral form. The aim was far-reaching: to obtain reactions to the content and format of the 1980 report in order to improve the next one, and to obtain information on the general communication policy of the company regarding the social impact of its decisions. Migros also must be noted for another aspect of using social reporting information. In preparing the 1982 report it invited representatives of major stakeholder groups (unions, consumer protection groups, environmentalists) as well as the media (representatives of major newspapers and TV) to comment on the 1980 report, to assess its validity, comprehensiveness, and ability to provide the information needed. They were also asked to state information demands and expectations on what should be included in the forthcoming report. This process represents one of the very few attempts to integrate constituencies actively into the process of defining the scope of the reports, and — moreover — the goals which should be a focus for policy and a basis for the reporting as suggested in the concept of goal accounting and reporting.

While these various surveys are based on relatively small samples and represent only very rough first steps toward obtaining useful feedback, some interesting general observations can be derived. All show that the concept of social reporting, the underlying philosophy of social responsibility, and its public documentation are

strongly supported. The minimum level of perception identified above is definitely reflected in the response.

As regards the second step in determining usefulness, the surveys reveal that although the respondents consider the information published to be useful in that it provides more comprehensive knowledge about the companies' activities, there appears to be a general feeling that some of the information is not of priority significance while more important areas are left uncovered. In other words, a level of instrument recognition has been reached whereby the respondents can conceive of uses to which social reports can be put and can thereby judge whether the information provided is actually useful. The problem, as stressed by Gehrmann, is that the perception of usefulness is highly specific to the target group, so that the establishment of priorities in usefulness will differ according to responding groups. Gehrmann's own respondents, for example, as was to be expected, stressed the priority significance of work-related issues and perceived other information to be less useful. In fact, it is interesting to note that even between work council representatives and employees there was an important divergence in the ranking of issues (quality of life at the workplace: ranked second and third by the two groups of work council representatives, but below tenth by the employees) showing the degree of target-groups' specifity of priority ranking (Gehrmann, 1981, p.7). In judging existing reports, both Shell and Migros respondents expressed a certain amount of criticism on the coverage of sensitive topics which were perceived either as having been played down or left out altogether.

The third step in determining perceptions of usefulness is closely related to the second: once target groups are able to evaluate the usefulness of the material provided, they can proceed to identify further information needs. Shell and Migros asked about information needs not presently covered in reports. Of the Shell respondents, about a third of the readers from major social institutions, half the students, and a sixth of the employees felt that some necessary and useful information was missing. Some of the additional information needs are listed by all three groups (e.g. environmental pollution caused by Shell, alternative energy resources, and the relationship between Deutsche Shell and the other companies in the Shell group), but as was to be expected, others are target group specific.

It is probably unrealistic to expect companies to ask whether their readers feel that the information is reliable and trustworthy and readers to provide a valid and reliable answer. So in dealing with the fourth question, which focuses on usability, there is little data to base an assessment of the first part of the issue on. It is, however, impossible for reliability and trustworthiness to be perceived to be guaranteed until an external audit of social reports is provided for. This is too complex a conceptual and methodological issue to treat in the framework of this article — a few pros and cons are beginning to be heard (e.g., v. Wysocki, 1981; Fischer-Winkelmann, 1980); a great deal more work and innovation is required here. As to the second part of this question (is the information presented in a way which is perceived to be useful?), somewhat more feedback has been collected. Gehrmann's respondents confirmed that the more specific the information, the more obvious its relevance to the interests of the reader, the better; and that the use of social indicators should be increased. A strong warning was expressed against developing too scientific an approach to the presentation of information, thereby seriously reducing its potential usability by the key target groups. Shell concentrated more than half of the survey questions on the presentation of the information (attractiveness, clarity of structure, balance between text, graphics, photographs, and language) and received good to very good ratings on all points.

Without question, the results of these few surveys are sketchy at best, and clear specific guidelines for the development of more useful reports probably cannot be derived from them. Suffice for now, however, to conclude from these various forms of feedback that target groups perceive the concept of corporate social responsiveness to be significant and relevant,

and see social reporting as a promising instrument in implementing this concept.[1] Its operationalization is largely judged positively. The studies also reveal that the level of concept awareness has developed far enough in certain target groups to permit the identification of information needs which could be satisfied by social reports, showing that the time has come for more specific and comprehensive research on detailing these needs.

If, as seen, it is difficult to measure the ultimate usefulness of social reporting at this point in time, it is almost impossible to measure the actual use. Of course, the entire exercise of social reporting is sterile if it has no real impact on behaviour. But how can decisions and actions be attributed to the report? Some insights can be gained from statements made by management and by stakeholders. For example, managers confirm that the process of putting together a social report is useful for exploring future policy (Bauer, 1973; Migros, 1978; Welbergen, 1978, p.10). And they find the social report useful for internal performance evaluation, particularly when based on the concept of goal accounting (Brennan, 1979, p.150; Migros, 1978, 1980; Welbergen, 1978, p.11).

Over and above such statements, however, the indirect impact of social reporting is of central importance. While this is impossible to measure, the significance of this aspect should not be underestimated. It is logical that the very fact that companies collect and publish information on their social impacts influences their behavior. The actual process of preparing the report and the act of making it available to the public in itself have an impact on business decision-making. In this sense, the social report functions similarly to the traditional financial report — its existence serves to monitor and control business behavior, even without extensive and detailed use by the majority of target groups. Do shareholders really read conventional annual reports? Probably most do not, but the fact that they could and that the media can analyse the data has an important impact on business behavior. This impact cannot be quantified, but it must be borne in mind in evaluating the usefulness and actual use of social reports and in developing strategies for their future.

BIBLIOGRAPHY

Bauer, R. A., The State of the Art of Social Auditing, in Dierkes, M. and Bauer, R. (eds) *Corporate Social Accounting* (New York/Washington/London: Praeger, 1973)

Brennan, D. P., Managing Social Issues by Objectives in US Department of Commerce Report of the Task Force on Social Performance, *Corporate Social Reporting in the United States and Western Europe* (Washington: US-Department of Commerce, 1979)

Dierkes, M., Corporate Social Reporting in Germany: Conceptual Developments and Practical Experience *Accounting, Organizations and Society* (1979) pp. 87–107.

Dierkes, M. & Ullman, A., Sozialenquête: Wird die Offensive blockiert? *Managermagazin* (1979)

Dierkes, M., Corporate Social Reporting and Performance in Germany, in Preston, L. E. (ed) *Research in Corporate Social Performance and Policy*, Vol. II (Greenwich, CT: JAI Press, 1980)

Dierkes, M. & Hoff, A., Sozialbilanzen und gesellschaftsbezogene Rechnungslegung in der Bundesrepublik Deutschland, in Hoffman–Nowotny, H.-J., (ed) *Sozialbilanzierung — Soziale Indikatoren* VII (Frankfurt/New York: Campus, 1981)

Fischer-Winkelmann, W., *Gesellschaftsorientierte Unternehmensrechnung* (München: Franz Vahlen, 1980)

Gehrmann, F., Sozialbilanzen und Informationsbedürfnisse Paper presented at a workshop on Corporate Social Reporting, Science Centre Berlin, 29–30 October, 1981 (mimeo)

[1] Similar results were obtained in a study conducted in the United States by Mirvis & Lawler (1983) who emphasize the key role of feedback processes. See their case studies for interesting insights into problem identification and behavioral change processes.

Gehrmann, F. & Lemmbach, W. K., Erwartungen von Arbeitnehmern an Sozialbilanzen — Ergebnisse einer empirischen Erhebung, in Hoffmann-Nowotny, H.-J. (ed) *Sozialbialanzierung — Soziale Indikatoren VII* (Frankfurt/New York: Campus, 1981)

Johnston, D. C.-H., The Management and Measurement of Corporate Social Performance, in US-Department of Commerce Report of the Task Force on Social Performance, *Corporate Social Reporting in the United States and Western Europe* (Washington: US Department of Commerce, 1979)

Migros Genossenschaftsbund, *Sozialbilanz 1978.*

Migros Genossenschaftsbund, *Sozialbilanz 1980.*

Migros Genossenschaftsbund, *Dritte M-Sozialbilanz* (1983)

Mirvis, P. & Lawler III, E. E., Systems are not Solutions, in *Accounting, Organizations and Society* (1983) pp. 175–190.

Preston, L. E. (ed), *Research in Corporate Social Performance and Policy*, Vol. I (Greenwich, CT: JAI Press, 1978)

Preston, L. E. (ed), *Research in Corporate Social Performance and Policy*, Vol. II (Greenwich, Connecticut: JAI Press, 1980)

Preston, L. E., Analysing Corporate Social Performance: Methods and Results in Midgley, K. (ed.) *Management Accountability and Corporate Governance* (London: Macmillan, 1982)

Preston, L. E., Rey, F. & Dierkes, M. (1978)

Rey, F., Corporate Social Performance and Reporting in France in Preston, L. E., (ed), *Research in Corporate Social Performance and Policy*, Vol. II (Greenwich, CT: JAI Press, 1980)

Schredelseker, K., Die französische Sozialbilanz — ein Vorbild für Deutschland? Paper presented at a workshop on Corporate Social Reporting, Science Centre Berlin, 29–30 October, 1981 (mimeo)

Deutsche Shell AG, Geschäftsberichte/Sozialbilanzen 1979, 1980, 1981.

Sorg, P., *Aufgabe der innerbetrieblichen Information für Mitarbeiter und Messung inbrer Wirksamkeit* (Berlin: Dissertation at the Technical University, Dec. 1983)

Welbergen, J. C., Sozialbilanz: Das Konzept einer unternehmenszielbezogenen Berichterstattung, *Der Volks — und Betriebswirt* (1978)

Wysocki, K. v., Das Unternehmen in seiner Umwelt: Möglichkeiten und Grenzen der Sozialbilanz, in Pieroth, E., (ed) *Sozialbilanzen in der Bundesrepublik Deutschland* (Düsseldorf/Wein: Econ Verlag, 1978)