Analyzing the quality, meaning and accountability of organizational reporting and communication: Directions for future research

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\textbf{ABSTRACT}

The aim of this paper is to promote further research that analyzes the quality, meaning and accountability of organizational reporting and corporate communication. These issues are critical if accounting is to satisfy its role by providing information to the public. In this paper, we conclude this special issue by reiterating the potential for research that takes interpretive and qualitative approaches, in their various guises, to the study of organizational reporting and communication. We briefly outline this growing field of research and then highlight the areas where we believe future research is needed. In doing so, we draw on Thompson’s (1990) tripartite framework. This paper provides an overview of some of the avenues for future research, which will hopefully encourage and guide researchers in this area.

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1. Introduction

This paper concludes this special issue of Accounting Forum focused on the quality, meaning and accountability of organizational reporting and communication. While recognizing the contribution to this field of study made by each paper, it is argued that further research could benefit from utilizing the insights from interpretive and qualitative methodologies. These methodologies provide theoretical structures to further analyze the quality, meaning and accountability implicit in organizational reporting and communication. We argue for a move away from the ‘safety’ of quantitative based content analysis toward the more unfamiliar territory of interpretive and qualitative methodologies (e.g., narrative, rhetorical, visual and discursive methods). These approaches have the potential to improve our understanding of organizational communication and its role in accountability processes.

To achieve these aims, this paper is structured as follows. First, we introduce our argument that interpretivist and qualitative approaches are needed to analyze organizational reporting and communication. The growing accounting literature in this area is then discussed to highlight previous research on business communication and reporting. Third, this concluding paper provides an overview of some future potential research areas. Some final comments conclude the paper.

2. Why interpretive and qualitative approaches are needed

Accounting research analyzes the notions of quality, meaning and accountability. Dominant among the current methods used within this research are content analysis, word/sentence counts, a concern with syntactical and other form-oriented...
linguistic structures (e.g., active/passive verbs and personal pronouns), readability measures, and an assessment of the relative proportion of good/bad news (e.g., Clatworthy & Jones, 2003; 2006; Deegan & Gordon, 1996; Hackston & Milne, 1996; Patten, 1991, 1992; see also Jones & Shoemaker, 1994). Typically, this research uses quantitative volume and proportion measures and the proportion measures of textual characteristics to draw statistical inferences about the types and intent of narrative annual report disclosures. In some instances, there has been a focus on the relative quality of the annual report disclosures (e.g., Beck, Campbell, & Shrive, 2010; Chapman & Milne, 2004; Hasseldine, Salama, & Toms, 2005; Milne, Tregidga, & Walton, 2003; Raar, 2002; Toms, 2002; van Staden & Hooks, 2007; Wiseman, 1982), but even in these instances, the issues are often addressed using quantitative surrogates.

The ‘nature’ and ‘meaning’ of reporting and communication and their ‘effects’ however, have until fairly recently appeared to be of significantly less interest to researchers. Similarly, while much is known about the content of formal reports, much less is known about ad hoc communications such as CEO speeches, corporate press releases, organizational submissions to legislative processes and, perhaps of growing importance, corporate communication via social media and networking sites. How organizational reporting and communication is constructed and its potential consequences (both intended and unintended) is, we argue, an important area of accounting research that remains in a state of development. Interestingly, there is little known about the messages that these reports and communications entail and the manner in which they are crafted and why they are produced and communicated. The process and context of reporting and other communications and the production and consumption/interpretation of the messages contained within are in need of further investigation. Moreover, little is known about the manner in which, for example, non-government organizations (NGOs), social movement organizations (SMOs) and others seek to interpret, dispute and counter these organizational communications. The studies on shadow/silent reports and social audits by Dey et al. (discussed below) are reflective of this research genre.

Taking a broader interpretive and qualitative perspective, we suggest, not only opens up organizational reporting and communications research to a variety of alternative research approaches but also enables a more explicit theorization of the politics of communication. As Friedman and Miles (2004, p. 5) note, we need to view the stakeholder communication practice as ‘decentered’ from the organization, and we need to focus on the message reception and counter messages as much as on the organizational messages. Owen (2008) too, in his overview of social and environmental accounting research, calls for researchers to eschew their managerial principles in favor of “researching social movements and working directly with stakeholder groups” (2008, p. 240). The role of intermediaries (e.g., PR consultants) and the media are also crucial in this communication contest. Put another way, and consistent with approaches taken to accounting (reports) by Cooper and Sherer (1984), Neimark (1992), Lehman (1992) and Collison (2003), public relations are viewed by Moloney (2000, 2004) as ‘weak’ propaganda and seen as part of a pluralistic society in which value-laden, self-interested (but not necessarily knowingly deceptive) messages compete for attention and advantage. Messages are presented, (more or less) scrutinized, (more or less) countered and, on the basis of these contests, policy or opinion advantages emerge. Within the management literature, Phillips, Lawrence, and Hardy (2004) have called for institutional theory to focus on the processes that bring about institutions and legitimacy, to take a discursive approach to refocus attention on power and politics, and to recognize that actors act and communicate with political purposes to gain particular ends. They suggest (Phillips et al., 2004, p. 646) a need to examine not only the content of texts but also their trajectories – where texts emanate from, how they are used by organizational actors, and what connections are established between texts. More recently, Hardy (2011) reiterates the importance of communication as an interaction between the sender and the recipient and identifies the importance of consumption, as well as production, in the consideration of the intentionality of communication.

While impression management, public relations, and notions of corporate legitimization are often attached as explanations for organizational communication, we would argue that these notions are often only superficially researched in much of the accounting literature using relatively crude indicators (e.g., volumes of disclosures and percentage of good news/bad news). Despite the growth of interpretive and qualitative approaches to organizational reporting and communication in the accounting literature, we would argue that there is still a need for accounting research that takes seriously the public relations, rhetorical, propaganda and political aspects of corporate messages as presented through annual reports, stand-alone reports, media releases, and other organizational communications, as well as their creation, reception and contestation. We discuss some of the current literature that takes the approaches that we consider in need of expansion in the accounting literature before outlining the potential avenues for future investigations.

3. The growth of interpretive and qualitative approaches in analyzing organizational reporting and communication

Further engagement of the accounting disciplines with interpretive and qualitative approaches can be seen as both a reflection of, and an addition to, the growing interest and appeal of these types of studies within accounting and beyond (in particular, in the management and communication literature). We acknowledge that interpretive and qualitative approaches to studying organizational reporting and communication are by no means new. However, we would argue that despite the growing literature, this research is still lacking (especially when compared to its quantitative counterparts) and note that where this research has been undertaken, it tends to be focused on a small number of areas.

Three such areas of existing and growing literature are: the analyses of Chairman and Chief Executive Officer (CEO) statements within annual, and more recently sustainability, reports; social and environmental research; and the analysis of counter accounts. Here, we discuss these three areas. This discussion highlights the value of this research and also identifies
areas where this research could be expanded or built on, and new areas where opportunities to contribute to knowledge exist.

The first area of research that often takes interpretive and qualitative approaches to analyzing notions of quality, meaning and accountability as advocated here, are those studies that investigate CEO and/or Chairman’s statements or letters within corporate reports. It is argued that CEO letters are the most powerful section in corporate reports (Amerinic, Craig, & Tourish, 2007, 2010), and they are considered to have political and cultural influence (Amerinic and Craig, 2004; see also Amerinic et al., 2007; Makela & Laine, 2011).

Amerinic, Craig and colleagues have produced a series of publications analyzing the various aspects of CEO messages and letters to shareholders from various companies (see, Amerinic & Craig, 2000, 2001, 2004; Amerinic et al., 2007, 2010; Craig & Amerinic, 2008). These analyses have investigated various aspects of these corporate communications, all of which look at the role of language, metaphor and/or ideology. Makela and Laine (2011) also study CEO letters in their analysis of two Finnish companies. Here, their interest is in the language used in the annual reports in relation to the sustainability reports and how corporate reporting can be used to reinforce or serve particular worldviews.

Research studying organizational communication in relation to the environment and society is numerous. Many of these studies do not specifically examine corporate social and environmental reports in all of their guises (e.g., triple bottom line reports, sustainability reports, and, more recently, integrated reports), for example, Ice (1991), Livesey (1999, 2001, 2002a), Milne, Kearins, and Walton (2006) and Tsoukas (1999), but many do. Buhr and Rieter (2006), Laine (2009), and Tregidga and Milne (2006), while analyzing reports in different geographical locations (i.e., Canada, Finland and New Zealand), each explore how meaning is constructed within social and environmental reports over time within a single company. Livesey’s (2002b) analysis also focuses on a single organization’s report, Royal Dutch/Shell, but concentrates on a single year’s reporting. Social and environmental reporting studies that consider multiple reporters include a study by Livesey and Kearins (2002), who engage in a discourse analysis of corporate sustainability reports by two leading international reporters, Body Shop and Shell. Laine (2005, 2010) and Milne, Tregidga, and Walton (2009) also consider multiple reporters and take a more context- or country-based analysis of reports.

Notably, all of the examples above, both in relation to the analysis of the CEO/Chairman’s letters and the social and environmental reports, focus explicitly on the message and, in the case of research on social and environmental reporting, on the constructions of environmentalism, sustainability or sustainable development. None of these examples focus specifically on stakeholder engagement or other dimensions of corporate discourse or on analysis beyond the text itself. The third and final area of research discussed here does not focus on the corporate message as such but seeks to counter the message.

Research that examines the resistance to corporate communication, generally to corporate reporting, also has a presence in the literature. Shadow or silent accounting and reporting (see Dey, 2003, 2007) is a practice that has been adopted by some international non-governmental organizations and social movement organizations (see, for example, ASH, 2002; FoE, 2003; War on Want, 2007). These reports provide a counter-narrative by “reporting [often negative] information and facts about the company that appear in the press and elsewhere” (Ruffing, 2007, p. 9; see also Dey, 2003, 2007; Dey, Russell, & Thomson, 2011). Shadow reporting seeks to problematize the communication of an organization and makes alternative representations visible. Adams (2004) too, while not explicitly focusing on language and the construction of messages, shows how reporting and performance ‘gaps’ might be exposed, and consequently accountability questioned, by drawing on extra-organizational communication available in other media. Shadow reporting therefore has significant emancipatory potential (Gallhofer & Haslam, 2006; Spence, 2007). While these types of studies on the resistance to corporate reporting and communication do exist in the literature, we suggest below that this is one area that is ripe for further research that tackles the issues of quality, meaning and accountability.

This brief examination indicates that relatively scant attention is paid to the process and context of reporting, in contrast to the attention paid to the reports themselves. Furthermore, there is a lack of studies beyond corporate reports that include speeches, corporate press releases, and advertisements within the accounting literature (see, for example, Erkama and Vaara, 2010 for an analysis of a range of organizational communication). In the following section, we suggest several research areas where further research could be pursued. While these suggestions do not provide an exhaustive list, they do, we suggest, provide a point of departure and are intended to encourage further consideration of the potential for interpretive and qualitative research in the analysis of organizational reporting and communication.

4. An overview of some research areas that could be pursued

In outlining some (but by no means all) of the potential areas of research where interpretive and qualitative methodologies would be beneficial to the analysis of organizational reporting and communication, we draw on Thompson’s (1990) tripartite approach. Thompson’s tripartite approach “was proposed as a method for studying symbolic constructions represented in media where there is a division between the production and reception of messages” (Arnold, 1998, p. 674). Thompson’s (1990) tripartite approach consists of the following: (1) a socio-historical analysis of the production and transmission of the message; (2) an analysis of the construction of the message; and (3) a socio-historical analysis of the reception and appropriation of the message. Noting a division between the production and consumption of organizational reporting and communication, similar to that identified by Thompson in relation to media messages, we draw on Thompson’s (1990) approach to identify the areas where interpretive and qualitative methodologies could contribute to future research. In doing so, we must note that the intent of Thompson’s approach was to examine all aspects of communication (i.e., production,
construction and consumption) rather than the individual aspects of the tripartite approach. We acknowledge that taking a holistic approach to Thompson’s framework has value (see Ferguson, 2007 for a discussion of the value of this type of approach); however, for ease of presentation and clarity, we present distinct areas for future research under each of the three aspects of the framework.

Thompson’s (1990) tripartite approach, by acknowledging the distance between the production and the consumption of messages, allows the complexity of the communication process to be recognized while indicating the domains where consideration is needed in the analysis of symbolic constructions. We suggest that it is difficult to do justice to the analysis of texts and their effects without considering the complex process of message production and consumption and acknowledging the context within which the producers, texts and audiences are situated and interact. Various interpretive and qualitative approaches provide a means and a focus for these links by recognizing the complexity involved. We now identify areas where these interpretive and qualitative approaches might be used. We do not advocate for a total retreat from the textual archive and the relative comfort and ease of the ‘desk’ analysis of the reporting and communication documents that the textual archive affords. However, we do explicitly recognize below the potential to enhance our understanding of organizational reporting and communication in relation to its quality, meaning and accountability through other methods of data collection including interviews, observations, experiments, and an expanded communications ‘database’ beyond the actual reports.

4.1. The production and transmission of the message

The first domain identified by Thompson’s (1990) tripartite approach and isolated by Arnold (1998) is the socio-historical analysis of the production and transmission of the message. We would argue that one gap in the literature on organizational reporting and communication research in accounting is in relation to the production of the messages. It is noted that research is needed to better understand the factors and motives evident in the production of the organizational message; therefore, we suggest that socio-historical analyses that explicitly theorize about the production of organizational messages using interpretive and qualitative perspectives and methods are needed.

Opportunities exist for researchers that take the interpretive and qualitative perspectives and approaches to the analysis of the socio-historical production of organizational reporting and communication and the messages therein. Studies analyzing report production could consider the institutions that promote or support reporting in various locales (see Levy, Brown, & de Jong, 2010, and Milne et al., 2009 for examples from the sustainability reporting context), investigate the advice or other messages that these groups have given over time and track leader–follower behaviors through a focus on intertextuality and/or interviews with those promoters or supporters. More generally, in relation to organizational communication, a further interview focus could be on why the message/report was written, what was ‘meant’ or intended by the message, and an analysis of the report producers’ reactions to the content of their messages and reports. Published research in this area has sought to investigate the motives of managers or report writers and the factors associated with the production of the report (for example, see Adams, 2002; Campbell, 2000) rather than an investigation of why managers/message writers say what they say, or why they say some things and not others. Studies analyzing the construction of the message or messages, such as the choices made when deciding on ‘what is to be said’ and ‘how it is to be said’ could be undertaken, focusing on the use of particular language choices, language tools (i.e., metaphors), and publication style (i.e., layout and use of images). In a bid to get beyond corporate platitudes and generalities, we advocate seeking out the actual message writers and focusing attention on specific features and examples of text. Opportunities for ethnographic research could also be sought out, wherein a participant–observer can sit alongside the message producers and attend meetings where the elements of message construction are discussed and decisions are made on orientation and content.

These studies need to recognize, however, the inseparable relationship between text and context and therefore should consider how context (i.e., in the message context, for example, the Global Reporting Initiative (GRI) in the social and environmental reporting context, and also in the organizational context, such as the organizational culture and place/location) affects the production of these organizational messages. We suggest that this level of understanding of the production of organizational reporting and communication is an important element in achieving a more holistic insight into organizational reporting and communication in relation to its quality and meaning and the discharge of accountability.

4.2. The construction of the message

The second domain identified by Thompson (1990) and isolated by Arnold (1998) is the analysis of the construction of the message. As noted above, we suggest that research into ‘what is said and what is not said’ and, in particular, ‘how it is said,’ is required. As noted above, the previous research in the analyses of CEO or Chairman’s letters and sustainability reports had begun to analyze the corporate construction of messages. However, these have been somewhat limited and further studies along these avenues and beyond are needed. For example, while the concept of sustainable development has been fairly well investigated within corporate reports, how concepts (such as corporate social responsibility/citizenship and nature) and individuals or groups (such as stakeholders and organizations themselves) are represented within the texts is also worthy of investigation. Furthermore, the analysis of the relationships between organizations and stakeholders (e.g., organizations and indigenous peoples, and organizations and the environment) need to be explored to examine how these relationships are portrayed and enacted within organizational reports and communication. This research could begin with the reporting archive itself or it could gain permission to interrogate other corporate documentation, such as stakeholder surveys, and
seek out the connections between that information and what ultimately appears in the reports and other organizational messages.

We would also advocate for a move away from organizational documentation to include the analysis of the messages constructed by the groups and individuals who seek to interact with or even resist the organization. Again, this research could usefully connect with the report producers through interviews. This research could also involve attendance at organization–stakeholder meetings as a participant observer comparing the discussion there to the ensuing report/message (e.g., media release) content. Further comparisons could be undertaken across a range of organizational communications, such as comparing the material appearing in reports, websites, publicity materials and advertising materials. These are areas where future research could provide insight into the construction of the corporate message and into the intended and/or avowedly unintended messages and accounts contained within.

4.3. The socio-historical analysis of the reception and appropriation of the message

The third domain proposed in the study of symbolic constructions by Thompson (1990) is a socio-historical analysis of the reception (or consumption) and appropriation (or interpretation) of the message. This is another gap in the accounting research on organizational reporting and communication. How readers interpret, or respond to, organizational messages is an area that requires further investigation because relatively little is known about how potential, intended and unintended audiences react to the organizational message in reports and other communication mediums. Previous studies (for example, Milne & Chan, 1999; Milne & Patten, 2002; Dwyer, Unerman, & Bradely, 2005; Tilt, 1994) have tended to focus on the perceived value of the reports to stakeholder decision needs or other such aspects and, therefore, issues such as credibility and usefulness have been of interest. Exploring the impact of language on users is, as yet, not investigated in the accounting literature; consequently, we know very little about the consumption and interpretation of these messages. Furthermore, and despite legitimacy theory remaining a dominant explanatory argument for corporate environmental reporting, the legitimization potential of this language has not been substantively investigated. Questions such as who the audiences (both intended and unintended) are, how they read the reports and other communication, what they focus on in the reports and messages, and why they read these communications are open for analysis. Access to report, newsletter and media release distribution lists and readers’ feedback, where the latter is collected by the organization, could be sought or collected by the researcher. Interviews with, and surveys of, audiences – eliciting responses from the readers and the non-readers – are central to understanding the usefulness of both individual messages and the communication genre (e.g., reporting practice) as a whole. For example, it would be interesting to know whether reporting information met or even exceeded readers’ expectations. Participant observation in events such as reporting award decision meetings, if possible, could add another dimension that is lacking in the accounting literature. Experiments with groups of readers such as business students could also enhance the understanding of the message reception.

We suggest that a key contribution of interpretive and qualitative methodologies is the ability to investigate how language and corporate communication does and does not bring about corporate legitimization. How corporate legitimacy is (or might be) produced through the communication process (at all stages of Thompson’s tripartite framework) and its context is an issue for critical analysis. Such analyses focus us on the political aspects of discursive struggle that can remain hidden in the textual archive. While literature (e.g., Gray, Kouhy, & Lavers, 1995; Larrinaga-Gonzalez & Bebbington, 2001; O’Dwyer, 2003; Owen, Swift, & Hunt, 2001) refers to issues of ‘capture,’ ‘appropriation,’ and ‘agendas’ in the corporate social and environmental accounting literature, we suggest that further studies employing the interpretive and qualitative research methodologies in all of their variants can add insight into the more subtle aspects of these notions (see Lehman, 2011a, 2011b).

Owen, Gray, and Bebbington (1997) assert that capture is a complex idea involving subtle processes. With capture, the language use within reports, which produce legitimacy intentionally or otherwise, is open to investigation through these interpretive and qualitative perspectives. Previously, a large portion of research, in particular in the social and environmental accounting field,1 has employed content analysis and has argued that more disclosure is an attempt to produce legitimacy. However, despite the growing literature discussed above, little is being said about the nature of reporting and other disclosures in terms of the language that they use (including what is included and excluded and the adaptation and translation of social issues) and the effect of this language on audiences. If corporate social and environmental reporting helps produce legitimacy, how does this occur? Who is persuaded and by what are they persuaded? Who is neutralized, deflected, disarmed, and by what and how are these effects produced? Careful qualitative and interpretive studies of organizational texts are suggestive of these possible effects, but we know little about them in terms of real organizational stakeholders. We foresee that various interpretative and qualitative studies will potentially provide a framework for the development and extension of legitimacy theory, an extension that we suggest would be useful in analyzing organizational reporting and communication. For example, various discursive approaches facilitate the investigation and production of truths and power and the legitimization effects that they produce.

Various interpretive and qualitative approaches also allow the micro and macro contexts to be linked. We identify the text–context relationship as being fundamental to the analysis of organizational communication and advocate for the

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1 We also note that content analysis has been extensively used in the analysis of intellectual capital reporting.
consideration of the text–context relationship in future analyses. In recognizing the effect of context on text, and also the reverse effect of text on context, researchers can gain insight into organizational messages. We suggest that there is a further need to understand the role of micro-contextual factors such as auditing, verification, the use of guidelines such as the GRI, and reporting awards at the organizational level. In addition, macro-contextual factors, regulations, media and political discourse also need to be understood in the analysis of the production, construction and consumption of organizational messages. As already identified by Laine (2005, 2009, 2010), Livesey (2002a), Milne et al. (2009) and Tregidga and Milne (2006), there are clear and evident links between the text and the context in the construction of corporate messages. These studies begin exploring the links between texts and their contexts through an analysis of language and discourse. We suggest, however, that the potential for interpretative and qualitative analysis to aid understanding in this area remains unrealized.

5. Concluding comments

This special issue and the papers within contribute to knowledge of organizational reporting and communication. Several papers highlight the potential for different interpretive and qualitative analyses to contribute to knowledge of organizational reporting and communication. However, in returning here to the range of different areas where these studies would be beneficial above, we reassert our opening position that more studies analyzing the notions of meaning, quality and accountability in organizational reporting and communication are needed because an examination of how organizational reporting and communication is constructed and its potential consequences (both intended and unintended) remains underdeveloped.

Indeed, we note that all of the papers in this special issue focus on the construction of the message and, therefore, are situated in the second domain of Thompson’s framework. While the paper by Higgins and Walker focuses on the potential persuasive effects of the message on the consumer, they concentrate on the message itself rather than on the consumers of the message. While further studies concentrating on the message are important, when investigating notions such as intentionality for example, it will be necessary to go beyond the message to include its production and consumption (Hardy, 2011).

We would argue that accounting researchers have tended to favor the message in analyses of organizational reporting and communication and the comfort that this documentation analysis affords. While continuing this research, we must also move beyond a concentration on the message itself to undertake research that is situated in the first and third domains of Thompson’s tripartite framework, and ideally, research that analyzes instances of organizational reporting and communication across the entire process from the production and transmission of the message to the reception and appropriation of the message.

To understand organizational reporting and communication, its meanings and effects, we must have more diverse and holistic accounts and analyses. We hope that those who are reading this special issue will contribute to the field in which the papers discussed within are located and will contribute to the growing literature analyzing the quality, meaning and accountability of organizational reporting and communication.

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