20th International Scientific Conference Economics and Management - 2015 (ICEM-2015)

Quality of Corporate Social Responsibility Information

Sviesa Leitoniene[a],*, Alfreda Sapkauskiene[b]

[a,b]*Kaunas University of Technology, K. Donelaicio 73, Kaunas, LT-44309, Lithuania*

Abstract

According to the analysis of literature of accounting, the companies use CSR reports in order to identify and to validate their socially responsible activities, to fulfil their responsibility to stakeholders, to manage public impressions and to improve their image and reputation. To achieve these objectives, companies must disclose quality information, which includes important features of the report such as relevance, reliability, comparability. The purpose is to analyze the concept of quality of social information and to examine the quality of the information given by the socially responsible corporates. Particularly, this article systematizes the research, which examines the quality of social information. Following, there is a content analysis and quality index of social information of socially responsible companies in Lithuania. Study has showed that the quality index of joint stock companies is higher, which belong to those sectors which have a significant impact on the environment, i.e., manufacturing, energy and telecommunications.

Introduction

Social responsibility is a policy and practice of organizations, when the company voluntarily integrates social and environmental issues in its activity which combines harmoniously with economic interests and also with the relationships with all stakeholders, guided by respect for the individual, society and the environment. In order to inform the public about the policies in this area, it provides information in a variety of ways: annual reports, environmental reports, CSR reports, sustainability reports and various data on their websites. The recent

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* Tel.: +370-699-55385.
  E-mail address: sviesa.leitoniene@ktu.lt

development of CSR highlights the role of social accounting, which includes collecting social and environmental information, analysis and presentation for stakeholders.

The social information is defined when company provides information about different social issues, which may also affect the activity of the company, for example, information related with employees, community, social, environmental and other ethical issues.

Change in disclosure of information has led that some scientists analyze the reasons and factors that determine the company's manager's decision of social reporting. Another part of the research is designed to determine the quality of social information. It is often analyzed as the quality of accounting principles and the quality of the financial statements. However, the complexity, sensitivity and subjectivity of the concept imply that it is still difficult to assess it. Moreover, not all of the criteria of quality of financial information are relevant in assessing the quality of social information. The question of the research is how to determine the quality of social information.

Therefore, the purpose of this research is to analyze the concept of quality of social information and examine the quality of the information given by the socially responsible corporates in Lithuania.

In particular, this paper analyzes and systematizes the earlier research, which examines the quality of social information. And then there is a content analysis of social information of socially responsible companies in Lithuania.

1. Characteristics of quality social information

According to Habek and Wolniak (in 2015), today, we can observe a growing number of companies, which prepare CSR or similar reports, but the quality of disclosed information varies. Recently, through various technologies, disclosure of these reports has become simpler and public interest in social responsibility is constantly increasing, and as a result, problem in the quality of information provided by a socially responsible company has risen. The quality of CSR reporting depends from the ways that the information is disclosed. Although it is a welcome gesture, when in some cases companies behave socially responsibly and they decide to inform stakeholders, they often focus on volume rather than quality.

To find out whether quality of the company provided social responsibility information is good, it is needed to first define the concept of the same quality, because not everyone understands equally the information disclosed. For quality as an object which type is complex, sensitive and subjective, there are difficulties in assessing it. Usually, quality is defining as the good properties of the object, its compliance with certain standards or exceedance.

IFRS specifies that the quality of disclosure of financial information must have the following two fundamental characteristics: relevance and faithful representation. There are also these enhancing characteristics distinguished: comparability, verifiability, timeline, understandability. Meanwhile, a lot of discussion still isfor the concept of quality and the characteristics of social information that is voluntarily disclosed (Boesse, Kumar, 2007; Whittington, Ekara 2013). For example, Habek and Wolniak (in 2015) defines the quality of CSR information on two characteristics such as information credibility and relevance of information. Whittington and Ekara (2013) assign the quality of information, in addition to those already mentioned two main characteristics, i.e., relevance and reliability, and comparability.

Boesse, Kumar (2007) specifies further characteristics of the quality. They indicate the characteristics such as type of information (qualitative and quantitative), nature of information (financial and non-financial), information outlook (forward looking and historical). Meanwhile, Beretta, Bozzolan (2008) argues that there is no clear distribution between the quantity and quality of information disclosed. It is generally contemplated, that the amount of information influences the quality setting because measures of quantity are often used as a substitute for quality. However, this is not all characteristics describing the quality of the information. The characteristics can be various and can change depending on what is important and relevant for the evaluator. Analysis of empirical studies have shown that the assessment of quality of social reporting focuses on the scope of the report; style disclosure and analyzed themes; the abundance of stakeholder groups; the nature of the disclosure; the way in which news are published; information period; reporting frequencies and so on. It is also a way of submitting information is analyze.

2. Methodology of research of quality social information

According to Kuo, Yeh and Yu (2012), Barrett, Bozzolan (2008), Hooks, van Staden (2011), previous studies of the quality of information of corporate social responsibility can be divide into two main groups: based on volume, i.e. textual analysis (thematic content analysis, the study of clarity and linguistic analysis) and based on quality , i.e. calculation of disclosure index (often presented as evaluation of quality of disclosure). Methods based on volume do not care about quality or meaning of what is written, but they rather focus on the amount of information in a particular area of interest. They include measures, which disclosure the information in the annual reports by the quantity, social responsibility reports or websites, ie the number of pages, sentences or words, phrases, lines and so on (Dagiliene, Leitoniene, 2014). Each of these indicators has its limitations, i.e. pages can include images that do not have any information on the environmental or social activities, while the sentences and words can ignore the necessary information, which is presented in charts, graphs or tables. This method is good when you want to quickly get results that can be compared with each other. However, it is not very appropriate, in order to establish contacts and impacts.

Meanwhile, the methods are based on the quality are trying to assess the quality of information using a quality index. Disclosure quality index can be defined as an instrument that is designed to measure a number of indicators, which, when the aggregated indicators reveal the score, indicates the level of specific information disclosed. It is regarded as the practical and research-based tool, when elements of the index are selected on the basis of guidelines or other indicators that are presented in the literature, so using this technique, the researcher must first establish certain environmental and social responsibility issues. When disclosure of information is analyzed (the presence or absence of information) that is used in yes / no methodology for each subject. Moreover, after assessing the amount of information disclosed, it is employed coding system, which may be weighted (1-3 or 1-5) and a (0-1). Unweighted, i.e. binary, indicators can only measure the quantity of disclosure, but they ignore the quality of the information. Weighted disclosure indicators, that use 1-3 or even 5-point scale, are used to assess the quality of the information. Once each question is evaluated, the researcher determines the overall result of disclosure of information about social responsibility for each company and compares the results with each other (Sapkauskiene, Leitoniene, 2014; Kuo, Yeh ir Yu, 2012; Hooks, van Staden, 2011; Beretta, Bozzolan, 2008).

Although this method is often subjective, but it is much more comprehensive and allows a better assessment of the object under investigation, because it takes into account more parameters and include all information that does not matter in what form are the following: numerical, text or image. One of the major shortcomings of such an analysis is that it does not measure the extent of disclosure and do not reflect the emphasis that the company adds or not to each item or sentence. However, when different forms of disclosure such as a corporate social responsibility report and the website of the annual report, are compared, the weighted content analysis method is better than the calculation sentence, word or page proportions (Branco ir Rodrigues, 2008; Kuo, Yeh ir Yu, 2012).

Table 1. Characteristics of quality of social information

Index of quality of social information	Relevance	Access to information	Presented information is easily available; it is easy to find information of interest.
		Reporting frequency	Reporting frequency allows you to compare the evolution of CSR.
		Clarity and attractiveness	Structure of the report is a convenient and logical; use of graphs, charts is simple.
		Main components	Definition of the reporting period, the area, the target audience and so on.
		Statement of the person responsible	A word from CEO
		Feedback	Provided contacts, by which it is possible to express different views.
		Dialogue with stakeholders	Description of dialog (surveys, consultations, round tables and so on.) and its results
		CSR section	Possession and update of the CSR column on the website helps you quickly find the desired information.
	Reliability	Disclosure of CSR policy	Disclosure and presentation of CSR policy is clear.
		The details of targets	Presentation of specific targets reveals what is the aim and allows evaluating the results.
		Identification of stakeholders	The company identifies the stakeholders and names them.
		Exposure trends	Providing information on the same indicators and its comparison in every year.
		Description of achievement	Presentation of achievement in a particular field (environment, workplace, society).
		Sustainable development	The implementation of additional actions and programs.
		Integrating of CSR into business	It describes how CSR is included in the decision-making and basic processes.

In this this article the overall corporate social responsibility information disclosure quality index was calculated, consisting of 15 criteria, of which 8 - describes the reliability and 7 - the relevance of information (Table 1). The overall confidence index is obtained by evaluation of the accessibility, frequency, clarity and attractiveness of information, presentation of the main ingredients; a statement of the person responsible, ensuring feedback and dialogue among stakeholders. Meanwhile, the relevance of the information is evaluated according to the disclosure of social responsibility policy, detailing objectives, identification of stakeholders, retention trends, description of achievements, integration of social responsibility in business and sustainable development. For more accurate results, each of these variables was measured from 0 to 2. Using non-binary coding system increases the subjectivity of assessment, but better assesses the quality of the information. 0 is used if a specific criteria is not mentioned, 1 point - when the criteria of evaluation is only mentioned, and 2 points - when detailed information is disclosed. When the relevance and reliability of the information is evaluated, the overall index of the quality of information is calculated as the sum of the indicators of reliability and relevance of the information disclosed.

3. Results

As the object of study reports and information provided to the on the website Social Responsibility section of socially responsible companies in Lithuania were selected. It was the socially responsible companies, which are members of the United Nations Global Compact (72 Lithuanian companies were members in 2013) and members of Lithuanian Association of Responsible Business (34 social responsible companies). Not all of these companies provide regular information on their socially responsible activities. The reasons may be different corporate status, size and nature of the activity. Some of these companies did not provide any information, which would relate to their socially responsible activities. Thus, the study sample was 48 reports of socially responsible companies in Lithuania: 56 percent accounted for the large companies with more than 250 employees, 27 percent - average, while small companies account for 13 percent, and micro-companies - 4 percent of all companies. This suggests that large and medium-sized companies are often characterized by social responsibility and providence of social information. This is because these companies are more visible due to their size and activities that pose a greater environmental damage, and have more resources for socially responsible activities. Meanwhile, small and very small companies are less visible, and due to their size has little impact on the environment. However, these companies, even without sufficient funds and resources, feel socially responsible and find a way to integrate the activities and contribute to improving the environment.

The investigation showed that more than half, i.e. about 65 percent socially responsible companies, disclose information in the social responsibility and progress / sustainability reports, and as many as 16 companies belong to large, 10 - medium-sized, and even 5 small group of companies. All these companies have actively contributed to increasing social responsibility in Lithuania. This suggests that in order to be socially responsible and contribute to the various initiatives size is not the most important indicator; you only need willingness because even small work promotes behavior in a socially responsible way. Meanwhile, 35 percent of surveyed companies disclosed this information in their annual reports. It's true that the amount and the quality of information varied between individual companies and industry sectors. Companies that belong to an international group of companies often take the basic policy of the company, and their social responsibility to achieve results is included in the total Group Social Responsibility Report, which is often available only in English, which complicates the readability of this information.

Analysis of the companies by type of activity shows that most companies, about 48 percent of the survey, consisted of a joint-stock company, 31 percent - private limited company, 19 percent - public enterprises and organizations and 2 percent - departments of foreign companies. Indicators of reliability and relevance of the information disclosed in accordance with specific enterprise groups are calculated and presented in Table 2. The highest bit of confidence, as well as the relevance indicator is captured for the group of joint stock companies. This indicates that the disclosure of social responsibility-related information is up to date, relevant and meets the needs of users, and that the data is correct and not misleading. This attention to the quality of information determines the size, visibility and notoriety of the companies in this group. These companies with more both resources and personnel can devote more attention to social responsibility and information about its presentation.

The overall reliability of the information rate is 11.7 out of 16 points available in reports and 9.7 points - on the websites, i.e. 73 percent of information that is reported may be considered reliable, when reliable information is only about 49 percent on the websites. In assessing the relevance of information shows that the total indicator of relevance of information of the reports is equal to a 9.1 out of 14 points available and 7.3 points - on the website, i.e., 65 percent of information, which is reported, meets its users' needs, and 52 percent of companies constantly update the information on their websites.

Table 2. Indicators of reliability and relevance of social information disclosed by socially responsible companies

Group of companies	Number of companies	Reliability		Relevance		Quality index	
		Reports	Website	Reports	Website	Reports	Website
Average of the public institutions	9	9,2	6,8	5,8	6,3	15	13,1
Average of joint stock companies	23	12,9	9,9	10,2	9,4	23,1	19,3
Average of private limited companies	15	11,4	6,7	9,6	6,1	21	12,3
In common	48	11,5	7,8	9,1	7,3	20,6	15,1

By the results, the index of quality of social information in reports of 48 socially responsible companies, was calculated, which is equivalent to 20.6 of 30 possible points, i.e. about 70 percent of social information that is presented in companies' reports can be considered high quality. The highest quality information is disclosed, i.e. 29-30 out of 30 possible points, in even 4 reports of joint stock companies, while as many as 10 of the 30 points did not collect the 3 reports submitted by the public company. The scope of the report and also the presentation of irrelevant information for the stakeholder, influence the different quality of the information disclosed.

The study of quality of information that is disclosed in social responsibility section of the web site is carried out in accordance with the same methodology. In this case, the index of quality of social information is equal to 15.1 from 30 possible scores, i.e. 50 percent of companies provide quality social responsibility-related information on their websites. Minimum assessment of quality of information was in the websites of 4 companies that do not have the social responsibility section, and does not provide such information in the common section of their website.

Table 3. Reliability and relevance of the social information disclosed in different activities

Activities	Number of companies	Reliability		Relevance		Quality index	
		Reports	Website	Reports	Website	Reports	Website
Education	8	9,1	6,5	4,9	5,6	14	12,1
Financial and insurance activities	7	13,3	9,4	12,7	8,9	26	18,3
Manufacturing	7	12,3	10,4	8,4	10,4	20,7	20,8
Profesional, scientific and technical activities	5	12	7,2	10,2	7,2	22,2	14,4
Electricity, gas and steam supply	4	13,3	9	10,8	8,5	24,1	17,5
Information and communication	4	14,8	10	10,8	7,3	25,6	17,3
Transportation and storage	3	11	6,3	5	6,8	16	13,1
Utilities	3	11	6	9,7	6,3	20,7	12,3
Wholesale and retail trade	2	13	5	13	4	26	9
Human health and social work activities	2	9	2	9,5	0	18,5	2
Other service activities	2	8,5	6,5	3,5	8	12	14,5
Agriculture	1	15	11	11	12	26	23

As shown in Table 3, most of the analyzed companies are included in education (8 companies), finance (7 companies) and manufacturing (7 companies) sectors. Although education and financial sectors in carrying out their activities, have a low impact on the environment, but they are active in promoting and contributing to the dissemination of ideas of social responsibility, socially responsible awareness and education, support for responsible and sustainable projects. There is also a significant role of the consulting sector companies, e.g. professional, scientific and technical activities.

Result of the investigation index of the quality of information that is presented in the reports of companies in the financial sector, is equal to 26 of the 30 points available, i.e. about 87 percent of social responsibility-related information can be considered high quality. While the index of quality of information reporting of companies in the education sector are slightly lower, i.e. equal to 14 out of 30 possible points, but the index of consulting firms reaches even 22.2 points.

Meanwhile, interest in social responsibility is a little bit lower in sectors that have a significant impact on the environment. The exception would be companies of manufacturing (7 companies), energy (4 companies) and telecommunication (4 companies) sectors, which are aware of its responsibility towards the environment, society and their employees. Typically, large companies belong to these sectors, which are constantly monitored and are required to be responsible. For example, the index of quality of information that is presented in the reports of companies in the telecommunications sector, is equal to 25.6 of 30 possible points, ie about 85 percent of social responsibility-related information can be considered of high quality; and in the energy sector - 24.1. It should be noted that while the quality of social information that is disclosed in company reports, is higher in most sectors, but the production sector provides higher quality information on the Internet than reports, quality indexes are respectively 20.8 and 20.7.

Conclusions

Analysis of the literature showed that the two main characteristics that define the quality of both the financial and social information are the relevance and reliability. In addition, the research showed that the quality of disclosures of social information quality can be analyzed in two ways: through textual analysis and calculation of the index of disclosure. The latter method was used in this study. Although it is subjective, it is much more comprehensive, and allows a better assessment of the object under investigation.

Empirical research has shown that although social responsibility in Lithuania is still a relatively new phenomenon, but the number of companies enabling it is constantly increasing. In addition, more and more companies not only behave in a socially responsible way, but they also voluntarily inform interested parties about the socially responsible activities. And although the number of companies that provide social information is not big, there may be mentioned public institutions in education and consulting services sectors, as well as joint stock companies in the financial sector. However, the results of the quality of information showed that the quality index of joint stock companies is higher, which belong to those sectors which have a significant impact on the environment, i.e. manufacturing, energy and telecommunications.

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