



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

Helen Tregidga<sup>a,\*</sup>, Markus Milne<sup>b</sup>, Glen Lehman<sup>c</sup>

<sup>a</sup> Faculty of Business and Law, Auckland University of Technology, New Zealand

<sup>b</sup> College of Business and Economics, University of Canterbury, New Zealand

<sup>c</sup> School of Commerce, University of South Australia, Australia

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## 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

\* Corresponding author. Tel.: +64 9 921 9999.

E-mail address: [helen.tregidga@aut.ac.nz](mailto:helen.tregidga@aut.ac.nz) (H. Tregidga).

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, & Shrives, 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

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