

Track 4. Public affairs management

Swiss reporters and their reports

ABSTRACT

This paper presents and compares the outcomes of an annually repeated project, assessing the corporate reporting practice in the 250 largest Swiss companies, over a time frame of three years (2003-2005). Focusing on the quantitative and qualitative corporate sustainability disclosure, the study attempts a review of the Swiss corporate reporting practice by using a benchmark approach, as an alternative to content analysis, in order to supply best-practice examples for companies and open the door towards a more dialogical approach. Supported by the findings of Kolk (2003), Gray et al. (1995), Unermann (2000), etc. as well as critique aired by Thomson and Bebbington (2005), Solomon and Darby (2005) the study and its results are discussed in a practical context.

KEY WORDS: assessment, corporate reporting, sustainability, Swiss, benchmark

Introduction

Corporate disclosure and corporate reporting has enjoyed increasing visibility in press and public attention during the last decade. This growing awareness has no doubt been catalysed by the Brundtland report (WCED, 1987), Agenda 21 (UNCED, 1992), as well as the many international recommendations and frameworks such as those by CSR Europe (2000), the WBCSD (2002), and the European Commission's "green paper" (COM, 2001,2002) on corporate social responsibility and corporate sustainability reporting, leading the reporting process to move up on the corporate agenda from merely being a necessary evil, to keep in compliance with the financial reporting regulations, to become a communication tool increasingly used with some strategic intent. Although several reporting forerunners hoped to gain a competitive advantage by issuing reports of the new calibre, few were successful as the content poorly targeted the need of the key stakeholder groups (Andrews, 2002). Others did gain the sought attention with the first issued report but soon lost interest in the reporting

process when hitting the so called "plateau effect" (Wheeler and Elkington, 2001). Consequently, many argue for a re-invention of the reporting process (Wheeler and Elkinton, 2001, Isenmann, 2005a, Daub, 2005) where the frequency and format of the information is re-thought in order to dismiss the on-size-fits-all approach in favour of a pro-active value-adding concept.

The following paper will present and compare the outcomes of an annually repeated project, assessing the corporate reporting practice in the largest Swiss companies, over a time frame of three years (2003-2005). The aim of the project was to evaluate the current practice in corporate annual reporting with a focus on the integration of sustainability issues in terms of corporate disclosure and to supply best practice examples. Corporate disclosure is understood as to what extent a company reports on its responsibility towards society and nature and its impact thereon. The so called "Sustainability Reporting", defined by the World Business Council for Sustainable Development (WBCSD, 2002, p.7) "[...] as public reports by companies to provide internal and external stakeholders with a picture of the corporate position and activities on economic, environmental and social dimensions", is often considered a direct response to changes in society that have led to the increased monitoring and policing of companies by a critical public, that is demanding more ethical behaviour (Daub, 2005). In the academic discourse a host of terms were coined in this connection, of which 'corporate citizenship' (cc), 'corporate social responsibility' (csr) and 'corporate responsiveness' are probably the best known (Crane et al., 2004; Sethi, 1975; WBCSD, 1999). In their various connotations these terms describe the wide-ranging responsibility of a company towards its stakeholders and society as a whole. The first of the three aforementioned viewpoints is currently of particular interest to the academia, and to a certain degree to the early adaptors in business, in that it includes the political role of the company in upholding and protecting the rights of citizenship. These rights are defined as the civil rights, social rights and political rights of the citizen (Crane et al., 2004), which traditionally are administered by governments. Next to cc and csr, the

political concept of sustainable development, introduced in 1987 by the World Commission on Environment and Development and Mrs. Brundtland (WCED, 1987), has at length also gained some ground in the corporate sphere. Another important step was taken with the creation of Agenda 21, the United Nations programme of action from the Rio conference, in which the role of business and industry in the transition towards a more sustainable society is clearly outlined (UNCED, 1992, chapter 30). One of the key activities promoted by this document is the dialogue with employees and the public, here discussed in terms of corporate reporting. Moreover, the recommendations of CSR Europe (2000) on communicating corporate social responsibility and the work of international institutions such as AccountAbility (AA1000, 1999), SustainAbility and UNEP (2000, 2002), and the WBCSD (2002), in supplying practical examples and benchmarks etc., has assisted in the adoption of the relatively complicated theoretical framework into corporate management systems. The term sustainability will be used throughout the article for all variations mentioned above.

Needless to say, an assessment of the corporate reporting practice can only at best give evidence of commitments to, and strategies on, social and environmental responsibility, but not whether the corporation actually behaves accordingly. Much more is the extent to which (Swiss) companies today are willing to engage in the process of sustainable development, in taking on the ethical obligation (UNCED, 1992) to initiate the dialogue with its stakeholders, considered through this assessment. Hence the communication, and not the actions, of the corporation is assessed. Nevertheless, there are numerous ways to go about covering this theme and equally many critiques thereof. The article will meet some of the critique and explain the chosen track with support of earlier studies (e.g. Gray et al., 1995; Unermann, 2000; Zéghal and Ahmed, 1990). Given that the project is focused on the Swiss reporting practice, the outcomes inevitably generate somewhat of a "Swiss case". In following Unermann's example (2000) the first questions to answer would be: what do we assess? and how to measure disclosure?

Selecting the corporate reports

With a reasonably high degree of credibility, due to its regulated nature, the annual report is the preferred source in many studies covering the corporate disclosure on sustainability issues (Gray et al., 1995; Tilt, 1994). Others argue for including alternative sources of information next to the annual report, to avoid receiving an incomplete picture of the corporate disclosure (Guthrie and Parker, 1989; Harte and Owen, 1991). Zéghal and Ahmed (1990) go further and propose that other media, in addition to the printed reports, should be included in the assessment of the corporate disclosure on socially responsible behaviour, seeing as these might show to be more efficient and timely in communicating with a larger set of stakeholders. Although, this approach most probably would allow that more perspectives of the sustainability thematic would be considered, it would be virtually impossible to be sure to identify and include all communications in such an assessment (Gray et al., 1995).

Then again, other studies (e.g. SustainAbility and UNEP, 2002; Stratos, 2003; ACCA, 2004) have chosen to exclusively compare the non-financial reports in an attempt to measure the corporate disclosure on its behaviour and commitments to sustainability. This method was, for a number of reasons, not applicable to the Swiss study. For instance, with a research sample including the 250 largest Swiss companies (2004-2005, in 2003 the largest 100 companies) a large number of the assessed companies are SME's, who for the most part do not publish any reports next to their annual report, as of today. Hence, only assessing non-financial reports might mean excluding a whole host of reporters and possibly ignore vital information.

Finally, on agreeing with Unerman (2000, p.674) in that "...in an era when companies produce stand-alone reports reflecting aspects of their environmental performance and/or social impact, future studies focusing exclusively on annual reports might not produce particularly relevant results", it was clear that the assessment had to include supplementary sources to the annual

reports. However, to avoid the problem of identifying all communication (Gray et al., 1995) it was decided to restrict the data to include all reports included in the annual (sometimes biannual) reporting cycle, similar to the procedure used in the Shell study, presented by Unerman (2000). In addition to the printed material, web-based information was included when specifically referred to in the reports. Even though, ad hoc documents such as ads, press reports, commercials etc. referred to by Zéghal and Ahmed (1990) are useful in communicating with stakeholders, these were not included in the study.

General criticism and comments on corporate reporting

Criticism received from several sources regarding corporate reporting (e.g. Friedman and Miles, 2001; Thomson and Bebbington, 2005) provide proof of inadequacies in the corporate disclosure process between enterprises and one of their major stakeholder groups, the financial community. Using the term 'hidden curriculum' defined by Illich (1971, p.74) as "a ritual that can be considered the official initiation into modern society; institutionally established by the school", Thomson and Bebbington (2005) argue that sustainability reporting entails elements of taken-for-granted assumptions that keep up myths being taught, willingly or not, to persons in order to make their point. According to Thomson and Bebbington, this is current practice due to the corporate disclosure 'banking' type of pedagogy (Freire, 2004), which was defined by Solomon and Darby (2005, p.30) as "downloading information on students, without encouraging critical reflection", and stands for an oppressive form of education, accordingly. Projecting this theory on the reporting practice, Thomson and Bebbington (2005, p. 521) conclude that "the reports are there to tell a more or less passive audience that 'everything' is fine and to discourage further questioning of the organisation [..]", resulting in a reporting practice in which "[...] reports take the form of written accounts of selected impacts, using chosen quantitative and qualitative measures as well as carefully selected images [..] that educate readers about the organisation they seek to portray [..]" (Thomson and Bebbington, 2005, p. 516). Solomon and Darby (2005, p. 27) again conclude that "[...] 'good' private social,

ethical and environmental (SEE) disclosure should take on the characteristics of a dialogic, problem-solving, educative process", which according to Thomson and Bebbington (2005, p. 523) should result in a report which "would portray itself as a subjective interpretation of a complex 'reality' which either has been or is to be negotiated between preparer and users". Furthermore this kind of dialogical educative report should recognize possibilities for transformation as well as new perspectives. Nonetheless, Thomson and Bebbington (2005) have not found any proof of such a report existing as of yet, but rather that most reports take on the characteristics of producing 'statements of facts' and not a conversational approach.

Even though, agreeing with the criticism given to the corporate reporting practice in general, that there is no report fulfilling the dialogical approach and not to mention a fully transparent disclosure, the need for assessments and the following public discussion is even more necessary. The results of the Swiss studies were published in a number of national magazines and newspapers, e.g. the Bilanz (2003, Aug., 2004, Okt, 2005, Nov.) Handelszeitung (2003, Sept.), Der Bund (2003, Sept.), Basler Zeitung (2003, Aug.), Tagblatt (2004, Oct.), etc., in an attempt to expose the assessed corporation to public attention. Thus, making it difficult for companies to claim "[...] 'everything' is fine and to discourage further questioning of the organisation [...]" (Thomson and Bebbington, 2005, p. 521).

The assessment project

The study was first conducted in 2003, with the 100 largest Swiss companies contacted and asked in writing to submit all their periodically published corporate reports. From the contacted companies 76 submitted reports and consented to the assessment. The study was repeated in 2004 and again in 2005, now including the 250 largest Swiss companies. During the latter two studies respectively 122 and 109 companies submitted their reports (see Fig.1)

The selection of the largest Swiss companies took place on the basis of their turnover (in the case of banks: their balance sheet total, and in the case of insurance companies: their gross premium revenue). This information was gathered from the yearly listing of the largest Swiss companies, published by the *Handelszeitung*, one of the leading Swiss business newspapers. 'Swiss' companies were defined as companies with their headquarters in Switzerland, excluded were companies with subsidiaries in Switzerland but the headquarters abroad. Also excluded were those companies who belonged to a holding structure and did not issue any own reports.

The choice of concentrating on these companies was made for a number of reasons: experience to-date shows that a large share of the responsibility for global problems such as the pollution of the environment or social inequality is placed on the shoulders of large companies. Corresponding to these arguments are those of Ulrich (1977) and Ulrich and Fluri (1995), who suggest that the impact on society, positive and negative, grows in relation to the growth, or size, of the company. Further support to the procedure of selecting the largest companies for assessment is given by the work of Gray et al. (1995), where this was found to be a common sampling technique in several UK studies. Also the work of Marston (2003) and Carven and Marston (1999), as well as Hedlin (1999), Ahmed and Courtis (1999), and Pirchegger and Wagenhofer (1999) suggest that there is a correlation between company size and level of disclosure. Furthermore, results from international studies such as those of Stratos Inc. (2001, 2003) and SustainAbility and UNEP (2000, 2002), propose that very few sustainability reports, or even none at all, are published by companies not active on a multinational scale.

In addition to the sample of the largest companies smaller companies, who had been recognized for their sustainability reports during the reporting period, were also included in the assessment. These reporters were assigned a 'wild card' in the study, e.g. they were included although not among the largest 100/250 companies. In 2003 three wild-cards were given to such reporters, in 2004 und 2005 five additional reporters were included (see Fig. 1).

year	total sample	contacted*	answered	assessed	declined
2003	100	103	76	76	no info
2004	250	170	138	122	16
2005	250	158	120	109	11

Fig. 1 Number of participating companies

*including the wild-card reporters.

Reporters and their reports

Consulting the results from the Swiss study, over the three years, it is clear that the number of corporate sustainability reports has increased by some significance (see Fig. 2). In the 2003 study, 7 of the 76 reporters published a corporate sustainability report, whereas in the 2004 study 15 out of 122 reporters belonged to this category. In the 2005 study 18 out of the 109 reporters issued a sustainability report. Nevertheless, when looking at the relative numbers these results look different, with 18 sustainability reports corresponding to 10% of the total amount of reports, the 15 sustainability reports in 2004 and the 7 in 2003 both correspond to 6% of the total amount of reports. Here the total number of reports assessed naturally plays a decisive role. In an international comparison prepared by ACCA (2004) a sample of the non-financial reports published in Europe during the timeframe 2001-2003 was examined. With 12% of the non-financial reports being sustainability reports, this appears at a first glance to be a remarkably high number compared with the Swiss numbers. However, when recalculating the Swiss numbers to exclusively include non-financial reports, the ACCA numbers correlate to the Swiss numbers (see Fig. 3).

Yet, the increase in sustainability reports in the Swiss study is to be regarded as a significant change seeing as the 2004 and 2005 samples included a larger amount of small and medium sized corporations in comparison to the 2003 study. As mentioned earlier by Ulrich (1977) and Ulrich and Fluri (1995) and also discussed in the studies of Stratos Inc. (2001, 2003) and SustainAbility and UNEP (2000, 2002), large and/or multinational corporations are to a larger extent, compared with small-to-medium-sized enterprises, held responsible for their actions by

its stakeholders and are consequently the innovative force behind the developing sustainability reporting practice. Following this argument, the small-and-medium-sized enterprises are expected to follow the "leaders" in due course. The slight increase in numbers of sustainability report in the 2004 study supports this notion. So does the analysis made by the GRI, showing that the majority of the 300 companies worldwide, who in 2003 launched a sustainability report orienting on the GRI guidelines, were multinational enterprises. Additional proof of such development is given by the information in the personalised covering letters accompanying the corporate reports received for the benchmark study. Several 'Heads of Corporate Communications' announced the publication of non-financial reports within the near future (upcoming reporting cycle, etc.). Furthermore, we were kindly reminded about the two-year reporting cycles several corporations have adopted, indicating that several first-time non-financial reporters are planning on institutionalising their non-financial reporting practices to some meaningful extent.

All reports	2003	%	2004	%	2005	%
Annual report	75	60%	94	38%	80	42%
Integrated annual report*	-	-	24	10%	26	14%
Sustainability report	7	6%	15	6%	18	10%
Environmental report	12	10%	15	6%	5	3%
Social report	6	5%	2	>1%	1	>1%
HSE report	-	-	6	2%	4	2%
Internet	11	9%	15	6%	6	3%
Other	12	10%	77	31%	47	25%
Total number of reports:	n=123		n=248		n=187	

Fig. 2 Number and types of reports

* the number of integrated annual reports were not included in the 2003 study

Non-financial reports	2003	%	2004	%	2005	%	ACCA
Integrated annual report	-	-	24	15%	26	24%	9%
Sustainability report	7	15%	15	10%	18	17%	12%
Environmental report	12	25%	15	10%	5	5%	45%
Social report	6	12%	2	1%	1	>1%	6%
HSE report	-	-	6	4%	4	4%	11%
Internet	11	23%	15	10%	6	6%	-
Other	12	25%	77	50%	47	44%	17%*
Total number of reports:	n ₂ =48		n ₂ =154		n ₂ =107		n=1964

Fig. 3 Number of non-financial reports

* Community 1%, Environment and Social 7%, Corporate responsibility reports 9% (ACCA, 2004)

n₂ = number of non-financial reports

The relative numbers of environmental and social reports have steadily decreased during the three years that the study was conducted (see Fig. 2-3). This, in combination with the increasing number of integrated annual reports, where information on the corporate performance in the environmental and social dimension in addition to the traditional financial statement is included, supports the notion about a move towards a more integrated reporting practice, with less separate reports (Daub, 2005). According to the ACCA study (2004) as many as 45% of the included reports were environmental reports. But when taking into account that these reports were published prior to the Swiss study, during 2001-2003, this could support the opinion of a declining number of environmental reports. Although, keeping in mind that the percentage is calculated on the total number of reports, over all three years, such conclusions are merely speculative. On the other hand, further support is provided by Kolk (2003) who registered a 30% decline in number of environmental reports issued by the Fortune Global 250 companies already in 1998-2001.

Information published on the Internet was included if specifically referred to with an exact link (e.g. www.company.ch/environment/emissions.html) in (a) corporate report/s or (b) accompanying covering letters. Judging from the results presented in Fig. 3, has the Internet use among reporters in 2004-2005, in comparison to 2003, gone down dramatically. This outcome was against our expectations based upon previous field observations and contemporary international research work (e.g. Isenmann and Lenz, 2001, 2002; Isenmann 2005b; Lymer, 1999; Marston and Polei, 2004; Hedlin, 1999; Pirchegger and Wagenhofer, 1999). Nevertheless, when taking into account *how* the Internet was used, the results look quite different. In 2003 and 2004 several Swiss reporters merely used the Internet to present their reports in a converted .pdf or .HTML format. Signs for a graduate move from converted internet reports toward a web supported reporting practice (see also Isenmann, 2005b, p. 624ff.) could be identified in 2005. This time the Internet was used as a supplementary source of information instead, where tables,

graphs, case studies etc. provided additional online information to the converted print version of the report(s). According to Isenmann (2005b) and Wheeler and Elkington (2001) the next level will be an Internet-based reporting practice. The 2005 study provided no evidence for this new innovative reporting approach, as of yet.

Furthermore, the rather unsteady trend in numbers of 'other reports' has not yet been deciphered. The category 'other reports' include all additional reports that the company consider a part of their annual reporting, such as codes of conduct, business principles, community reports, case studies, or any other issue specific reports (e.g. Nestlé's Africa Commitment – part of the reporting in 2005). Research and literature (e.g. ECC Kothes Klewes GmbH, Fishburn Hedges Ltd, 2003) seem to indicate that companies with potentially larger impacts on environment and society tend to publish a larger number of separate reports (e.g. Nestlé published 6 reports in 2005, including the Management Report 2004, Financial statement 2004, the Nestlé Commitment to Africa, Corporate Governance Report 2004, Nestlé Business principles, the Nestlé Management & Leadership principles), compared with companies in less exposed business sectors or markets. This could neither be supported nor rejected by the Swiss results.

Reporting practice in different countries

Throughout Europe, a growing amount of regulatory and legal initiatives on corporate disclosure and reporting are emerging. In 1977 'Le bilan social' was introduced by the French government, making the publication of a social report mandatory for all public companies of a certain size (IÖW, 2002). At the time France was alone in Europe to legislate regarding disclosure on social issues, similar initiatives, however on voluntary basis, were at hand in Italy with 'il bilancio sociale d'impresa' and in Germany the 'Sozialbilanz'. In 1996 Denmark introduced the Green Accounts scheme and led the way for similar legislation in other countries. The initiative was followed up by the Dutch in 1999, and soon thereafter also by Norwegian and Swedish legislation on disclosure of environmental issues, extended in 2004 to include

information on a number of social indicators (ACCA, 2004). Correlating with the results of the ACCA (2004) study, where the above mentioned countries are among the most active European reporters, Kolk (2003, p.285) concluded in her assessment of the national sustainability reporting trends of the Fortune Global 250 companies that the "country development can be linked to the level of regulatory and societal attention". Nevertheless, in Switzerland, where the legal requirements on environmental and social disclosure are very limited (since 2002 the Swiss Code of Best Practice for Corporate Governance) and keeping in mind that (a) the requirements available only apply to public companies and (b) that several of the largest Swiss companies are privately held and consequently not included, as many as 6% of all non-financial reports in Europe are published there (ACCA, 2004; Kolk, 2003). The relatively high degree of voluntary disclosure could be explained by the so-called small-country effect, first elaborated on by Katzenstein (1985, 2003), where companies are forced by the public to justify their actions and performance in a public disclosure (read *societal attention*). In a direct democracy as Switzerland, where the citizens take an active role in the decision making process through referendums, a need for information and the possibility to form an opinion is highly valued and at times taken for granted. This could, when following the argumentation by Kolk (2003), be one important driver for the developments in the Swiss reporting practice.

Chosen methodology

The method preferred by Gary et al. (1995), Unermann (2000) and Zéghal and Ahmed (1990) in their various studies on corporate disclosure, using the corporate reporting, has been content analysis. By using 'shared meanings' (Gray et al., 1995) the corporate disclosure is examined on its inclusion of items and topics fitting the pre-set definitions. This procedure was not found fitting the object of the Swiss study, seeing as the aim was to supply benchmark examples for companies. Following the argument that the label is less important than the substance, hence

also including all corporate reports, we thought it irrelevant if the reporters choose to use the labels (definitions): sustainability, CSR, responsiveness, engagement etc., or not.

Developing the criteria catalogue

In developing the method of evaluation focus was mainly put on evaluation systems at hand (Stratos Inc., 2001, 2003; SustainAbility and UNEP, 2000, 2002), which, in turn, had mainly used the GRI Guidelines (2000, 2002) as a reference (Morhardt et al., 2002). Further arguments strengthening the choice of a GRI-based criteria catalogue is given by Moore (2001), and Moore and Robson (2002), who also based their analysis of corporate social and financial performance of the UK supermarket industry on criteria derived from the GRI guidelines. Also the work of Hedberg and Malmberg (2003) shows proof of the GRI guidelines to be a generally accepted standard, by Swedish companies, and a support in developing a transparent reporting practice.

Considering that the GRI Guidelines seem to fulfil the dimensions of quality mentioned by Hammond and Miles (2004), who mean that quality includes more complex factors of quantity such as range of issues reported on, scope, style of disclosure, and time period among other prerequisites, and be a popular choice among researchers as well as the corporate reporters, a detailed list of criteria (see Fig. 4) based on the GRI 2002 Guidelines was developed. The list contained 33 individual criteria bundled into four main categories, combining a number of meaningfully associated criteria. Not forgetting that the GRI guidelines, though they "are the most detailed, comprehensive, and prescriptive guidelines to date" (Morhardt, 2002, p. 31), and support the standardization of reported content, do not require the company to fulfil or handle all topics. Thus, companies are free to use the guidelines in any way they choose. This can both be seen as the strengths as well as the weaknesses of the GRI guidelines. Although, made to fit all types of companies, there is no telling what a report includes just by knowing that it orients on the GRI guidelines. In addition, the topics and indicators are written in a fairly general way, making the implementation for many companies difficult (Daub, 2005). A convincing

argument, therefore, favouring the exclusion of certain 'irrelevant' criteria, would be the focus on the 250 largest Swiss corporations, which automatically includes many corporations that have a rather nationally oriented business environment, and therefore do not consider reporting on themes such as child labour, indigenous rights, or simply those already being covered by national legislation or international regulations.

In order to ascertain that the rating of disclosure is sufficient, the indicators used in the criteria catalogue, described below, vary in kind. A mixture of quantitative and qualitative indicators was used. The quantitative indicators (absolute or comparative numbers) can be divided into a (1) quantity oriented or (2) monetary oriented kind of indicators, whereas the qualitative indicators can be divided into a (3) binary (e.g. Yes or No), (4) gradating (see Sigma Project, 2003), or (5) descriptive (see GRI, 2002, p. 52ff.) kind of indicators. The use of both quantitative and qualitative indicators in its various subdivisions lowers the risk of e.g. 'green-washing' or 'blue-washing' the information than when e.g. using solely qualitative descriptive indicators (Gazdar and Kirchhoff, 2004, p.19; Laufer, 2003). Also, the problems occurring when interpreting and measuring quantitative indicators (e.g. Loew and Hjálmarsdóttir, 1996, p. 32f.; Ittner and Larcker, 2004) can be overcome by finding a suitable balance in the different kinds of indicators used in the criteria catalogue. The qualitative gradating kind of indicator is not found in the indicator set.

In the reporting category Context and Coverage (A), general information regarding the reporter and its core activities are covered. This includes the company's vision in economic, ecological and social terms, a representation of the markets in which a company is active, and how this relates to its function as a socially and environmentally responsible player.

Following a general introduction the focus is placed on the management system and stakeholder relations (reporting category B), where answers to questions such as the following are sought:

Who are the relevant stakeholders? Are they incorporated into the decision-making processes? If yes, how? How are the economic, ecological and social risks identified and managed? Which policies are in place to handle social, environmental and corporate governance issues? A listing of certifications, initiatives and internal auditing routines are also covered.

Where the two prior reporting categories focused on statements and policies, the criteria included in the reporting category Dimensions of Performance (C) contains information of a more quantitative type, making reference to hard data and facts which a company can use to demonstrate economically, socially and environmentally responsible behaviour. The performance criteria are divided in four clusters (see Fig. 4): economic-, environmental-, and social performance, as well as life-cycle management. The economic criteria cluster covers issues such as key financials, employee compensation, customer satisfaction and community development. Indicators regarding the environmental performance are covered in criteria such as consumption of resources, dealing with resources, environmental pollution by emissions to air, environmental pollution by effluents to water and waste, ecological responsibility. The criteria under the header social performance include: human resource management and corporate culture, health and safety, distribution of wages, benefits and continuing education possibilities and offers, labour- and human rights; non-discrimination, regional and global social development, and responsibility. The cluster life-cycle management was introduced during the 2004 study as a result of the follow-up interviews with 25 companies. With two criteria covering the dimension of life-cycle management, supply chain management and product stewardship, a first step towards a more holistic approach is taken.

The last reporting category Transparency and General View (D), contains criteria for measuring the transparency and credibility of the reporting procedure. If the information provided is credible, is information on important stakeholders included in the report as support? Is the reporting procedure approached in a manner allowing the reader to form a comprehensive

picture of a company's performance quickly - or only presented with a mountain of paper that confuses more than it explains? By including indicators regarding data comparability over several years, changes in the reporting practice, and the physical appearance – the continuity and comparability in time as well as the reader friendliness of the reporting practices is covered.

Cat.	Themes	Factor	Criteria	max score	in %
A	Context and Coverage	1	4	12	8 %
	Company Overview		1	3	
	CEO Statement		1	3	
	Corporate Vision/Mission		1	3	
	External Business & Sustainability Trends		1	3	
B	Policies, Management Systems and Stakeholder Relations	1	7	21	15 %
	Code of Conduct & Corporate Values		1	3	
	Economic Policy and Organisation		1	3	
	Environmental Policy and Organisation		1	3	
	Social Policy and Organisation		1	3	
	Integration of sustainability into the Management Systems		1	3	
	Risk Identification		1	3	
	Stakeholder Relations		1	3	
C	Dimensions of Performance	2	16	96	65 %
	Economic Performance		4	24	
	Environmental Performance		5	30	
	Social Performance		5	30	
	Life-Cycle Management		2	12	
D	Transparency and General View	1	6	18	12 %
	Reliability and Transparency		1	3	
	Reliability specifically in the Environmental Dimension		1	3	
	Reliability specifically in the Social Dimension		1	3	
	Comparability		1	3	
	Accessibility and Structure		1	3	
	Layout and Physical Appearance		1	3	
	Total: Criteria and Score		33	147	100%

Fig. 4 Criteria catalogue

By using a rating scale of 0-3, mainly oriented on the rating systems of Stratos Inc. (2001, 2003) and SustainAbility and UNEP (2000, 2002), "the rating of disclosure [...] is based on the presence or absence of, and the degree of specificity of, various information items" (Zéghal and Ahmend, 1990, p. 40), where 0=no meaningful information provided and 3=all aspects of the

criterion is considered. For the criteria in the reporting category Dimensions of Performance a double weighting (factor 2) was used to emphasize the importance of facts and figures in the reporting practice. The total score of the assessed report/s correspond to the total tally of the individual criterion (the score of A1+A2+A3...). The max score of 147 points communicate a full score on all 33 criteria.

Results of the Swiss study 2003-2005

Although a comparison over three years is a short time-span when discussing political or societal change, a comparison of the results of this study does however show proof of some developments in the reporting practice among the Swiss reporters.

Even though a slight improvement of the total average score is registered, throughout the three years, the only reporting category which show a continuous improvement is the reporting category 'policies, management systems and stakeholder relations' (see Fig. 5). The reporting categories 'context and coverage' as well as 'transparency and general view' both show a decline in 2005 compared with the 2004 results. Although, the shift towards a more detailed disclosure on the company policies and management systems is a desired development, it communicates poorly to the less desirable developments in the areas of transparency and company profile (context and coverage). Still, the improvement in the reporting category 'dimensions of performance' balance out the decrease in the two other categories, seeing as this reporting category is weighted with the factor 2 (see Fig. 4) and consequently has a larger impact on the total score.

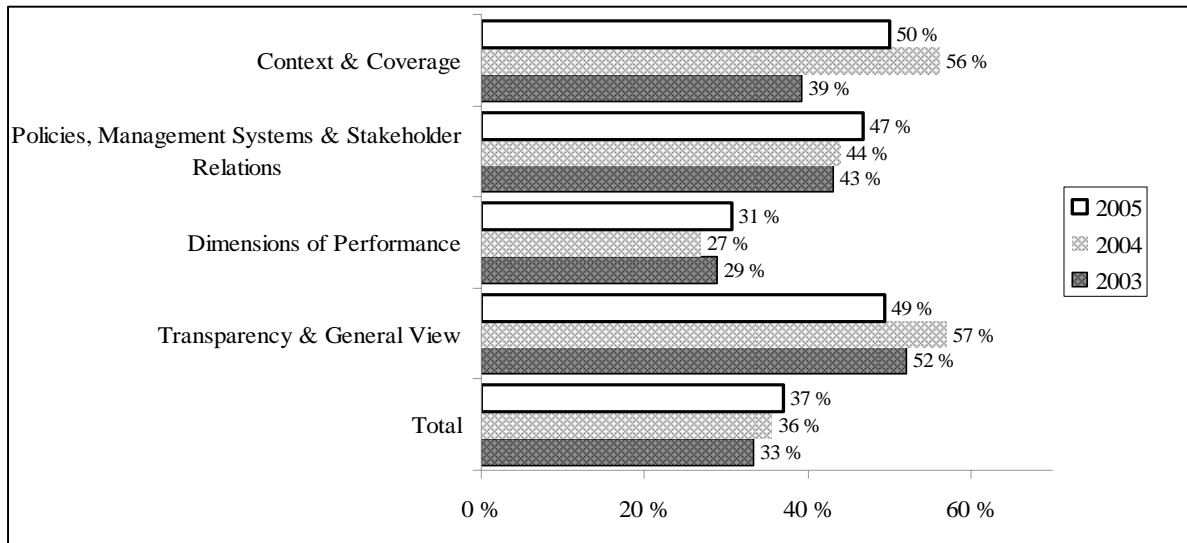


Fig. 5 Average performance 2003-2005

Swiss Business sectors

To allow a comparison between companies in the same business sector, as well as a comparison of the business sectors, the reporters were divided in ten sectors (see Fig. 6), similar divisions are made in the Stratos (2000, 2002) and SustainAbility and UNEP (2001, 2003) assessments. However, where the Canadian studies by Stratos (2000, 2002) used business sectors such as forestry and mining, the Swiss assessment had more banks and insurances, fitting the country profile.

	2003	2004	2005
Banks	6	17	16
Insurances	4	8	8
Construction & Materials	3	13	12
Chemicals & Pharmaceuticals	9	9	8
Electric Utilities	5	9	9
Industrial Goods	22	30	23
Trade & retail	10	11	9
Foods & Beverages	6	10	10
Telecom, Media, Services	3	6	7
Transports, Logistics, travel	8	9	7
Total number of reporters:	76	122	109

Fig. 6 Business sectors

In 2003, nine business sectors were used, slightly differing from the categories in 2004-2005. Fig.6 is oriented on the 2004-2005 business sectors, hence the division of the 2003 sample is not congruent with the division in the original publication xxxxxx. Due to this reshuffling of the business sectors, there are no numbers available for comparison of the average business sector results for 2003. Nevertheless, looking at the average business sector results of 2004-2005 (see Fig. 7) certain changes can be observed. The gap between the highest and lowest average score has grown in the most recent study. In 2004 was Chemicals & Pharmaceuticals the highest scoring business sector with 48% whereas the poorest scoring one was Electric Utilities with only 28%. In 2005 the Chemicals & Pharmaceuticals business sector still held the highest average score of 52%, balanced by the Foods & Beverages business sector on the other end of the continuum with a mere average of 29%. In 2004 the reporters in the business sector Electric Utilities were put under scrutiny for presenting reports with such a low level of quality and disclosure. Active in a business field much in the centre of discussion regarding sustainable development, such results can only be seen as disappointing. In 2005 the torch was handed over to the reporters in the Foods & Beverages business sector, where the average score somewhat dropped from 31% to 29%. Evidence of such poor disclosure is distressing in times of growing transparency demands on the Foods & Beverages business, on account of Gen-Food, toxics etc.

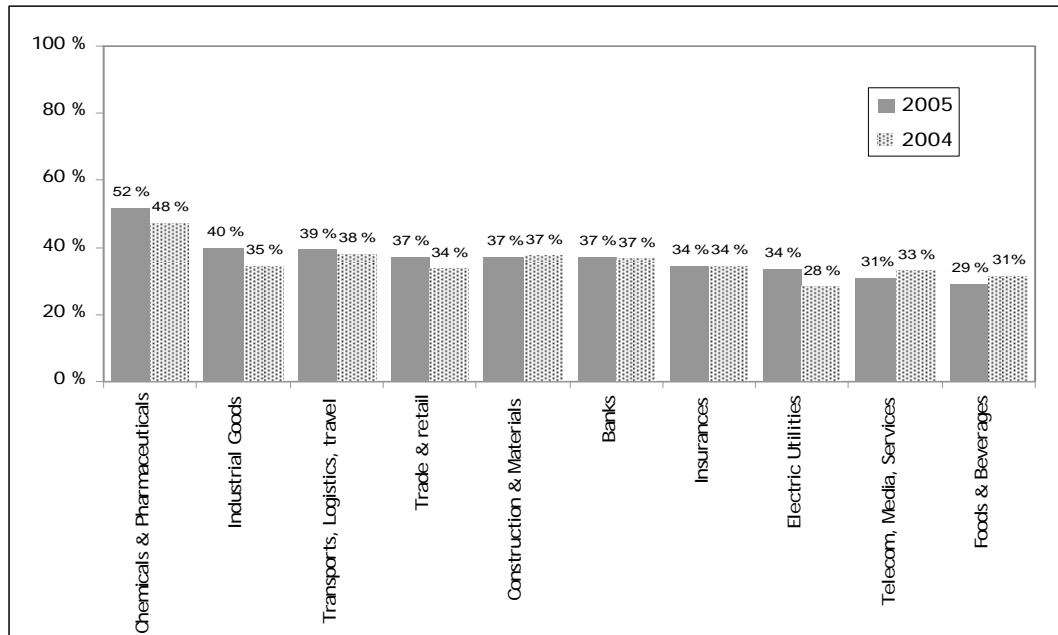


Fig. 7 Comparison of results per business sector 2004-2005

Naturally, not all reporters in the Foods & Beverages business sector present such poor reporting practice. One of the largest Swiss food-department-stores, Migros, surprised its stakeholders by publishing a highly specialised on-line sustainability report. By clicking on a link (e.g. GRI indicator EC 4) Migros offers its scientific and professional stakeholders detailed information on various GRI 2002 indicators. The level of disclosure is, for each indicator, specified by three levels: A) information available, B) information partly available, and C) Not relevant. Considering the relative small importance of Migros on the international stage and the bad average performance of the Foods & Beverages sector in the 2005 Swiss study, these efforts must be considered highly progressive and show willingness for transparency and maintaining an open information culture. Nevertheless, failing to communicate its existence upon our request for the corporate reports, or by providing an Internet link, this report was not included in the assessment.

The business sector Chemicals & Pharmaceuticals remains the non-disputed leader among the 250 largest Swiss companies. Following high visibility in media, due to disasters such as

"Bhopal", and in politics, lately in discussing the EU regulatory framework for the Registration, Evaluation and Authorisation of Chemicals (REACH), the reporters have recognized the growing demand for disclosure which is beginning to show in the reporting practice.

Banks remain a complicated business sector. Although, the forerunners on measuring companies on their sustainability, with the intent to design an attractive ethical portfolio, they seem to limit their own disclosure to include information on products and services alone. A similar result was noted by Zéghal and Ahmed (1990), when analysing the social reporting practice of the six largest Canadian banks. Yet, one of the wild-cards in the 2005 study was given to Bank Sarasin, one of the leading banks in private banking and Sustainable Investments in Switzerland. This newcomer received a score of 82 points (app.56%) and ranked as number 20 in an overall comparison as well as third within the business sector. Surprising was the open and straightforward disclosure of company information and business activities. Apparently this bank, even though mainly active in the most 'private' of all banking sectors, does not see the need for airbrushing its statements to only include selling arguments and glossy product descriptions.

Concluding comments

Switzerland is known for providing a lucrative financial climate, by providing liberal tax-laws and bank securities, for companies and those of great fortune. Although, the Swiss banking system offers its clients full confidentiality, the Swiss corporate climate is dominated by a large portion of openness and transparency. Consequently, as mentioned earlier, Switzerland being a small state (Katzenstein, 1985) with a direct democracy, it is difficult for a successful company to remain anonymous in the Swiss press and public debate. This notion was backed up by the image results of our study (2003-2005), as well as the results of Kolk (2003) and ACCA

(2004), where Switzerland in spite of limited regulation produce a respectable number of financial and non-financial reports, indicating a high level of voluntary disclosure. Naturally, it is impossible to give a fair judgment of a country's reporting practice just by measuring the number of reports published in a year, the content is of course more important.

Based upon experiences gathered from three years assessments, the corporate annual report, as a purely financial report, will ultimately be replaced with a report more in congruence to the expectations and demands of the stakeholders. The demand for information on the corporate performance with regards to its social and ecological environment is fast winning ground. There are two trends emerging from this changing reporting practice. One is towards a more complex reporting practice with a multitude of reports, divided on topics or issues; this trend is foremost promoted by multinational companies active in business areas with a large impact on the environment and society. The other emerging trend is a move towards an integrated reporting practice (Kolk, 2003; Daub, 2005), where information on the social and environmental performance is integrated in the annual report. This trend seems to continue among the Swiss reporters, where the number of integrated annual reports is steadily rising. The fore-runners of this movement are the SME's, where this reporting practice has been applied, not least due to financial considerations. The level of integration, however, differs widely. Many Swiss reporters only hint about their social or environmental performance, in approaching topics such as HRM, sponsoring, health and safety, or product safety.

Agreeing with the criticism of Thomson and Bebbington (2005), that an assessment of the corporate reports does not include an audit of the underlying processes and reporting procedures, and by only assessing the results thereof (e.g. the reports) conclusions regarding stakeholder involvement and dialogue can just be drawn to a certain degree. Consequently, knowing the limitation of assessments such as this one, no attempts are made to define or prove whether the information communicated is true or not, or if companies are actually doing what

they are claiming. Thomson and Bebbington (2005, p. 529) regret the lack of research in these fields and rather than insisting on content analysis incite researchers to move "towards a more qualitative understanding of what reporters are actually saying (both explicitly and implicitly)". Though not claiming a benchmark study to be the answer to this incitement, however keeping the aforementioned criticism on corporate reporting in mind, this kind of study does offer another perspective on corporate reporting practices. Whether biased or not, the explicitness of the written word in corporate reports is systematically judged and rated on a set of indicators. Certainly, the goal of many benchmark studies is to come to a final rating and call out the best in class, accordingly, whereas a (meta-)comparison of results drawn from several benchmark studies is hardly possible due to the various weighting systems and sets of indicators at hand. But when looking at the systematically gathered information from benchmark studies, other interesting observations can be made. For instance, less interesting for the actual rating, but the more for researchers and corporations in particular, is the detailed analysis about the corporate report, which points out the flaws and strengths measured according to e.g. a certain reporting standard. Whether future progress in reporting being made is only to comply with the given standard or not, is hard to define. Certain is though, that corporations are given the opportunity to improve their reporting practice, and when taking in the possibility of critical review and discussion, an important step toward the aforementioned dialogical report is made.

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