

The effectiveness of sustainability reporting: Is it only about the report's design and contents?

Martha Fani Cahyandito, M.Sc.
Research Associate at the Institute of Forestry Economics University of Freiburg
Tennenbacher Str. 4, 79106 Freiburg Germany
Ph. +49-761-2033784, e-Mail: f.cahyandito@ife.uni-freiburg.de

Dr. Frank Ebinger
Research Associate at the Institute of Forestry Economics University of Freiburg
Tennenbacher Str. 4, 79106 Freiburg Germany
Ph. +49-761-2033686, e-Mail: f.ebinger@ife.uni-freiburg.de

Abstract

Nowadays sustainability reporting is gaining its popularity as a communication instrument between a corporation and its stakeholders. Despite all development in the discussions of the production and publication of a sustainability report (SR), there are still a few empirical analyses on the communication process with an SR between a corporation and its stakeholders. This paper aims to explore this issue. In this regard, the main question arises: Is the communication through sustainability reporting can be successful only by producing a detailed, clear and structured report, or is there any other aspect that should be considered by the company in communicating with its stakeholders with an SR? To be able to answer this, two case studies were conducted at the Deutsche Telekom AG and Weleda AG. Managers and stakeholders as communication participants with a mean of SR are interviewed during October 2003 and January 2004. The research shows that there is one important aspect which is apparently almost forgotten by the reporting companies. This is about what the companies should do to make their stakeholders read the report?

Keywords: Sustainability communication, sustainability reporting, communication effectiveness, stakeholder engagement, GRI.

1 Introduction

CSR has become an important keyword in the industry. CSR stresses the importance of communication and transparency, two things which are demanded by the company's stakeholders. SR becomes an important instrument in the implementation process of CSR. SR is a medium for the company to communicate with its stakeholders. A pity though, researches on the effectiveness of SR as a communication media is up to now not yet thoroughly investigated, although it is one of the core issues in the development of CSR.

This paper attempts to give a description of the communication process between the company and the stakeholders with two case studies at Telekom and Weleda. Finally this paper will present several recommendations on what the companies must do so that the communication with the stakeholders through the media SR can be effective.

2 Research Approach and Method

2.1 Communication Approach as Heuristic Framework

Various literatures of stakeholders in the field of strategic management (i.e. Freeman 1984, Davies et al. 2003; Doyle 1995, Gummesson 1996, 1997, Hunt and Morgan 1994, Richardson et al. 2002) and

also specific in the field of environmental management (i.e. Dyllick/Belz/Schneidewind 1997; Schaltegger and Sturm 1992; Dyllick 1990; Achleitner 1985) point out that corporation cannot survive, if it does not take responsibility for the welfare of its stakeholders, and for the well-being of the larger society within which it operates. The resources provided by stakeholders can include social acceptance, the ‘license to operate’, as well as more obvious contributions such as capital, labour, and revenue. The risks include not only financial exposure but employment and career opportunities, the quality of products and services, environmental and community impacts, and so forth. The power of stakeholders may arise from their ability to mobilise social and political forces, as well as their ability to withdraw resources from the firm.

In investigating the effectiveness of sustainability reporting as a corporate communication instrument, the two-sided communication model is adapted and applied as a heuristic framework. In this model, communication is not only seen as a process to transmit information but also as a sense-producing process (Merten 1977:40). This model depicts the actual process of understanding between dialogue partners (which in this case between the company and its stakeholders). According to Schulz (1994) two-sided communication involves concurring cognition in a sense of knowledge, experience or valuation between the communication participants (sender and receiver), which enables the signal transmission to take place. In addition, in his definition of a two-sided communication, both communication participants play an active role. The dominance of the sender is replaced by symmetry, involving both participants equally (Schulz 1994:140). The two-sided communication process can be illustrated as follows:

Figure 1: Communication scheme with a sustainability report



Source: adapted from Naschold 1973.

In this model, sender (corporation) and receiver (stakeholder) have a partly concurring knowledge of their social environment (i.e. cultural and ethical background) and a comprehensive, corresponding knowledge of language. The physical, social and psychological dimensions of the joint communication situation is individually processed and valued. Therefore, both parties interpret the situation differently (but some interpretations also correspond). Statements are formulated or understood on the basis of the sender’s intentions and interests and the interpretation of the situation. As soon as it is formulated, each statement is part of the joint situation, which is at the same altered by this statement (indicated by the arrow that interconnects ‘statement/message’ and ‘situation’ in Figure 1). Thus, communication can be understood as a reciprocal preparation of such statements or signals. The communication partners perceive communication differently, based on their knowledge of the social environment, their individual competence and their own interests and ideals, which is mostly accentuated with different meanings. Thus, information is processed differently.

At least three aspects of communication through sustainability reporting can be emphasised, which go beyond a simple cause-effect-relationship of the communication process: The communication is seen as a reciprocal bargaining process, in which the meaning of the communication content is actively created. The model also considers the individuality and the cognitive background between corporation and stakeholders in a communication process. The cognitive background is essentially based on prior knowledge, interests, values, beliefs, etc. And substantially determines how information is perceived and interpreted.

Usually communication processes go through different phases (Kim 2003; Maletzke 1963; Luhmann 1971). In order to be able to portray the communication process between a corporation and its stakeholders, the above static communication model will be implemented in this study based on the three communication phases (Maletzke 1963:147, Kim 2003:15): the pre-communicative phase, the communicative phase and the post-communicative phase (see results).

2.2 Choosing the Cases: Deutsche Telekom AG and Weleda AG

Two explorative studies were conducted at two selected German companies. This because German industries and the government put great emphasis on sustainable development by which sustainability reporting is considered to be an important part of the implementation of the vision of sustainable development. Besides, German companies were registered as the third largest after US and UK companies in submitting reports (CorporateRegister 2004b).

In choosing the enterprises, **accessibility** was an important factor. Several corporations of listed in **“best of class”**- rankings (SustainAbility/UNEP 2003 and Clausen et al. 2001) were contacted in order to find out if they were willing to be part of this research.

For this proceeding speaks as well that it should be borne in mind that sustainability reporting is not an instant process but it is the result of **years of a company’s experiences** and activities in sustainable development. For this reason, two experienced companies out of these rankings seemed to bring the best insights to our research question. Another factor in choosing the enterprises was that both should **represent different markets** and, if possible, different consumer sensibility in regard to their products.

For these reasons, the Weleda AG was chosen as an example of an enterprise that operates successfully in an international niche-market, which is identified with a high potential consumer acceptance and sensibility which finally leads to a high trustworthiness of the company. Weleda AG was established in 1920 and is headquartered in Dornach, Switzerland. The German headquarter is in Schwäbisch Gmünd. It is a Europe-wide operating company group that serves human to maintain and strengthen their health. Weleda bases its activities on anthroposophy philosophy and develops and sells for these reasons medicine, dietetic and personal hygiene products (Weleda 2004a). In product testing, Weleda received many appraisals, e.g. by German consumer protection agency “Öko-Test” and “Stiftung Warentest”. According to a consumer interview from Reader’s Digest “European Trusted Brands 2002”, Weleda belongs to one of the top three of skin care brands which the German consumers trust. Weleda is very concerned with nature protection. Since 1996, Weleda has passed the environmental audit according to the requirements of the EG-Eco-Audit regulation and the world-wide valid environmental management norm ISO 14001 (Weleda 2004).

The other company of our research is the Deutsche Telekom AG. It was chosen as an example of a large company that operates successfully in an international and highly competitive market. The Deutsche Telekom AG is one of the world’s leading telecommunications and information technology service providers, which is headquartered in Bonn, Germany. The corporation is represented in 65 countries around the globe (Deutsche Telekom 2004). The Group is committed to the principles of sustainability and uses economic, as well as social and ecological criteria as the basis for its actions. Telekom’s vision is to network society for a better future as a telecommunications and information technology corporation, and to serve customers with top quality, efficiency and innovation in every respect (Deutsche Telekom 2004b).

2.3 Sampling of Interviewees

In investigating the effectiveness of communication with sustainability reporting, information were gained from both communication participants which are the company (represented by the managers) and the stakeholders.

To identify the relevant stakeholder groups both companies were asked for a list of stakeholders that should be the addressees of their sustainability reporting. This way of determining the population of the company stakeholders as data sources made it possible to test if the stakeholders actually understand themselves as part of the correct target group of the sustainability reports. At the end of

August 2003, both companies provided stakeholder lists with some information about the stakeholders. Deutsche Telekom listed 88 stakeholders and Weleda named 152 stakeholders, which could serve as data sources.

Principally, the determination of interviewees was conducted by a mix of non-random and random sampling. The aim was to interview a couple of stakeholders from each group and from each company. Considering additionally time and budgetary constraints, it was estimated that 50 interviewees per company would roughly allow an average of 4 representatives in each group. At the beginning of October 2003, the list of stakeholders representing all important stakeholder groups of both companies was completed. The 44 Telekom stakeholders represent 11 stakeholder groups:

- employees (6)
- financial service providers (6)
- NGO-Customer protection (1)
- authorities (3)
- NGO-Union (2)
- NGO-Environmental group (4)
- NGO-Politics/Agenda 21 (4)
- press agencies/journalists (4)
- certified accountants (5)
- universities/research institutes (4)
- rating agencies (5)

Meanwhile, the forty-eight stakeholders of Weleda are subdivided into 12 different stakeholder groups:

- employees (4)
- financial service providers (4)
- customers (4)
- authorities (4)
- NGO-Union (4)
- NGO-Environmental group (4)
- NGO-Politics/Agenda 21 (2)
- press agencies (4)
- industrial consultants (4)
- universities/research institutes (4)
- health insurance company (1)
- suppliers (5)
- advisory boards (4)

This list was then confirmed and approved by each of the two companies.

Regarding the relevant managers, Deutsche Telekom and Weleda both stated that there is only a small population of managers (5 managers of Deutsche Telekom and 8 managers of Weleda) who were actively involved in producing the company's sustainability report.

In a next step, a fully structured questionnaire was developed as an interview guideline. It consisted on the one hand of closed questions to enable to analyse and compare the statements of the various stakeholder groups statistically and on the other hand of open ended questions, which should provide some detailed qualitative data that help to explore the recipients' understanding and suggestions regarding the enhancement of the SR. This questionnaire had been tested at the Institute of Forestry Economics Freiburg in August 2003. Two researchers interviewed 49 managers and stakeholders of Telekom and 56 managers and stakeholders of Weleda by telephone between the end of September 2003 and mid-January 2004.

The interviews with company managers aim at gathering information about the understanding of the company about the sustainability reports in general and company stakeholders (pre-communicative phase). The motives and goals of sustainability reporting and the making process of the report were explored (communicative phase). The interviews with stakeholders are aimed at gathering data about the stakeholders' view of the sustainability report and the company (pre-communicative phase), their acceptance of the contents of the report and lastly their perception of the corporate image (post-communicative phase).

The data gained from the interviews is analysed by using content analysis and quantified with frequency distribution and contingency coefficient.

3 Results

3.1 Pre-communication Phase: Prior Attitudes towards the Issue of Sustainability and the SR

Main results:

The company managers as the senders of SRs primarily mentioned the obligation of each company to publish an SR, thereby proving its sustainable management approach and making it verifiable. Especially the criterion of transparency is repeatedly emphasised as a commitment of the managers towards their stakeholders. The possible marketing character of the SR is only pointed out occasionally though. This is somewhat surprising, in view of the considerable amount of resources dedicated to the compilation and production of an SR. Nevertheless, the majority of managers stated that the main goal of the report is to improve the stakeholders' attitude towards the company image. Thus altogether, distinct, positive marketing effects are stated as expectations on the effectiveness of the SR. The hope is often mentioned that the reading of the SR might lead to changes in the stakeholders' behaviour beyond the image perception change. The members of their own company are explicitly included as addressees of the report.

The stakeholders generally have a positive attitude towards the SR – more than 85% stated that they are interested or even very interested in SR. However, inquiries about concrete expectations associated with the reading of the SR yield no specific results. A broad and rather unspecific answer was that an SR should provide “information about the sustainable management and/or production of the company”. Very rarely is a lack of interest in the SR explained with the reference towards the current fashion of the buzz word “sustainability”, or the claim that companies use it as an alibi to legitimise their traditional management and resource use practices.

In the vast majority of cases, the opposite effect can be observed: the current huge interest in sustainability is the reason that stakeholders devote their attention to SRs. Generally, stakeholders have a great deal of trust in the respective SRs. Despite several respondents of Telekom who mentioned that the information in Telekom's SR was not trustworthy, generally, most of Telekom's and Weleda's stakeholders could trust the information in companies' SR: In the case of Telekom, 71.4% out of 28 respondents stated that the information in Telekom's SR was trustworthy, whereas 14.3% said more or less trustworthy. 14.3% mentioned that the information in the report was not always trustworthy or even absolutely untrustworthy. In the case of Weleda, almost all of the respondents (96.7% from 30 stakeholders) stated that the information in Weleda's SR was trustworthy, whereas 3.3% mentioned that the information in the report was more or less trustworthy.

Concerning the issue of feeling of being as addressee of the report, in the case of Telekom, 59.4% out of 32 stakeholders felt as addressees of Telekom's SR. Meanwhile, 31.2% only felt neutral in their position towards Telekom and the other 9.4% stated that they did not feel like stakeholders or addressees of the report. In the case of Weleda, 80% out of 30 stakeholders felt as addressees of Weleda's SR. Meanwhile, 16.7% only felt neutral in their position towards Weleda and the other 3.3% stated that they did not feel like stakeholders or addressees of the report. Particularly the rate of over 40% for Telekom, but also the 20% for Weleda are somewhat surprising, since the whole sample of interviewees had been given a list by the companies of who the companies perceived as their stakeholders. Those figures are even more significant, if one takes into account that hardly any interviewee had read the SR prior to contact, but instead only had had a look at it because of the agreed and upcoming interview.

Case specific conclusion:

Despite a rather small willingness to engage with the content and the arguments of the SR (see above, see below), the large majority of the stakeholders view themselves as addressees of the reports and emphasise the importance of it. Therefore, the basic preconditions for a successful and effective communication via SR with most stakeholders are rather good. Not feeling addressed by the report has severe consequences on the effectiveness of communication, which might be either far more difficult or will not even take place at all.

In this respect, it is interesting to observe the huge discrepancy between very high and optimistic expectations of managers towards the publishing of an SR on the one hand, and the rather low and unspecific expectations towards the SR on the side of the addressees. They often have neither any understanding of what an SR should comprise, nor can they state what the main goal or intention of the reports has been. They just vaguely place it as something in-between a collection of reports/data and a pure advertising brochure of the company.

General conclusion:

It can be reasoned that the unclear expectations of the readership towards an SR – which could either be understood as mirroring the unclear vision of the senders, but that could also result from unfamiliarity with this tool – leads to a rather cautious and careful approach to it. This certainly reduces the effectiveness of the communication process: in most cases the report is not read. The research shows that many stakeholders have a clear and pronounced interest in the topic of sustainability and sustainability reporting, which could be seen as optimal preconditions for the communication process. Nevertheless, the report is either quickly browsed through, or only consulted because of the upcoming interview. It has to be said that hardly any of the interviewees had read the SR before they were contacted, but most stakeholders only used the announced interview about the SR as a reason for reading it. In both cases some potential interviewees refused to read the report at all. Despite this fact, there are many vague statements of stakeholders, who underline their interest in SR and its positive contribution towards the image of the company. This leads to an overestimation of the possible effects of such a report by the sender.

3.2 Communicative Phase: Factors determining the Interest of the Stakeholders in the particular SR prior to Communication

Main results:

Various factors, which can be taken as a given for a particular SR, influence the willingness to engage with the report. The research takes a closer look to the variables “interest in SR”, “trust in the company” and “feeling of being as addressee of the report” and looks at how far these variables are correlated to the “percentage read of the report”.

In the case of Telekom, the values of contingency coefficient of the variable “interest in SR”, “trust in the company”, and “feeling of being as addressee of the report” to the variable “percentage read of the report” are 0.83, 0.77, and 0.61, respectively. Meanwhile in the case of Weleda, the values of those variables are 0.67, 0.52, and 0.47, respectively.

The variable “stakeholders’ trust in the company” together with the other variables of SR in the pre-communicative phase, such as “interest in SR” and “feeling of being an addressee of the company’s SR”, have a large contribution to the willingness of stakeholders to read SR, which in this case is represented by the variable “percentage read of the report” (variable of the communicative phase). This indicates that there are several factors outside the matter of creating and publishing SRs that make the stakeholders want to read the report. These factors should essentially be considered by the companies. If not, SR will be useless because it is not read by the stakeholders.

Case specific conclusions:

The findings show that in general the self-perception and the stakeholder perception of the company correspond to one another – especially at Weleda, which is characterised by a closer customer loyalty. However, a slight tendency to over-estimate their own image reveals itself in the managers, who do

not go into potential image problems – this also reflects itself in the SRs, where potentially critical attitudes towards their own company are hardly ever dealt with pro-actively.

General conclusions:

The image of the sender, especially his credibility and trustworthiness, is one of the central factors that determine the comprehension and finally also the effectiveness of SR. In the case of a negative prior attitude towards the company, the role that an SR can play in correcting this attitude is naturally restricted: it will hardly be possible to dispel any prejudice. At most, one might successfully discover such preconceived notions and contend with them pro-actively. This means, “picking up” the recipients’ negative judgement, thereby entering into an anticipated dialogue, and thus possibly creating the willingness for the recipient to deal with the company anew and to be more open-minded.

Conversely, it holds that the better, meaning the tighter, the bond of the stakeholders is to the company, the more favourable is the prior attitude towards the SR, but the smaller will be the expected image improvement by reading the SR. Within the scope of the research at hand, a different survey result presents itself astonishingly though: especially the stakeholders already positively disposed noted that the SR had contributed to a further strong improvement of their view of the company.

Further inquiries showed that the interest in details apparently increases again at a certain level of close bonding to the company – and that the preoccupation with the SR contributes to a deepened knowledge of the company.

3.2.1 Contents of the SR

Main results:

The result of the survey amongst the managers regarding the information supply, which was to be published within the scope of SR, indicates a strongly non-uniform picture. Apparently, no clear perceptions or schemes are existent in the circle of the surveyed managers about which central issues should be mediated to the stakeholders.

Independent from that, the majority of the surveyed managers believes that the information published in the SR reaches the target groups, and consequently that the selection of the presented information corresponds with the information demands of the stakeholders. The SRs thereby convey the impression of a broad and very comprehensive offer of information to the recipients.

The stakeholders in turn report upon inquiry that “their” issues are generally included in the SR, but they each want more specific information or more comprehensive data based on their personal focus. In the case of Telekom, even though the stakeholders admitted that they found the issues in relation to the environmental, social and economic dimensions of sustainability, which they had expected beforehand, there were still many environmental, social and economic issues which were not covered in the report, according to their opinion. They also mentioned that some issues were not well presented in the report. Meanwhile, in the case of Weleda, the stakeholders also admitted that they found the issues in the environmental, social and economic dimension which they had expected beforehand, but there were still some critics from the stakeholders mentioning that some of these issues were not well presented in the report.

The contents of SR from both companies, regarding the presented environmental, social and economic issues, could not completely meet the information needs of the stakeholders. However, the information presented in Weleda’s SR could better satisfy the stakeholders than that of Telekom’s SR. In the case of Telekom, 26 respondents showed their interest in environmental themes by dealing with and giving their comments on the presented environmental issues. Meanwhile, it turns out that 27 respondents dealt with the social themes and gave their comments on the presented social issues; whereas only 17 respondents stated their enthusiasm for economic issues. Meanwhile, in the case of Weleda, the amount of the stakeholders who showed their interest by giving their comments for the presented environmental, social and economic issues are 26, 22, and 17 respondents, respectively. These results

show that the social dimension of company's activities received the most attention from Telekom stakeholders, more than the environmental and economic dimension. The first three social issues, which are mostly expected by the stakeholders, are staff development such as education and training, social standard/policy, and matters relating to staff lay-off (i.e. retirement, old-age provision). The dimension of the company's activities, which was receiving the most attention of the Weleda stakeholders, is the environmental dimension. The first three environmental issues, which are mostly expected by the stakeholders, are energy management/consumption, transport management (i.e. commuter traffic), and raw material management/consumption.

Interestingly, the choice of topic plays a central role for the question of "reading enjoyment". Therefore, topic complexes exist that are considered to be particularly interesting from the view of the recipients and that make the SR attractive: In the case of Telekom, the comparison of the value of contingency coefficient between the variables of SR in the communicative phase, such as "language style", "structure of the report", "font type and size", "design and colour", "found economic issues", "found environmental issues", and "found social issues" with the variable "reading enjoyment" shows that the social issues, which are expected and found by the stakeholders in the Telekom's SR, play the most important role together with the variable "structure of the report" in affecting the "reading enjoyment" of the stakeholders. In the case of Weleda, the environmental issues, which are expected and found by the stakeholders in Weleda's SR, play the most important role in influencing the variable "reading enjoyment" of the stakeholders.

Case specific conclusions:

On average, the information demand of the stakeholders is well satisfied by the SR in the case at hand – next to a general interest about the facets of sustainability that is encountered across the board, every reader approaches the material with a specific interest though.

General conclusion:

The deepened, individually specific interest of each stakeholder in the SR can generally not be met by it, if it does not want to go beyond any reasonable scope (the text should not exceed a certain length, see below). Therefore, the demand for information of each stakeholder cannot be met by a standardised SR.

3.2.2 Layout and Understandability

The conclusions in relation to layout and understandability are mainly based on the theory of the 'Hamburger Verständlichkeitskonzept' (Hamburg Concept of Understandability). Considerable empirical evidence supports the theory and identified four criteria of a text's understandability. The criteria are 'readability', 'structure', 'briefness-conciseness' and 'additional stimulants' (Schulz von Thun 2003:142-151).

3.2.2.1 Readability

In general, it can be concluded that the Telekom's and Weleda's sustainability reports matched the criteria to be 'easy to read'. It can be assumed that the editors succeeded in adapting the language of the report to the communication abilities of their target groups.

In the case of Telekom, 64.5% of 31 stakeholders stated that the report was easy to read. Meanwhile, 32.3% said that the report was moderately easy to read and the other 3.2% thought that it was difficult to read. In the case of Weleda, 85.2% of 27 stakeholders were of the opinion that the report was easy to read and the other 14.8% said that the report was moderately easy to read. There was not any stakeholder who mentioned that the report was difficult to read.

3.2.2.2 Structure

From the literature we know that a clear structure is one of the necessary key elements to attain a high degree of 'readability'. Regarding the SR's structure and the readability of the report, 54.8% of the 31 Telekom stakeholders stated that the structure of the SR helped them to understand the contents of the report. Meanwhile, 29% said that the structure was only somewhat helpful and the remaining 16.2% thought that it was not helpful or even confusing. In the case of Weleda, 92.6% of 27 stakeholders stated that the structure of the SR was helpful to understand the contents of the report and the other 7.4% were of the opinion that the structure was only somewhat helpful.

Weleda seems to have performed much better in clearly structuring its SR. Weleda's report is divided into three sections: ecological, economic and social sustainability. These were the three key words almost always mentioned by the interviewees when asked about their understanding of sustainability. The division of the concept of sustainability into those three dimensions seems to be common knowledge. Therefore, readers are more likely to perceive the report as well structured due to its division according to those three dimensions of sustainability.

3.2.2.3 Briefness-Conciseness

The results with respect to briefness-conciseness are somewhat contradictory. In order to determine the conciseness of the SRs, two of the interview questions dealt with the 'length of the report' and the 'preferred amount of pages'. On the one hand, the majority of Telekom stakeholders stated that the length of the report is not appropriate. On the other hand, when asked about the optimal length of such a report, most of the stakeholders preferred exactly the amount of pages, which the report actually had (90-130 pages). This contradiction in data just reflects the contradicting demands on such a report. Conciseness is requested but at the same time there is a huge interest in the issues of sustainability and, therefore, detailed information about particular aspects is also demanded. This dilemma cannot be solved easily by the producers of the sustainability reports.

3.2.2.4 Additional Stimulants

The answers in respect to this criterion indicate that there is a general satisfaction of the recipients with the additional stimulants in the report. There are hardly any suggestions of how to improve the report with the help of inspiring or non-conventional stimulants. However, this finding has to be qualified, as other studies show that this point is usually overstated by the recipients.

General conclusion:

Particular in the case of Telekom, various interviewees criticise the structure. However, as the example of Weleda shows, using a stringent structure following the well known, almost 'conventional' structure of the three aspects of sustainability, leads to a high degree of satisfaction. In relation to conciseness, the editor must deal with the aforementioned dilemma, for which no overall solution is available. Various stakeholder profiles may require different solutions to tackle this dilemma. One could think of using more elements to structure the text (see above), clearly indicating concise and detailed sections. Many recipients did not know the aim of the report and had no specific expectations. Consequently, it may be beneficial to inform about the aim of the report at the beginning.

There could be a precise and short executive summary on the first pages of the report. Another alternative would be to publish a concise print version of the report, which includes links to an extended online version, which is well structured and presents all the necessary detailed information, which stakeholders like financial advisers may need at a later stage, for example. The main aim of the short print version would be to convince the stakeholder groups, which are in need of more detailed information, that the company is transparent and trustworthy and all information needs are fulfilled in a far more accessible format by means of the extended internet version.

3.2.3 Style and Communication Method

Main results:

It is rather difficult to interpret the data concerning the various communication methods and styles. Very few precise comments were made and little critique was voiced. However, some elements, particularly in the report of Weleda, were judged positively. The following three elements were mentioned particularly often:

- Presentation of concrete and real examples of the company's sustainability management and production, which illustrate the company's approach to sustainability in a vivid way. Sustainability as a concept is rather abstract and therefore practical examples make it more tangible.
- Humanising is another important factor for getting attention. Those parts of the text, which relate to people, usually attract a higher attention than abstract figures and data. Obviously, people can better identify themselves with other humans. This may possibly explain the high interest in the social dimension of sustainability.
- Interviews make the report appear more personal. It provides the reader with first hand information, which can be directly attributed to a particular person. The reader feels directly addressed by the information and messages in the text and, therefore, approach the text more openly.

In general it can be concluded that vividness and liveliness are of particular importance to the SR. This also includes allowing a certain degree of controversy. Various interviewees mentioned that different voices and views particularly attract their attention. Arguing in favour of vividness and liveliness should not be misunderstood as a statement in favour of high gloss, colours and pictures. The huge differences in style of the two reports, and the relatively positive responses to both of them, clearly show that there is no single recipe for producing the ideal SR.

Case specific conclusions:

An unexpected, unconventional and lively style and presentation format, which differs from the traditional report/data collection style, usually leads to positive responses of the stakeholders and increasing willingness on their part to read the report. The unconventional elements of the reports were remembered and were mentioned when asked about the qualities of the report.

General conclusions:

The more vivid the report is, the further it distinguishes itself from mere advertising. The more unexpected unconventional styles used, the greater the willingness is to read the report and to remember the contents, and the higher is the probability that even stakeholders with negative perception will appreciate the report. In short, the effectiveness of the communication process is greater. The interviewees showed a clear preference for a colourful mixture of styles: abstract reporting, magazine style presentation of cases, portraits or interviews instead of pure data. Therefore, there are no strict limits on what is allowed and what not within a SR. Weleda applied such a vivid mixture of styles, which may possibly explain the slightly better rating of the report by the stakeholders.

4 Summary and Recommendations

Considering the significant amount of resources, which the companies spend on producing their sustainability reports, the results listed above are not satisfying for the company. Many stakeholders were indifferent to the SR and only browsed through it, because of the announced interview. Companies had considerable expenses incurred in producing the SR, without achieving effective communication. The efficiency of this means of communication is rather low. The reason for this lack of interest cannot be a lack of interest in sustainability itself, as the interviewed stakeholders made known that they are interested in issues of sustainability. Therefore, a SR should be a particularly suitable tool of normative management, to transport credibility and trustworthiness to the company stakeholders with respect to the company's sustainable management practices. Communication style

and structure should be more diverse and address the needs of the heterogeneous groups of stakeholders.

However, these recommendations, concerning the design of a SR do not deal with the major problem. The major problem with the SR's effectiveness as a communication tool is not connected to the actual SR itself. Those who finally read or browsed through the reports did not express major criticism. Most recipients judged the quality of the reports positively. The key problem refers to the phase before reading the report: if stakeholders are not even willing to take a minute to browse through the report, it does not matter how good the report is, it simply cannot have any effect.

What general recommendations resulting from this study can one make to the producers of sustainability reports? The two following aspects need to be distinguished:

- a. Recommendations relating to the design and content of an SR itself, which lead to making it more interesting, understandable, and therefore more effective
- b. Ways of improving the reception of the SR, thereby tackling the main problem of getting the stakeholders to engage with the SR at all.

4.1 Recommendations to Design and Contents of the SR

- It is crucial for the producer of an SR to make the pursued goal clear and transparent for the stakeholder. If the stakeholder cannot get clarity and has to assume that the particular SR is either a pure advertising sheet or just "another boring collection of data", then there is the potential risk that even persons interested in sustainability issues will not approach the report with the necessary openness and interest.
- Different stakeholder groups do prefer different styles of SRs. If, for example, a stakeholder approaches a report with a rather professional and analytical attitude, he or she accepts or even prefers reports, which are loaded with information and analytical data similar to an annual or financial report. Key stakeholder groups of Telekom are certainly of this type. Nevertheless, it can indeed be concluded that the majority of recipients generally preferred those parts of the text, which clearly differed from the classical report, which aims to provide as much data and abstract information as possible. Lively reports, which entail different styles and genres, switching between abstract and rather concrete examples, reports, interviews or portraits are more likely to be received with higher attention. Therefore, this type of report generally has higher communication effectiveness. The more positively ranked report of Weleda might be an example of this. Lively reports and mixed genres are also often seen as more relevant for current situations. They invite more critical responses and do not hesitate to address controversial issues.
- Currently, there is an intensive discussion about standardising the SRs more and creating an institutionalised structure. The findings of this research clearly indicate that this would be the wrong direction to follow, but would undoubtedly be a plea for more individual forms, which are adjusted to the specific needs of the particular stakeholder groups addressed. In an environment, which is more and more characterised by severe competition on the market for information brochures and reports, it is a competitive advantage to design a report as concise and concrete as possible. Therefore, one should take the often mentioned preference of the stakeholders for concise reports seriously, which nevertheless cover the whole range of the rather broad issue of sustainability. This might lead to the fact that an SR can only sensitise stakeholders for a complex topic, instead of delivering detailed information, while still increasing a company's credibility and trusting its ability to handle the issue appropriately. If an SR exists, and a company can credibly transmit its aim of transparency and that it does not want to cover up critical issues in its report, then this should usually lead to the stakeholders' willingness to engage with the sustainability policy of the company. Detailed information, which is perceived as rather too heavy, might be better placed in an appendix, or might even be placed on a separate website and then just be referred to. The particular preferred solution is obviously dependant on case-specific factors.

4.2 Recommendations to the Reception of SR

The already mentioned core problem remains: even an SR, which includes highly relevant and interesting information for the stakeholder concerned with the sustainability issue, will have no impact at all, if one cannot assure that the report is received at all, or at least received sporadically. The key issue, therefore, must be to provoke the **engagement of the stakeholders with the SR** by any means.

- Through stakeholder engagement, companies can conduct a preliminary dialogue process with the stakeholders so that the company may be able to identify closely just who its stakeholders are. This is done, on the one hand, in order to avoid that the SR is sent to the “wrong address” and on the other hand, to make give the stakeholders the feeling of being the real addressee of SR.
- Further, with dialogues with stakeholders, companies can also strive to increase the interest of the stakeholders towards the SR. The interest of the stakeholder must be caught, for example, with the help of an interesting cover, or with accompanying campaigns during distribution.
- The reader must be able to relate the SR to him- or herself. Expectations need to be created that the report might contain something new - central information for the stakeholder - otherwise the report will be lost in a flood of other information sources, which the stakeholder is inundated with day by day. There is no chance of getting attention, if the perception prevails that no new and crucial information will be obtained.

The improvement of the stakeholders' interest in SR, feeling of being addressed and in addition the stakeholders' trust in the company bring the company a more secure guarantee that the SR they have published will be read by the stakeholders. After the SHs possess the will to read the SR than another factor that must be considered is that the company must produce its SR as compact as possible. Then, further considerations about the report's appearance and contents can take place.

The above mentioned problem certainly shows the area in which there is the most urgent need for further research and investigation into sustainability reporting - if the aim is to use an SR as an effective communication tool.

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